大中華集團有限公司
GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 141)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of Great China Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018 (the "**Period**"), together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2018
(Expressed in Hong Kong dollars ("HK$"))

		Six months ended 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	5	**12,538**	10,567
Cost of sales		**(1,318)**	(1,115)
Gross profit		**11,220**	9,452
Other net income		**965**	351
Valuation gain on investment properties		**1,613**	4,593
Administrative expenses		**(10,528)**	(8,071)
Profit before taxation	6	**3,270**	6,325
Income tax	7	**(1,747)**	(1,596)
Profit for the period attributable to equity shareholders of the Company		**1,523**	4,729
Earnings per share			
— Basic and diluted *(HK cents)*	8	**0.44**	1.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018
(Expressed in HK$)

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,523**	4,729
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	**(2,747)**	14,699
Total comprehensive income for the period, attributable to equity shareholders of the Company	**(1,224)**	19,428

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018
(Expressed in HK$)

	Note	**At 30 June 2018 *HK$'000* (Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
Non-current assets			
Investment properties	9	**571,019**	572,132
Property, plant and equipment	10	**2,480**	2,740
Trademark		**99**	106
Trade and other receivables, prepayments and deposits	11	**8,744**	5,947
Deferred tax assets		**293**	153
		582,635	581,078
Current assets			
Properties held for sale		**6,687**	6,718
Trade and other receivables, prepayments and deposits	11	**1,956**	13,633
Tax recoverable		**269**	269
Short-term bank deposits		**130,149**	127,232
Bank balances and cash		**19,781**	11,931
		158,842	159,783

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2018
(Expressed in HK$)

	Note	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Current liabilities			
Other payables and accrued expenses		**25,635**	24,699
Rental deposits received		**313**	238
Tax payable		**31**	34
		25,979	24,971
Net current assets		**132,863**	134,812
Total assets less current liabilities		**715,498**	715,890
Non-current liabilities			
Other payables and accrued expenses		**296**	—
Rental deposits received		**4,175**	4,264
Deferred tax liabilities		**81,472**	80,847
		85,943	85,111
NET ASSETS		**629,555**	630,779
Capital and Reserves	12		
Share capital		**193,246**	193,246
Reserves		**436,309**	437,533
TOTAL EQUITY		**629,555**	630,779

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2018 — unaudited
(Expressed in HK$)

	Attributable to equity shareholders of the Company			
	Share capital *HK$'000*	Exchange reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'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	74,723	—	—	74,723
Balance at 30 June 2017	146,576	75,935	303,105	525,616

	Attributable to equity shareholders of the Company				
	Share capital ***HK$'000***	**Exchange reserve** ***HK$'000***	**Statutory reserve** ***HK$'000***	**Retained profits** ***HK$'000***	**Total** ***HK$'000***
Balance at 1 January 2018	**193,246**	**92,571**	**72**	**344,890**	**630,779**
Changes in equity for the six months ended 30 June 2018:					
Profit for the period	**—**	**—**	**—**	**1,523**	**1,523**
Other comprehensive income	**—**	**(2,747)**	**—**	**—**	**(2,747)**
Total comprehensive income	**—**	**(2,747)**	**—**	**1,523**	**(1,224)**
Balance at 30 June 2018	**193,246**	**89,824**	**72**	**346,413**	**629,555**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2018
(Expressed in HK$)

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating activities		
Net cash generated from operating activities	**1,219**	3,447
Net cash generated from investing activities	**10,660**	282
Financing activity		
Net proceeds from issue of new shares	**—**	74,723
Net cash generated from financing activity	**—**	74,723
Net increase in cash and cash equivalents	**11,879**	78,452
Cash and cash equivalents at 1 January	**139,163**	25,261
Effect of foreign exchange rates changes	**(1,112)**	752
Cash and cash equivalents at 30 June	**149,930**	104,465
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**19,781**	31,375
Short-term bank deposits	**130,149**	73,090
	149,930	104,465

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".

The functional currency of the Company is Hong Kong dollars ("**HK$**") and the functional currency of its operations in the PRC is Renminbi ("**RMB**"). The consolidated financial statements are presented in HK$.

2 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, 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 28 August 2018.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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 2017 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 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.

The financial information relating to the financial year ended 31 December 2017 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 2017 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

(a) Overview

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 developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods has been prepared on presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Details of the changes in accounting policies are disclosed in note 3(b) for HKFRS 9, note 3(c) for HKFRS 15 and note 3(d) for HK(IFRIC) 22.

(b) HKFRS 9, *Financial instruments*

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments*: *Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(i) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI). The classification is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group did not designate or re-designate any financial assets or financial liability at FVTPL.

(ii) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets.

The adoption of expected credit loss model under HKFRS 9 does not have material impact on the carrying amounts of the Group's financial assets.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

(i) Timing of revenue recognition

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed.

The adoption of HKFRS 15 does not have a significant impact on the financial statements since the Group recognises revenue from rental income under HKAS 17.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity pays or receives advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial positions and the financial results of the Group.

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.

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

(2) Trading of properties — sale of properties situated in the PRC including the short-term leasing of properties held for sales

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 2018 (six months ended 30 June 2017: HK$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, and unallocated income tax credit or expense.

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

	Property investment in the PRC *HK$'000*	**Trading of properties** *HK$'000*	**Total** *HK$'000*
For the six months ended 30 June 2018			
Reportable segment revenue	**12,264**	**274**	**12,538**
Reportable segment profit after tax	**8,313**	**144**	**8,457**
Net corporate expenses			**(7,088)**
Unallocated income tax credit			**154**
Profit for the period			**1,523**

	Property investment in the PRC *HK$'000*	Trading of properties *HK$'000*	Total *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

Segment assets and liabilities

	Property investment in the PRC	Trading of properties	Total
	HK$'000	***HK$'000***	***HK$'000***
At 30 June 2018			
Reportable segment assets	**586,933**	**6,711**	**593,644**
Unallocated corporate assets			**147,833**
Consolidated total assets			**741,477**
Reportable segment liabilities	**91,306**	**16,355**	**107,661**
Unallocated corporate liabilities			**4,261**
Consolidated total liabilities			**111,922**

	Property investment in the PRC	Trading of properties	Total
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2017			
Reportable segment assets	585,458	6,743	592,201
Unallocated corporate assets			148,660
Consolidated total assets			740,861
Reportable segment liabilities	91,033	16,375	107,408
Unallocated corporate liabilities			2,674
Consolidated total liabilities			110,082

Unallocated corporate assets mainly comprised of property, plant and equipment which are used by the Group's headquarters, trademark, 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.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Shops	**11,048**	9,546
Residential	**1,209**	760
Carpark	**281**	261
	12,538	10,567

The Group's customer base includes two (six months ended 30 June 2017: two) customers with whom transactions have exceeded 10% of the Group's revenue. During the six months ended 30 June 2018, revenue from rental income received from the two (six months ended 30 June 2017: two) customers, amounted to approximately HK$7,258,000 and HK$1,868,000, respectively (six months ended 30 June 2017: HK$5,924,000 and HK$1,759,000, respectively).

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Amortisation of trademark	**6**	—
Depreciation	**471**	372
Interest income	**(957)**	(388)
Exchange loss, net	**433**	337
Staff costs (including directors' emoluments)	**5,878**	3,838
Loss on write-off of property, plant and equipment	**—**	37
Operating lease charges in respects of land and buildings	**1,355**	889
Gross rental income	**(12,538)**	(10,567)
Less: direct operating expenses	**1,318**	1,115
Net rental income	**(11,220)**	(9,452)

7 INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax — PRC tax	**852**	773
Deferred tax	**895**	823
	1,747	1,596

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2017: 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 2018 and 2017.

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% (six months ended 30 June 2017: 25%).

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%.

Income tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (six months ended 30 June 2017: 10%) on the rental income earned by these Hong Kong subsidiaries for the six months ended 30 June 2018.

8 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$1,523,000 (six months ended 30 June 2017: HK$4,729,000) and the weighted average of 345,374,910 ordinary shares (2017: 298,381,595 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.

9 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 2017 valuations. A net gain of HK$1,613,000 (six months ended 30 June 2017: HK$4,593,000) has been recognised in profit or loss for the period in respect of investment properties.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment at a cost of approximately HK$216,000 (six months ended 30 June 2017: HK$35,000).

11 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 2018 HK$'000	At 31 December 2017 HK$'000
0–30 days	**171**	189
Trade receivables, net of allowance for doubtful debts	**171**	189
Prepayments, deposits and other receivables, net of allowance for doubtful debts	**10,529**	19,391
Carrying amount	**10,700**	19,580
Less: current portion	**(1,956)**	(13,633)
Non-current portion	**8,744**	5,947

Rents from leasing of investment properties are normally received in advance without credit terms to tenants. At 30 June 2018, trade receivables of HK$171,000 (31 December 2017: HK$189,000) are past due.

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Interim dividends

No interim dividend was declared and paid for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$nil).

(b) Share capital

	At 30 June 2018		At 31 December 2017	
	Number of shares	**Amounts *HK$'000***	Number of shares	Amounts *HK$'000*
Ordinary shares, issued and fully paid				
At beginning of the period/year	**345,374,910**	**193,246**	261,684,910	71,853
Placing of new shares	**—**	**—**	83,690,000	121,393
At end of the period/year	**345,374,910**	**193,246**	345,374,910	193,246

On 10 February 2017 and 3 November 2017, the Company entered into a placing agreement, pursuant to which a maximum number of 52,300,000 and 31,390,000 shares are to be issued at HK$1.44 per share and $1.50 per share, respectively (the "**Placings**"). The Placings were completed on 24 February 2017 and 30 November 2017 with net proceeds from the Placings amounting to HK$74,723,000 and HK$46,670,000, respectively. The net proceeds of the Placings will be used for general working capital and/or financing future investment or new business development as and when opportunities arise.

13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

At 30 June 2018 and 31 December 2017, 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 2017 and 30 June 2018.

14 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL INFORMATION

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Contracted but not provided for		
— property, plant and equipment	**3,800**	—

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	
	2018	2017
	HK$'000	*HK$'000*
Fees, salaries, other benefits and retirement benefit costs	**3,876**	1,912

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

(b) Other related party transactions

During the six months ended 30 June 2018, the Group entered into transactions with the following related party.

Name of party	**Relationship**
Sky Fortune Boutique Hotel Shanghai	The ultimate controlling party of the Group is a key management personnel of the company*

* The company is controlled by ultimate controlling party of the Group as at 31 December 2017. The ultimate controlling party of the Group sold its entire interest in the company to a third party in March 2018.

(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	
	2018	2017
	HK$'000	*HK$'000*
Office rental expense	**638**	172
Staff messing and accommodation expense	**131**	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 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Amount due from a related party *(note)*	**532**	123

Note: The amount as at 31 December 2017 and 30 June 2018 was included in trade and other receivables, prepayments and deposits.

16 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 30 June 2018, 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.

17 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing this interim financial information.

The Group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, *Leases*, which may have a significant impact on the Group's consolidated financial statements.

HKFRS 16, *Leases*

As discussed in the 2017 annual financial statements, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of HKFRS 16, where the Group is the lessee under the lease the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

During the six months ended 30 June 2018, the Group has entered into a new lease agreement for its premises in Shanghai, with a lease term of 7 years. The lease is currently classified as operating leases. As a result of the new lease agreement, the impact of the initial adoption of HKFRS 16 is now estimated to be more significant than the Group's expectation at the time when the 2017 annual financial statements were prepared.

The following is an updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

	Properties	Others
	HK$'000	*HK$'000*
Amounts payable:		
Within 6 months	891	4
After 6 months but within 1 year	1,672	3
After 1 year but within 5 years	11,478	13
After 5 years	5,261	—
	19,302	20

Upon the initial adoption of HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16.

18 EVENT AFTER THE REPORTING PERIOD

The Group has taken steps to diversify into the automobile industry by constructing the Sky Fortune Gallop Imported Automobile City ("**Imported Car City**"), 天禧駿馳進口車城 through its wholly-owned subsidiary in Shanghai, the PRC, namely, Shanghai Chengzhi Automobile Sales Co., Ltd., 上海誠郅汽車銷售有限公司. The Group expects the Imported Car City will be launched by the end of 2018. The Group will also continue to explore other investment opportunities in automobile industry and set up similar imported car city(ies) in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

During the Period, the Gross Domestic Product in the People's Republic of China (the "**PRC**") grew by 6.80% in the first quarter of 2018 and 6.70% in the second quarter of 2018. The market conditions in the PRC generally remained stable. 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 Review

Revenue of the Group for the Period increased by approximately HK$1.97 million to approximately HK$12.54 million. It was due to the renewal of existing contracts with rental increment and a new 10-year leasing contract relating to seven properties located in Shanghai, the PRC entered into by the Group with an independent third party with effect from 1 November 2017.

Our gross profit was approximately HK$11.22 million for the Period, while gross profit margin was approximately 89.49%. The gross profit margin was maintained at the same level as compared with the corresponding period in 2017.

Other net income was approximately HK$0.97 million for the Period while that for the corresponding period in 2017 was approximately HK$0.35 million. Such increment was mainly due to the increase in interest income derived from bank-deposits in Hong Kong and the PRC.

Administrative expenses mainly comprised of salaries and benefits including directors' emoluments, depreciation of property, plant and equipment, rental expenses, legal and professional expenses and other office expenses. Administrative expenses for the six months ended 30 June 2018 and 2017 were approximately HK$10.53 million and HK$8.07 million, respectively, representing an increase of approximately HK$2.46 million for the Period. Such increase was mainly due to (i) an increase in the average wages and salaries, and (ii) an increase in rental expenses due to an additional venue in operating the new automobile business.

Profit for the Period attributable to owners of the Company amounted to approximately HK$1.52 million, representing a decrease of 67.79% when compared to the corresponding period in 2017. The substantial decline in profit was mainly due to the decrease in fair value gain on investment properties by approximately HK$2.98 million. The net increase in fair value of the Group's investment properties for the Period was approximately HK$1.61 million whereas the net increase in fair value for the corresponding period in 2017 was approximately HK$4.59 million.

Basic and diluted earnings per share of the Company (the "**Share**") were HK0.44 cent (six months ended 30 June 2017: HK1.58 cents).

Business Review

Residential premises

For the Period, the Group generated revenue of approximately HK$1.21 million (six months ended 30 June 2017: approximately HK$0.76 million) from leasing of residential premises. The average occupancy rate per unit was approximately 82.29% for the Period (six months ended 30 June 2017: approximately 53.13%). The occupancy rate per unit as at 30 June 2018 was approximately 87.50%. As at 30 June 2018, 12 residential premises (as at 30 June 2017: 5 residential premises) were classified as the investment properties, which were valued by the independent professional valuer. The fair value gain on investment properties was approximately HK$1.49 million for the Period (six months ended 30 June 2017: approximately HK$2.41 million). As at 30 June 2018, 4 residential premises (as at 30 June 2017: 11 residential premises) were classified as properties held for sale, which were measured at the lower of cost and net realisable value.

Shops and car parks

For the Period, the Group generated revenue of approximately HK$11.33 million (six months ended 30 June 2017: approximately HK$9.81 million) from leasing of shops and car parks. The average occupancy rate per unit was 100.00% for the Period (six months ended 30 June 2017: 100.00%). As at 30 June 2018, all shops and car parks were classified as the investment properties which were valued by the independent professional valuer. The fair value gain on investment properties was recorded at approximately HK$0.12 million for the Period (six months ended 30 June 2017: approximately HK$2.18 million).

Regional Information

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

Prospects

Currently, global economic development has been increasingly uncertain against the backdrop of the China-United States trade conflict. The volatility in currency, especially Renminbi, and an increase in interest rate are expected to continue in the second half of 2018. Due to the global fluctuation in various markets, the property price is expected to be under pressure. The Group will continue to review the market conditions closely and adopt appropriate leasing strategies and will seek for quality properties in the PRC to expand its property portfolios when opportunities arise.

Since the Group has strong operational and financial foundation, it would like to expand its source of revenue and to achieve future growth. The Group has taken steps to diversify into the automobile industry by constructing the Imported Automobile City. The official launch of the Imported Car City is expected to be by end of 2018. We believe the launch of the Imported Car City will certainly create synergistic benefits and contribute to the long-term sustainable earnings of the Group. We are confident that the Group is well placed for the next phase of growth.

Liquidity and Financial Resources

As at 30 June 2018, the Group's current ratio was approximately 6.11 (31 December 2017: approximately 6.40), calculated on the basis of current assets of approximately HK$158.84 million (31 December 2017: approximately HK$159.78 million) over current liabilities of approximately HK$25.98 million (31 December 2017: approximately HK$24.97 million).

As at 30 June 2018, total short-term bank deposit, bank balances and cash on hand, which were denominated in Hong Kong dollars and Renminbi, were approximately HK$149.93 million (31 December 2017: approximately HK$139.16 million).

Gearing Ratio

As at 30 June 2018, the Group's gearing ratio was Nil (31 December 2017: Nil), due to no bank borrowings of the Group (31 December 2017: HK$Nil) and total assets of the Group was approximately HK$741.48 million (31 December 2017: approximately HK$740.86 million).

Future Plans for Material Investment or Capital Assets

As disclosed in the business update announcement of the Company dated 17 August 2018 (the "**Business Update Announcement**"), the Group has been constructing the Imported Car City, which is expected to be officially launched by end of 2018. The Group also plans to setup similar imported car city(ies) in the PRC in future and to identify possible acquisition of quality properties in the PRC by first half of 2019 for expansion of its property related business.

Save as disclosed above, 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 2017: 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. It was expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activity during the Period.

Capital Commitment

As at 30 June 2018, the Group had capital commitments of approximately HK$3.80 million for renovation (31 December 2017: HK$Nil).

Contingent Liability

The Group had no material contingent liability as at 30 June 2018 (31 December 2017: Nil).

Charges on Assets

As at 30 June 2018, the Group did not have any charges on its assets (31 December 2017: Nil).

Treasury Policy

The Group adopts treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's 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 2018, the Group employed 17 employees (30 June 2017: 19) with staff costs excluding the non-executive Director and independent non-executive Directors for the Period amounting to approximately HK$5.29 million (six months ended 30 June 2017: approximately HK$3.26 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 30 June 2018, no share options had 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 2017: Nil).

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.

FUND RAISING — PLACINGS

First Placing

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 "**First Placing**"). The net price to the Company of each placing share is approximately HK$1.43. The market price of the shares on the date when the issuance terms were determined (i.e. 10 February 2017) was HK$1.75.

The First Placing was completed on 24 February 2017 and the gross proceeds and net proceeds from the First Placing were approximately HK$75.31 million and HK$74.72 million, respectively.

Second Placing

On 3 November 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, 31,390,000 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$1.50 per placing share (the "**Second Placing**"). The net price to the Company of each placing share is approximately HK$1.49. The market price of the shares on the date when the issuance terms were determined (i.e. 3 November 2017) was HK$1.78.

The Second Placing was completed on 30 November 2017 and the gross proceeds and net proceeds from the Second Placing were approximately HK$47.09 million and HK$46.67 million, respectively.

For details of the Placings, please refer to the Company's announcements dated 10 February 2017, 24 February 2017, 3 November 2017 and 30 November 2017, respectively.

The intended and actual use of proceeds from the Placings up to 30 June 2018 is set out as follows:

Fund raising activities	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds up to 30 June 2018	Unutilized proceeds
First Placing	Approximately HK$74.72 million	For		Approximately HK$59.97 million, of which
		(i) general working capital and/or	(i) Approximately HK$14.75 million had been applied towards the general working capital of the Group (i.e. rental expenses, remuneration of directors and employees, legal and professional fees and other administrative expenses); and	(i) approximately HK$20.00 million will be applied as general working capital of the Group for 2018 and 2019; and
		(ii) financing future investment or new business development as and when opportunities arise	(ii) Nil	(ii) (a) approximately HK$28.00 million will be applied for possible acquisition of suitable properties in the PRC for expansion of the Group's property related business by first half of 2019; and
				(b) approximately HK$11.97 million will be used as intended in 2018 and 2019

Fund raising activities	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds up to 30 June 2018	Unutilized proceeds
Second Placing	Approximately HK$46.67 million	For (i) general working capital and/or (ii) financing future investment or new business development as and when opportunities arise	(i) Nil; and (ii) Nil	Approximately HK$46.67 million will be applied for the construction and development of the Imported Car City, and its subsequent expansion during second half of 2018–2020

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 had 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.

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 systems and financial reporting of the Group.

The unaudited interim financial report of the Group for the Period 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.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Business Update Announcement, the Group has been constructing the Imported Car City which will be launched by the end of 2018. The Group will also continue to explore other investment opportunities in automobile industry and set up similar imported car city(ies) in the PRC.

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

This announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.greatchina-holdings.com. An interim report of the Company, containing information required by the Listing Rules, will be despatched to the shareholders of the Company 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
JIANG Tian
Chairman of the Board

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. JIANG Tian, Mr. LAI Han, Ms. HOU Yingxuan and Mr. GONG Biao; one non-executive Director, namely, Mr. CHAI Yuet; and three independent non-executive Directors, namely, Mr. HU Jianxing, Mr. TSEUNG Yuk Hei Kenneth and Mr. JI Qing.