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

(Incorporated in Hong Kong with limited liability)

(Stock code: 141)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of Great China Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012, together with the comparative figures for the corresponding period in 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		Unaudited	Unaudited
			(Restated)
Revenue	*2*	**895,335**	1,041,763
Cost of sales		**(829,705)**	(1,025,941)
Gross profit		**65,630**	15,822
Other income and gain	*4*	**14,964**	46,448
Increase in fair value of investment properties		**11,446**	72,238
Change in fair value of derivative financial instruments		**(1,837)**	(8,594)
Distribution costs		**(25,738)**	(42,558)
Administrative expenses		**(16,572)**	(15,240)
Other loss		**(7,027)**	—
Finance costs	*5*	**(8,779)**	(10,091)
Share of results of associates		**107,697**	(132)
Profit before taxation	*6*	**139,784**	57,893
Income tax expense	*7*	**(1,668)**	(7,416)
Profit for the period attributable to owners of the Company		**138,116**	50,477
Earnings per share — Basic	*8*	**HK52.78 cents**	HK19.29 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited (Restated)
Profit for the period	**138,116**	50,477
Other comprehensive income		
Exchange difference arising on translation	**(7,562)**	13,865
(Decrease) increase in fair value of available-for-sale financial assets	**(130)**	220
Other comprehensive income for the period	**(7,692)**	14,085
Total comprehensive income attributable to owners of the Company	**130,424**	64,562

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2012 HK$'000 Unaudited	At 31 December 2011 HK$'000 (Restated)
Non-current assets			
Goodwill		**3,000**	3,000
Investment properties	*9*	**941,463**	934,403
Property, plant and equipment		**48,617**	49,667
Prepaid lease payments for land		**273**	275
Deposit for investment		**9,360**	—
Interests in associates	*16*	**—**	146,450
Loan to an associate	*16*	**—**	17,290
Amount due from an associate	*16*	**—**	44,678
Available-for-sale financial assets		**2,015**	2,158
Derivative financial assets	*11*	**—**	574
Restricted bank deposit	*12*	**16,489**	16,659
		1,021,217	1,215,154
Current assets			
Properties held for sale		**18,830**	19,109
Inventories		**139,994**	22,287
Prepaid lease payments for land		**4**	4
Trade and other receivables	*10*	**503,883**	669,601
Tax recoverable		**548**	548
Derivative financial assets	*11*	**1,861**	3,291
Pledged bank deposits		**344,939**	616,494
Structured bank deposits	*12*	**129,786**	274,757
Bank balances and cash		**98,966**	91,430
		1,238,811	1,697,521
Non-current assets classified as held for sale	*16*	**313,359**	—
		1,552,170	1,697,521
Current liabilities			
Trade and bills payables	*13*	**473,513**	494,412
Other payables and accrued expenses		**56,599**	55,939
Rental deposits received		**1,906**	2,348
Borrowings		**528,353**	957,487
Taxation payable		**4,205**	3,694
Derivative financial liabilities	*11*	**7,774**	14,115
		1,072,350	1,527,995

	Notes	At 30 June 2012 HK$'000 Unaudited	At 31 December 2011 HK$'000 (Restated)
Net current assets		**479,820**	169,526
Total assets less current liabilities		**1,501,037**	1,384,680
Non-current liabilities			
Derivative financial liabilities	*11*	**—**	1,527
Borrowings		**169,323**	180,212
Deferred tax liabilities		**50,611**	50,200
Rental deposits received		**5,695**	5,140
		225,629	237,079
NET ASSETS		**1,275,408**	1,147,601
Capital and reserves			
Share capital		**52,337**	52,337
Reserves		**1,223,071**	1,095,264
TOTAL EQUITY		**1,275,408**	1,147,601

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Investment revaluation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 January 2012, as previously reported	**52,337**	**19,516**	**141,013**	**495**	**1,270**	**863,909**	**1,078,540**
Change in accounting policy — adoption of HKAS 12 amendment *(Note 1(c))*	**—**	**—**	**—**	**—**	**—**	**69,061**	**69,061**
At 1 January 2012, as restated	**52,337**	**19,516**	**141,013**	**495**	**1,270**	**932,970**	**1,147,601**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**138,116**	**138,116**
Other comprehensive income	**—**	**—**	**(7,562)**	**—**	**(130)**	**—**	**(7,692)**
Total comprehensive income for the period	**—**	**—**	**(7,562)**	**—**	**(130)**	**138,116**	**130,424**
Dividends paid *(Note 14)*	**—**	**—**	**—**	**—**	**—**	**(2,617)**	**(2,617)**
At 30 June 2012	**52,337**	**19,516**	**133,451**	**495**	**1,140**	**1,068,469**	**1,275,408**
At 1 January 2011, as previously reported	52,337	19,516	111,307	495	840	810,655	995,150
Change in accounting policy — adoption of HKAS 12 amendment *(Note 1(c))*	—	—	—	—	—	60,956	60,956
At 1 January 2011, as restated	52,337	19,516	111,307	495	840	871,611	1,056,106
Profit for period, as previously reported	—	—	—	—	—	42,903	42,903
Change in accounting policy — adoption of HKAS 12 amendment *(Note 1(c))*	—	—	—	—	—	7,574	7,574
Profit for the period, as restated	—	—	—	—	—	50,477	50,477
Other comprehensive income	—	—	13,865	—	220	—	14,085
Total comprehensive income for the period (restated)	—	—	13,865	—	220	50,477	64,562
Dividends paid *(Note 14)*	—	—	—	—	—	(2,617)	(2,617)
At 30 June 2011	52,337	19,516	125,172	495	1,060	919,471	1,118,051

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Net cash from operating activities	**40,749**	190,162
Net cash from (used in) investing activities	**417,631**	(255,472)
Net cash (used in) from financing activities	**(450,064)**	46,849
Net increase (decrease) in cash and cash equivalents	**8,316**	(18,461)
Cash and cash equivalents at beginning of period	**91,430**	193,303
Effect on exchange rate changes	**(780)**	1,165
Cash and cash equivalents at end of period	**98,966**	176,007

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

(b) Principal accounting policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost convention, except for investment properties and certain financial instruments, which are measured at fair values. The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011 except as described below.

(c) Application of amended standards

Amendments to HKAS 12 "Deferred Tax — Recovery of Underlying Assets"

In December 2010, the HKICPA amended HKAS 12 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30 June 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK$934,403,000 as of 1 January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties amounting to HK$516,330,000 according to the tax consequence on the presumption that they are recovered entirely through sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below.

Effect on condensed consolidated statements of financial position

	At 30 June 2012	At 31 December 2011	At 31 December 2010
	HK$'000	*HK$'000*	*HK$'000*
	Unaudited	Unaudited	Unaudited
Decrease in deferred tax liabilities	**70,302**	69,061	60,956
Increase in retained profits	**70,302**	69,061	60,956

Effect on condensed consolidated income statements

	Six months ended 30 June 2012	Six months ended 30 June 2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Decrease in income tax expense	**1,241**	7,574
Increase in net profit attributable to the owners of the Company	**1,241**	7,574
Increase in basic earnings per share	**HK0.47 cents**	HK2.9 cents

For other investment properties amounting to HK$418,073,000, the presumption is not rebutted and the related deferred tax is not remeasured.

Except as described above, there are no amendments or interpretations that are effective for this interim period that could be expected to have a material impact to the Group.

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

The new standards and amendments to standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning on 1 January 2012 and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of the new or revised standards.

2. TURNOVER AND SEGMENT INFORMATION

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

The Group's operating and reportable segments are as follows:

1. General trading — trading of fishmeal products and tapioca chips

2. Property investment in Hong Kong — leasing of properties situated in Hong Kong

3. Property investment in the People's Republic of China (the "PRC") — leasing of properties situated in the PRC and agency services in the PRC

4. Trading of properties — sale of properties situated in the PRC

Information regarding the above segments is reported below.

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

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

* *The segment profit after tax of property investment in Hong Kong included fair value gains on investment properties of HK$7.5 million.*

** *The segment profit after tax of property investment in the PRC included fair value gains on investment properties of HK$3.9 million, deferred tax charge of HK$0.9 million and share of profit of associates of HK$107.7 million.*

	Six months ended 30 June 2011				
	General trading	Property investment in Hong Kong	Property investment in the PRC	Trading of properties	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	Unaudited (Restated)	Unaudited	Unaudited	Unaudited (Restated)
REVENUE					
External sales	1,024,956	6,632	10,175	—	1,041,763
Segment (loss) profit after tax	(23,596)	54,585*	24,454**	—	55,443
Central administration costs					(3,808)
Unallocated finance costs					(718)
Unallocated income tax expense					(440)
Profit for the period					50,477

* *The segment profit after tax of property investment in Hong Kong included fair value gains on investment properties of HK$49.3 million.*

** *The segment profit after tax of property investment in the PRC included fair value gains on investment properties of HK$22.9 million, deferred tax charge of HK$4.5 million and share of loss of associates of HK$0.1 million.*

Segment profit (loss) after tax represents profit earned (loss incurred) by each reportable segment without allocation of income and expenditure of the Group's head office, including: change in fair value of financial assets designated at fair value through profit or loss, central administration costs, unallocated finance costs and unallocated income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 30 June 2012

	General trading	**Property investment in Hong Kong**	**Property investment in the PRC**	**Trading of properties**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
ASSETS					
Segment assets	**1,226,537**	**515,993**	**754,404**	**18,830**	**2,515,764**
Corporate assets					**57,623**
Consolidated assets					**2,573,387**
LIABILITIES					
Segment liabilities	**1,022,659**	**174,466**	**66,515**	**—**	**1,263,640**
Corporate liabilities					**34,339**
Consolidated liabilities					**1,297,979**

At 31 December 2011

	General trading *HK$'000* Audited	Property investment in Hong Kong *HK$'000* (Restated)	Property investment in the PRC *HK$'000* Audited	Trading of properties *HK$'000* Audited	Consolidated *HK$'000* (Restated)
ASSETS					
Segment assets	1,679,773	516,751	648,561	19,109	2,864,194
Corporate assets					48,481
Consolidated assets					2,912,675
LIABILITIES					
Segment liabilities	1,465,527	108,900	81,319	—	1,655,746
Corporate liabilities					109,328
Consolidated liabilities					1,765,074

3. SEASONALITY OF OPERATIONS

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

4. OTHER INCOME AND GAIN

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Bank interest income	**14,420**	23,462
Exchange gain, net	**—**	21,709
Gain on disposal of property, plant and equipment	**—**	640
Imputed interest income on loan to an associate and amount due from an associate	**—**	616
Sundry income	**544**	21
	14,964	46,448

5. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Interest on bank loans		
— wholly repayable within five years	**7,361**	8,971
— not wholly repayable within five years	**1,418**	1,120
	8,779	10,091

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Allowance (reversal of allowance) for doubtful debts	**34**	(3)
Amortisation of prepaid lease payments for land	**2**	2
Auditor's remuneration	**425**	665
Cost of sales comprise:		
Cost of inventories recognised as expense	**833,574**	1,003,007
(Reversal of allowance)/Allowance for inventories	**(3,869)**	22,934
Depreciation of property, plant and equipment	**1,191**	1,074
Exchange loss (gain), net	**7,027**	(21,709)
Share of taxation of an associate*	**35,875**	314
Staff costs including directors' emoluments	**8,701**	8,774
Gross rental income from investment properties	**(17,701)**	(16,424)
Less: Outgoings	**2,652**	786
Net rental income from investment properties	**(15,049)**	(15,638)

* Included in "Share of results of associates" in the condensed consolidated income statement

7. INCOME TAX EXPENSE

The charge comprises:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited (Restated)
Hong Kong Profits Tax		
Current period	**638**	2,470
Other jurisdiction		
Current period	**111**	232
Overprovision in prior years	**—**	(447)
	111	(215)
Deferred taxation		
Current period	**919**	5,161
Total tax expenses for the period	**1,668**	7,416

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) of the estimated assessable profits. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
		(Restated)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	**138,116**	50,477

	Number of shares	
	2012	2011
	Unaudited	Unaudited
Number of ordinary shares for the purpose of basic earnings per share	**261,684,910**	261,684,910
Basic earnings per share (Restated for 2011)	**HK52.78 cents**	HK19.29 cents

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in both periods.

9. INVESTMENT PROPERTIES

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
	Unaudited	Audited
FAIR VALUE		
At beginning of period/year	**934,403**	841,098
Increase in fair value	**11,446**	76,797
Exchange realignment	**(4,386)**	16,508
At end of period/year	**941,463**	934,403

The fair value of the Group's investment properties at 30 June 2012 has been arrived at on the basis of a valuation carried out on that date by A.G. Wilkinson & Associates, an independent qualified professional valuer not connected with the Group. A.G. Wilkinson & Associates is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the PRC and Hong Kong. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and capitalisation of net income by reference to market yield of similar properties.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 *HK$'000* Unaudited	At 31 December 2011 *HK$'000* Audited
Trade and bills receivables	**468,500**	622,060
Less: Allowance for doubtful debts	**(711)**	(677)
	467,789	621,383
Prepayments and deposits	**4,066**	5,226
Other receivables	**32,028**	42,992
Trade and other receivables	**503,883**	669,601

A significant portion of the Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 365 days and bank's acceptance bills up to a tenor of 180 days. For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (31 December 2011: 30 to 90 days).

Included in trade and other receivables are trade and bills receivables with an aged analysis based on invoice date at the end of the reporting period:

	At 30 June 2012 *HK$'000* Unaudited	At 31 December 2011 *HK$'000* Audited
0 – 30 days	**208,178**	209,297
31 – 60 days	**14,107**	19,909
61 – 90 days	**18,692**	7,628
91 – 120 days	**15**	58,943
Over 120 days	**226,797**	325,606
	467,789	621,383

At 30 June 2012, the carrying amount of bills receivables with recourse, which had been discounted to certain banks as security for the borrowing was HK$258,735,000 (31 December 2011: HK$493,263,000). The carrying amount of the associated liability was HK$258,698,000 (31 December 2011: HK$487,048,000). Accordingly, the Group continued to recognise the full carrying amount of the receivables and had recognised the cash received from the banks as a secured borrowing.

At 30 June 2012, trade receivables and other receivables with carrying amounts of HK$32,065,000 (31 December 2011: HK$32,396,000) and HK$12,934,000 (31 December 2011: HK$13,067,000) respectively are due from a customer, Guangzhou Jinhe Feed Company Limited ("Jinhe"). The trade receivables of HK$32,065,000 (31 December 2011: HK$32,396,000) were past due as at the reporting date. The Group has not provided for impairment loss on the receivables from Jinhe as the Group holds a guarantee from Mr. Wang Xianning (the "Guarantor") who pledged all his rights and interests in a property investment project (the "Collateral") to secure the receivables from Jinhe.

The Group has commenced legal proceedings against Jinhe, the Guarantor and Mr. Wong Hiuman (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts). The progress about the legal proceedings during the year ended 31 December 2011 was disclosed in the Group's annual financial statements for the year ended 31 December 2011.

On 1 December 2011 and 10 January 2012, two hearings were held in the Shanghai Court in relation to the legal proceedings.

On 13 June 2012, the Shanghai Court released (i) RMB5,536,000 (equivalent to approximately HK$6,832,000); and (ii) certain properties held for sale as guarantee for the application of the assets preservation order in respect of the Collateral made by the Shanghai Court during the period ended 30 June 2011 to the Group.

The management of the Company considered the Group's legal counsel's opinion and is in the view that the amounts due from Jinhe are recoverable. The management of the Company estimated that the fair value of the Collateral exceeded the carrying amount of the receivables, therefore, no impairment loss is provided.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
	Unaudited	Audited
Current		
Derivative financial assets		
Foreign currency non-deliverable forward contracts	**1,445**	1,866
Interest rate swaps	**416**	1,425
	1,861	3,291
Derivative financial liabilities		
Foreign currency non-deliverable forward contracts	**1,820**	7,633
Foreign currency deliverable forward contracts	**—**	673
Interest rate swaps	**5,954**	5,809
	7,774	14,115
Non-current		
Derivative financial assets		
Foreign currency non-deliverable forward contracts	**—**	574
Derivative financial liabilities		
Interest rate swaps	**—**	1,527

12. STRUCTURED BANK DEPOSITS/RESTRICTED BANK DEPOSIT

The structured bank deposits were principal-protected yield enhancement bank deposits which carried a minimum interest rate ranging from 1.20% to 3.50% (31 December 2011: 1.20% to 3.56%) per annum and can be enhanced to a maximum interest rate ranging from 4.10% to 5.70% (31 December 2011: 3.60% to 5.70%) per annum which is to be determined by reference to the market exchange rate of USD/Euro, USD/HK$ or USD/AUD during a pre-determined period ranging from one to six (31 December 2011: one to twelve) months.

The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of USD/Euro, USD/HK$ or USD/AUD. The directors of the Company consider that the fair value of the embedded derivative is minimal and hence no fair value is recognised for derivative financial instrument. Certain structured bank deposits with carrying value of HK$107,801,000 (31 December 2011: HK$250,077,000) were pledged against bank borrowings.

Restricted bank deposit represented a time deposit with original maturity of 2 years charged to the Heyuan Court as guarantee for the application of the Second Order to seal up the Collateral pledged by the Guarantor as mentioned in note 10. The restricted bank deposit carries fixed interest rate at 4.40% per annum.

13. TRADE AND BILLS PAYABLES

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

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
	Unaudited	Audited
0 – 30 days	**249,545**	132,955
31 – 60 days	**10,110**	19,856
61 – 90 days	**18,432**	—
91 – 120 days	**—**	58,326
Over 120 days	**195,426**	283,275
	473,513	494,412

A significant portion of the Group's bills payables are on usance letter of credit up to a tenor of 365 days. For other trade payables, the average credit period is 30 days (31 December 2011: 30 days). No interest is charged by the trade creditors.

14. DIVIDENDS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Final dividend paid for 2011 of HK$0.01 (2011: Final dividend paid for 2010 of HK$0.01) per ordinary share	**2,617**	2,617

15. RELATED PARTY TRANSACTIONS

(a) The Group's balances with related parties are set out in the condensed consolidated statement of financial position.

(b) Key management compensation was as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Salaries and other short-term employee benefits	**3,919**	4,243

16. EVENTS AFTER THE REPORTING PERIOD

On 11 July 2012, the Group's wholly owned subsidiary, Great China Development (Shanghai) Limited ("Great China Development") and an independent third party (the "Purchaser"), entered into a sale and purchase agreement in relation to the disposal of 43% of the issued share capital of an associate, Samstrong International Limited (the "Disposal Company") and the assignment of the loan and other amount due by the Disposal Company to Great China Development (the "Loan"). Pursuant to the sale and purchase agreement, Great China Development has conditionally agreed to (i) dispose of 43 ordinary shares with par value of US$1 each in the Disposal Company, representing 43% of the issued share capital of the Disposal Company, to the Purchaser for approximately RMB313.6 million; and (ii) assign the Loan of RMB51.9 million in favour of the Purchaser. The aggregate consideration of the disposal is approximately US$57.7 million, being equivalent to approximately RMB365.5 million or approximately HK$447.8 million. The principal activity of the Disposal Company and its subsidiaries (the "Disposal Group") is property investment in Shanghai and the information about the Disposal Group is presented under the segment of "Property investment in the PRC".

The equity interest in the Disposal Company to be disposed of together with the Loan to be assigned to the Purchaser would be recovered principally through sale and they have met the conditions to be classified as held-for-sale as at 30 June 2012. Accordingly, the equity interests in the Disposal Company and the Loan as at 30 June 2012 have been measured in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" i.e. they are measured at the lower of carrying amount and fair value less costs to sell. Equity accounting on the Group's interest in the Disposal Group has ceased from the date the held-for-sale criteria are met. In addition, the Group's share of interests in associates (being the Disposal Group) with carrying value of HK$250,947,000 as at 30 June 2012 and the Loan with carrying value of HK$62,412,000 as at 30 June 2012, amounting to HK$313,359,000 in aggregate, have been presented separately from other assets in the condensed consolidated statement of financial position as "Non-current assets classified as held for sale" under current assets.

Further details about the disposal have been disclosed in the Company's circular dated 9 August 2012 (the "Circular"). The directors of the Company expect that the disposal can be completed during the financial year ending 31 December 2012.

As disclosed in the Circular, based on the financial information of the Group as at 31 December 2011, the Group expects to recognise a gain of approximately HK$192 million in relation to the disposal of 43% of the issued share capital of the Disposal Company which is calculated based on the consideration for such disposal of RMB313.6 million (equivalent to approximately HK$384.2 million) less the carrying amount of the Group's share of interests in the Disposal Group as at 31 December 2011 amounting to HK$146.5 million, after deducting the estimated tax liabilities, commission and legal and professional fees incidental to the disposal amounting to HK$45.7 million. The carrying value of the Group's share of interests in the Disposal Group as at 30 June 2012 has increased to HK$250.9 million which has been reflected in the unaudited consolidated statement of financial position as at 30 June 2012. The actual gain or loss would change subject to the carrying amount of the Group's share of interests in the Disposal Group at the completion date.

The sale and purchase agreement and the transaction contemplated thereunder have been approved by an ordinary resolution of the shareholders of the Company at the extraordinary general meeting held on 27 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Group decreased by HK$146 million to HK$895 million for the six months ended 30 June 2012 ("the Period") but net profit for the Period increased by around 173% to HK$138 million as compared with the corresponding period in 2011.

The table below summarises the Group's revenue and results for the Period as compared with the corresponding period in 2011.

REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		**Profit (Loss)**	
	Six months ended 30 June		**Six months ended 30 June**	
	2012	2011	**2012**	2011
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
	Unaudited	Unaudited	**Unaudited**	Unaudited (Restated)
Fishmeal Products	**877.1**	1,004.3	**14.5**	(23.8)
Tapioca Products	**—**	20.6	**—**	0.2
General Trading	**877.1**	1,024.9	**14.5**	(23.6)
Property Investment in Hong Kong	**7.5**	6.6	**13.8**	54.6
Property Investment in the PRC	**10.7**	10.2	**114.6***	24.4*
Trading of Properties	**—**	—	**—**	—
	18.2	16.8	**128.4**	79.0
Total	**895.3**	1,041.7	**142.9**	55.4
Profit after tax attributable to owners of the Company			**138.1**	50.5

* *Profit from property investment in the PRC includes share of profit of the Group's associates of HK$107.7 million (2011: loss of HK$0.1 million).*

BUSINESS REVIEW

General Trading

Fishmeal Products

For the six months ended 30 June 2012, segment result of the Group's trading of fishmeal products has obviously improved as compared with the corresponding period last year. After some declines in the second half of 2011, fishmeal product prices had remained at a low level in the first quarter of 2012. Driven by the fishing quota which was lower than the market expectation, growing needs in the aquatic industries and rising prices of the soybean substitute, the fishmeal product price has climbed up steadily at the beginning of the second quarter of 2012.

General trading of the fishmeal products segment continued to be our largest revenue contributor, accounting for 98% of total revenue for the Period. For the first half of 2012, the Group's fishmeal products revenue was HK$877.1 million (2011: HK$1,004.3 million), a decrease of 13% as compared with the same period last year. This slight decline in revenue was primarily due to the average selling price being lower than that of the corresponding period last year despite the trading volume remaining fairly stable. It was encouraging that this segment recorded a profit of HK$14.5 million for the Period (2011: a loss of HK$23.8 million).

Property Investment in Hong Kong

During the Period under review, the recurrent rental income of the investment properties in Hong Kong was HK$7.5 million (2011: HK$6.6 million), representing an increase of 14% as compared with the same period last year. With the investment properties in prime locations, their rental level maintained a satisfactory return to the Group. The investment properties were valued by an independent professional valuer and recorded fair value gain of investment properties of HK$7.5 million for the Period. This fair value gain and net rental income together have made a contribution of HK$13.8 million to the Group's profit.

Property Investment and Properties Held for Sale in the PRC

Rental income from the investment properties in the PRC was HK$10.2 million during the Period (2011: HK$9.8 million), representing an increase of 4% as compared with the corresponding period of last year. The fair value gain of investment properties of HK$3.1 million (net of deferred tax) was recorded during the Period. This fair value gain and net rental income together have made a contribution of HK$6.9 million to the Group's profit.

Associated Company

During the first half of 2012, Da Da Development (Shanghai) Co., Ltd., a 43% indirectly held associated company of the Group, recorded strong profit growth with profit attributable to the shareholders of the Company amounting to HK$107.7 million mainly due to the share of fair value gain on the investment properties.

PROSPECTS

General Trading

Fishmeal product prices are expected to firm up over the next months. However, China fishmeal merchants are still under the shadow of the market volatility in 2011. This will increase selling sentiment in order to minimise inventory risks, which will result in putting downward pressure on market prices of fishmeal products.

Against this backdrop, in the second half of 2012, conditions for general trading will continue to be challenging. While we are cautious about the outlook of general trading, with our established sales network and reputation as one of the leading fishmeal merchants in the PRC, we are optimistic that our general trading will bring in positive contribution to the Group in the second half of 2012. Supported by our Group's strong financial position and sales team, we will continue to expand the market penetration.

Property Investment

On 11 July 2012, the Group's wholly owned subsidiary, Great China Development and an independent third party entered into a sale and purchase agreement in relation to the disposal of 43% of the issued share capital of an associate, Samstrong International Limited, and the assignment of the Loan. The directors of the Company are of the view that this is a good opportunity to realize the Group's property investment in order to enhance the overall return to the shareholders of the Company. Details of the transaction were disclosed in the Company's announcement dated 23 July 2012 and circular dated 9 August 2012.

With respect to the Group's wholly owned investment properties, the Group still owns a portfolio of high quality investment properties in Hong Kong and the PRC which provide a strong earnings base to the Group. We will continue to pursue the Group's long term strategy of exploring potential investments.

FINANCIAL REVIEW

As at 30 June 2012, the Group's gearing ratio was 13% (31 December 2011 (restated): 16%), which was based on the Group's long term borrowings of HK$169 million (31 December 2011: HK$180 million) and shareholders' equity of HK$1,275 million (31 December 2011 (restated): HK$1,148 million). The Group's current ratio was 1.45 (31 December 2011: 1.11), calculated on the basis of current assets of HK$1,552 million (31 December 2011: HK$1,698 million) over current liabilities of HK$1,072 million (31 December 2011: HK$1,528 million).

As at 30 June 2012, total restricted bank deposit, pledged bank deposits, structured bank deposits, bank balances and cash were approximately HK$590 million (31 December 2011: HK$999 million). The Group's borrowings were approximately HK$698 million (31 December 2011: HK$1,138 million), of which approximately HK$429 million (31 December 2011: HK$846 million) were secured with bank deposits of HK$453 million (31 December 2011: HK$867 million). The Group's borrowings were denominated in United States dollars, Hong Kong dollars and Renminbi.

FOREIGN EXCHANGE EXPOSURE

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

PLEDGE OF ASSETS

As at 30 June 2012, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure banking facilities:

	At 30 June 2012 *HK$'000* **Unaudited**	At 31 December 2011 *HK$'000* Audited
Investment properties	**787,564**	932,447
Leasehold land	**36,862**	37,021
Properties held for sale	**14,423**	14,639
Buildings	**5,606**	5,684
Pledged bank deposits	**344,939**	616,494
Structured bank deposits	**107,801**	250,077
Bills receivables	**258,735**	493,263

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2012 (2011: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group employed 82 employees (2011: 88) with staff cost for the six months then ended amounting to HK$8,701,000 (2011: HK$8,774,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has complied with the code provisions set out in (i) the former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012, and (ii) the new Corporate Governance Code during the period from 1 April 2012 to 30 June 2012 as contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee, comprising all the three independent non-executive directors of the Company, has reviewed the Group's unaudited financial statements for the six months ended 30 June 2012 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

PUBLICATION OF INTERIM RESULTS ON WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

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

APPRECIATION

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

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

Hong Kong, 27 August 2012

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