

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GREAT CHINA HOLDINGS LIMITED

大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 141)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the “Board”) of Great China Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Revenue	3	805,895	916,707
Cost of sales		(744,080)	(856,641)
Gross profit		61,815	60,066
Other income	6	11,584	18,955
Distribution costs		(11,396)	(15,554)
Administrative expenses		(18,048)	(18,195)
Finance costs	7	(1,420)	(4,953)
Other gains/(losses)			
Increase in fair value of investment properties	12	44,648	4,572
Change in fair value of financial assets at fair value through profit or loss		4,865	(931)
Change in fair value of derivative financial instruments		(4,168)	1,859
Reversal of impairment on available-for-sale financial assets		35	47
Others		(2,895)	5,709
Profit before income tax	8	85,020	51,575
Income tax expense	9	(7,387)	(1,999)
Profit for the period attributable to owners of the Company		77,633	49,576
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic	10	29.67	18.94
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2014*

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit for the period	<u>77,633</u>	<u>49,576</u>
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange difference arising from translation of foreign operations	(15,334)	9,009
Increase in fair value of available-for-sale financial assets	<u>50</u>	<u>180</u>
Other comprehensive income for the period	<u>(15,284)</u>	<u>9,189</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>62,349</u></u>	<u><u>58,765</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		At 30 June 2014	At 31 December 2013
	<i>Notes</i>	<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Audited
Non-current assets			
Investment properties	12	1,005,843	972,262
Property, plant and equipment		49,097	50,227
Prepaid lease payments for land		265	267
Available-for-sale financial assets	14	12,457	11,202
Restricted bank deposit	17	16,841	17,265
Deferred tax assets		105	161
		<hr/> 1,084,608	<hr/> 1,051,384
Current assets			
Properties held for sale		19,408	20,104
Inventories		147,390	32,234
Prepaid lease payments for land		4	4
Trade and other receivables, prepayments and deposits	13	190,617	286,761
Financial assets at fair value through profit or loss	15	69,369	99,209
Tax recoverable		—	117
Derivative financial assets	16	1,386	4,957
Structured bank deposits	17	330,588	282,637
Bank balances and cash		116,110	202,253
		<hr/> 874,872	<hr/> 928,276

		At 30 June 2014	At 31 December 2013
	<i>Notes</i>	<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Audited
Current liabilities			
Trade and bills payables	18	130,018	186,781
Other payables and accrued expenses		112,391	94,442
Rental deposits received		2,029	2,323
Borrowings		22,056	34,650
Derivative financial liabilities	16	1,130	—
Tax payable		951	769
		<u>268,575</u>	<u>318,965</u>
Net current assets		<u>606,297</u>	<u>609,311</u>
Total assets less current liabilities		<u>1,690,905</u>	<u>1,660,695</u>
Non-current liabilities			
Rental deposits received		7,278	7,053
Borrowings		125,356	136,409
Deferred tax liabilities		60,976	56,119
		<u>193,610</u>	<u>199,581</u>
NET ASSETS		<u><u>1,497,295</u></u>	<u><u>1,461,114</u></u>
Capital and reserves			
Share capital	19	71,853	52,337
Reserves		1,425,442	1,408,777
TOTAL EQUITY		<u><u>1,497,295</u></u>	<u><u>1,461,114</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	52,337	19,516	139,733	495	990	1,248,043	1,461,114
Profit for the period	—	—	—	—	—	77,633	77,633
Other comprehensive income for the period	—	—	(15,334)	—	50	—	(15,284)
Total comprehensive income for the period	—	—	(15,334)	—	50	77,633	62,349
Transition to no-par value regime on 3 March 2014 (note 19)	19,516	(19,516)	—	—	—	—	—
Transactions with owners:							
2013 final dividend paid (note 11)	—	—	—	—	—	(26,168)	(26,168)
At 30 June 2014 (unaudited)	71,853	—	124,399	495	1,040	1,299,508	1,497,295
At 1 January 2013	52,337	19,516	125,305	495	870	1,218,510	1,417,033
Profit for the period	—	—	—	—	—	49,576	49,576
Other comprehensive income for the period	—	—	9,009	—	180	—	9,189
Total comprehensive income for the period	—	—	9,009	—	180	49,576	58,765
Transactions with owners:							
2012 final dividend paid (note 11)	—	—	—	—	—	(26,168)	(26,168)
At 30 June 2013 (unaudited)	52,337	19,516	134,314	495	1,050	1,241,918	1,449,630

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2014*

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash generated from/(used in) operating activities	10,281	(207,614)
Net cash (used in)/generated from investing activities	(44,695)	68,979
Net cash used in financing activities	(51,062)	(90,994)
Net decrease in cash and cash equivalents	(85,476)	(229,629)
Cash and cash equivalents at beginning of the period	202,253	333,728
Effect of foreign exchange rate changes	(667)	190
Cash and cash equivalents at end of the period	<u>116,110</u>	<u>104,289</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>116,110</u>	<u>104,289</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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 Unit D, 26/F, United Centre, 95 Queensway, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the trading of animal feed, property investment and trading of properties. The Company and its subsidiaries are collectively referred to as the “Group”.

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

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

The condensed consolidated financial statements for the six months ended 30 June 2014 are unaudited and were approved for issue by the board of directors on 27 August 2014.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2014 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 the Rules Governing the Listing of Securities on The Stock Exchange. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

(b) Principal accounting policies

The condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value.

Except as described below, the accounting policies applied in preparing the condensed consolidated financial statements for the six months ended 30 June 2014 are consistent with those of the annual financial statements for the year ended 31 December 2013 as described in the annual financial statements.

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

The HKICPA has issued the following new or revised HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HK(IFRIC) 21	Levies

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the Group's condensed consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The adoption of the amendments to HKAS 36 has no material impact on the Group.

HK(IFRIC) 21 Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The Interpretation does not have material impact on the Group's condensed consolidated financial statements as the guidance is consistent with the Group's existing accounting policies.

The Group has not applied any new or revised standards or interpretation that is not yet effective for the current accounting period.

3. REVENUE

Revenue, which is the turnover of the Group, represents net invoiced value of fishmeal sold and rental income from investment properties. Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Sales of goods	786,021	899,055
Rental income from investment properties	19,874	17,652
	<u>805,895</u>	<u>916,707</u>

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 operating divisions of the Group.

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

1. General trading — trading of fishmeal products
2. Property investment in Hong Kong — leasing of properties situated in Hong Kong
3. Property investment in the People's Republic of China (the "PRC") — leasing of properties situated in the PRC (other than Hong Kong) and provision for agency services.
4. Trading of properties — sale of properties situated in the PRC

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the six months ended 30 June 2014 (six months ended 30 June 2013: nil). Segment revenue represents revenue derived from external customers. The basis of measurement of segment profit or loss and the allocation of reportable segments are set out in the Group's annual financial statements for the year ended 31 December 2013.

Information regarding the above segments is reported below.

Segment revenue and results

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

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Six months ended 30 June 2014</i>					
<i>(unaudited)</i>					
Reportable segment revenue	<u>786,021</u>	<u>8,892</u>	<u>10,982</u>	<u>—</u>	<u>805,895</u>
Reportable segment profit after tax	<u>23,421</u>	<u>17,499*</u>	<u>41,376**</u>	<u>—</u>	<u>82,296</u>
Change in fair value of financial assets at fair value through profit or loss					4,865
Reversal of impairment on available-for-sale financial assets					35
Corporate income and expenses					(9,325)
Unallocated finance costs					(183)
Unallocated income tax expense					<u>(55)</u>
Profit for the period					<u>77,633</u>

* The segment profit after tax of property investment in Hong Kong included a fair value gain on investment properties of HK\$10,260,000.

** The segment profit after tax of property investment in the PRC included a fair value gain on investment properties of HK\$34,388,000, and deferred tax charge of HK\$6,079,000.

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Six months ended 30 June 2013					
(unaudited)					
Reportable segment revenue	<u>899,055</u>	<u>6,993</u>	<u>10,659</u>	<u>—</u>	<u>916,707</u>
Reportable segment profit after tax	<u>40,234</u>	<u>7,526*</u>	<u>9,772**</u>	<u>—</u>	<u>57,532</u>
Change in fair value of financial assets at fair value through profit or loss					(931)
Reversal of impairment on available-for-sale financial assets					47
Corporate income and expenses					(6,828)
Unallocated finance costs					(269)
Unallocated income tax credit					25
Profit for the period					<u>49,576</u>

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

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

Certain comparative figures in the segment information for the six months ended 30 June 2013 has been reclassified. Previously, central administrative costs and unallocated income were presented separately in the reconciliation of segment results to profit for the period. Following the practice for the current period, these items are combined and presented as “corporate income and expenses” for better presentation.

Segment assets and liabilities

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2014 (unaudited)					
Reportable segment assets	<u>781,072</u>	<u>542,060</u>	<u>483,435</u>	<u>19,408</u>	<u>1,825,975</u>
Available-for-sale financial assets					12,457
Financial assets at fair value through profit or loss					69,369
Corporate assets					<u>51,679</u>
Consolidated assets					<u>1,959,480</u>
Reportable segment liabilities	<u>171,028</u>	<u>86,503</u>	<u>131,979</u>	<u>—</u>	<u>389,510</u>
Corporate liabilities					<u>72,675</u>
Consolidated liabilities					<u>462,185</u>

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2013 (audited)					
Reportable segment assets	<u>620,953</u>	<u>573,321</u>	<u>480,658</u>	<u>20,104</u>	1,695,036
Available-for-sale financial assets					11,202
Financial assets at fair value through profit or loss					99,209
Corporate assets					<u>174,213</u>
Consolidated assets					<u>1,979,660</u>
Reportable segment liabilities	<u>263,896</u>	<u>90,469</u>	<u>129,282</u>	<u>—</u>	483,647
Corporate liabilities					<u>34,899</u>
Consolidated liabilities					<u>518,546</u>

5. 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.

6. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest income on:		
— bank balances and trade receivables measured at amortised cost	9,378	12,906
— debt securities measured at fair value through profit or loss	<u>521</u>	<u>381</u>
	9,899	13,287
Dividend income from listed equity securities	20	105
Gain on disposal of property, plant and equipment	—	25
Sundry	<u>1,665</u>	<u>5,538</u>
	<u>11,584</u>	<u>18,955</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest on borrowings:		
— wholly repayable within five years	292	3,687
— not wholly repayable within five years	<u>1,128</u>	<u>1,266</u>
	<u>1,420</u>	<u>4,953</u>

8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Auditor's remuneration	(425)	(425)
Amortisation of prepaid lease payments for land	(2)	(2)
Depreciation of property, plant and equipment	(1,092)	(1,656)
Cost of inventories recognised as an expense	(742,124)	(856,641)
Allowance for inventories	—	(3,935)
Exchange (loss)/gain, net	(9,063)	5,709
Reversal of allowance for doubtful debts	576	649
Staff costs including directors' emoluments	(12,887)	(11,413)
Gross rental income from investment properties	19,874	17,652
Less: Outgoings	(1,536)	(1,314)
Net rental income from investment properties	<u>18,338</u>	<u>16,338</u>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Income tax expense comprises:		
Hong Kong profits tax		
Current tax for the period	343	—
Other jurisdictions		
Current tax for the period	731	760
Deferred tax	<u>6,313</u>	<u>1,239</u>
Income tax expense	<u>7,387</u>	<u>1,999</u>

For the six months ended 30 June 2014, Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the period. For the six months ended 30 June 2013, no provision for Hong Kong profits tax had been made in the condensed consolidated financial statements as the Group had tax losses brought forward to offset against the estimated assessable profit for that period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 June 2013: 25%).

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (six months ended 30 June 2013: 10%) on the estimated assessable income for the period.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit for the period attributable to owners of the Company	<u>77,633</u>	<u>49,576</u>
	Six months ended 30 June	
	2014	2013
	<i>Number of</i>	<i>Number of</i>
	<i>shares</i>	<i>shares</i>
	Unaudited	Unaudited
Weighted average number of ordinary shares in issue during the period	<u>261,684,910</u>	<u>261,684,910</u>

No diluted earnings per share is presented for the six months ended 30 June 2014 and 2013 as there were no potential dilutive ordinary shares in issue in both periods.

11. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
2013 final dividend paid of HK\$0.10 (six months ended 30 June 2013; 2012 final dividend paid of HK\$0.10) per ordinary share	<u>26,168</u>	<u>26,168</u>

12. INVESTMENT PROPERTIES

	At	At
	30 June	31 December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Fair value		
Carrying amount at beginning of the period/year	972,262	956,907
Exchange realignment	(11,067)	12,179
Increase in fair value	<u>44,648</u>	<u>3,176</u>
Carrying amount at end of the period/year	<u>1,005,843</u>	<u>972,262</u>

The Group's investment properties are measured using the fair value model and are leased to third parties under operating leases to earn rentals or for capital appreciation purposes.

The fair value of the Group's investment properties at 30 June 2014 are determined with reference to valuation carried out by A.G. Wilkinson & Associates (Surveyors) Limited ("A.G. Wilkinson & Associates"), independent qualified professional valuers on that date using comparison method of valuation which is based on an open market basis assuming sale of the property interests with vacant possession and by reference to comparable market transactions available in the relevant market, as well as investment method of valuation which is based on capitalisation of the net income and with due regards to the reversionary income potential of the property interests. The valuation techniques are same as those used by A.G. Wilkinson & Associates when carrying out the valuation on investment properties of the Group as at 31 December 2013.

Certain investment properties with an aggregate carrying amount of HK\$832,238,000 (31 December 2013: HK\$807,806,000) are pledged to secure for banking facilities granted to the Group.

13. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 30 June 2014 HK\$'000 Unaudited	At 31 December 2013 HK\$'000 Audited
Trade and bills receivables (<i>note (a)</i>)	164,444	247,276
Less : Allowance for doubtful debts (<i>note (b)</i>)	(3,127)	(3,582)
Trade and bills receivables, net	<u>161,317</u>	<u>243,694</u>
Prepayments, deposits and other receivables	29,872	43,844
Less: Allowance for doubtful debts (<i>note (b)</i>)	(572)	(777)
Prepayments, deposits and other receivables, net	<u>29,300</u>	<u>43,067</u>
Trade and other receivables, prepayments and deposits	<u><u>190,617</u></u>	<u><u>286,761</u></u>

(a) Trade and bills receivables

The Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 180 days (31 December 2013: 180 days) and bank's acceptance bills up to a tenor of 30 to 180 days (31 December 2013: 30 to 60 days). For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (31 December 2013: 30 to 90 days). Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

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

	At 30 June 2014 HK\$'000 Unaudited	At 31 December 2013 HK\$'000 Audited
0 – 30 days	96,691	211,857
31 – 60 days	22,145	65
61 – 90 days	103	65
91 – 120 days	3,535	19
Over 120 days	38,843	31,688
	<u><u>161,317</u></u>	<u><u>243,694</u></u>

(b) Impairment of trade and other receivables

Impairment provision made at the end of the reporting period relates to:

- (i) trade and other receivables due from a customer, Guangzhou Jinhe Feed Company Limited (“Jinhe”) of HK\$45,961,000 (31 December 2013: HK\$47,118,000), of which HK\$1,992,000 (31 December 2013: HK\$2,704,000) has been provided; and
- (ii) trade receivables due from other customers of HK\$1,707,000 (31 December 2013: HK\$1,655,000), which have been fully provided.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the reporting date.

Included in trade receivables and other receivables are gross carrying amount of HK\$32,751,000 (31 December 2013: HK\$33,575,000) and HK\$13,210,000 (31 December 2013: HK\$13,543,000) respectively, due from a customer, Jinhe. These receivables are past due as at the reporting date and impairment provision amounting to HK\$1,992,000 (31 December 2013: HK\$2,704,000) in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Wang Xianning (the “Guarantor”) who pledged all his rights and interests in a property investment project (the “Collateral”) to secure the receivables from Jinhe.

The Group has commenced legal proceedings against Jinhe, the Guarantor and Mr. Wong Hiuman (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts). During the year ended 31 December 2013, the Shanghai No. 2 Intermediate People’s Court (the “Shanghai Court”) released a judgement and concluded that Jinhe has to compensate the Group for the losses arising from price differences of reselling the inventories, the expenses paid by the Group on behalf of Jinhe as well as the import agency fee and that Mr. Wong Hiuman should have the responsibility to bear all the above compensation under his guarantee. Subsequently, Jinhe and Mr. Wong Hiuman lodged appeal application to the Higher’s People’s Court of Shanghai (the “Shanghai Higher Court”). The progress of the legal proceedings up to 31 December 2013 is disclosed in the Group’s annual financial statements for the year ended 31 December 2013.

On 7 January 2014, the Group had a discussion with the judge of the Shanghai Higher Court. In April 2014, hearings were held at the Shanghai Higher Court and after the hearing, the judge enquired the parties if they were willing to settle the dispute through mediation and the Group, Jinhe and Mr. Wong Hiuman agreed to accept the court mediation. However, Jinhe has not provided any mediation plan since that hearing. Consequently on 1 August 2014, the Group notified the Shanghai Higher Court in writing not to enter into mediation and requested the Shanghai Higher Court to make adjudication.

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

Based on the advice of the Group’s legal counsel, the management is optimistic that the Group is able to recover the amounts due from Jinhe. However, having considered the time needed for the judiciary to handle the appeal application by Jinhe and Mr. Wong Hiuman, to come up with final decision and for the execution of orders, the management has discounted the receivable balances by one and a half years (31 December 2013: two years) using a pre-tax discount rate of 3% (31 December 2013: 3%) per annum to reflect the time value of money. As a result of the discount, the carrying value of the trade receivables and other receivables due from Jinhe are reduced by HK\$1,420,000 (31 December 2013: HK\$1,927,000) and HK\$572,000 (31 December 2013: HK\$777,000) respectively.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30 June 2014 <i>HK\$'000</i> Unaudited	At 31 December 2013 <i>HK\$'000</i> Audited
Club debenture, at fair value	1,927	1,842
Unlisted equity securities, at cost	10,530	9,360
	<u>12,457</u>	<u>11,202</u>

Available-for-sale assets as at 30 June 2014 include club debentures with net carrying amount of HK\$1,927,000 (31 December 2013: HK\$1,842,000), which are stated at fair value.

The remaining balances of HK\$10,530,000 (31 December 2013: HK\$9,360,000) represents investment in unlisted equity securities, which are stated at cost less impairment, if any. The directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that their fair values cannot be measured reliably. The Group does not intend to dispose of these unlisted equity securities in the near future.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2014 <i>HK\$'000</i> Unaudited	At 31 December 2013 <i>HK\$'000</i> Audited
Equity securities held for trading, at fair value		
— Listed in Hong Kong	426	19,689
Debt securities held for trading, at fair value		
— Listed in Hong Kong	6,938	7,052
— Listed outside Hong Kong	38,750	49,876
— Traded on OTC outside Hong Kong	23,255	22,592
	<u>68,943</u>	<u>79,520</u>
	<u>69,369</u>	<u>99,209</u>

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

As at 30 June 2014, none of the Group’s investments in equity and debt securities are pledged against borrowings and banking facilities. As at 31 December 2013, certain of the Group’s investments in equity and debt securities with carrying amount of HK\$90,298,000 were pledged against borrowings.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2014 <i>HK\$'000</i> Unaudited	At 31 December 2013 <i>HK\$'000</i> Audited
--	---	---

Derivative financial assets

— Cross-currency interest rate swap arrangements	266	—
— Foreign currency deliverable forward contracts	1,120	4,957
	<u>1,386</u>	<u>4,957</u>

Derivative financial liabilities

— Foreign currency deliverable forward contracts	<u>1,130</u>	—
--	--------------	---

17. RESTRICTED BANK DEPOSIT/STRUCTURED BANK DEPOSITS

Restricted bank deposit as at 30 June 2014 of HK\$16,841,000 (31 December 2013: HK\$17,265,000) represented a time deposit carrying fixed interest rate at 4.13% per annum with original maturity of two years up to November 2015 charged to the Heyuan Intermediate People's Court as guarantee for the application of the second assets preservation order to seal up the Collateral pledged by the Guarantor (details are set out in 13(b)). Such bank deposit is classified as a non-current asset as at 30 June 2014 and 31 December 2013.

The structured bank deposits comprise:

- (i) principal protected yield enhancement bank deposits of HK\$261,975,000 (31 December 2013: HK\$273,685,000) carry a minimum interest rate ranging from 0.35% to 1.80% (31 December 2013: 0.35% to 1.80%) per annum and can be enhanced to a maximum interest rate ranging from 4.00% to 6.00% (31 December 2013: 5.00% to 5.80%) per annum which is to be determined by reference to the market exchange rate of USD/Australian Dollar ("AUD") or USD/Euro ("EUR") during a pre-determined period ranging from 44 to 49 days (31 December 2013: two to four months). The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of USD/AUD or USD/EUR.
- (ii) a structured bank deposit of HK\$68,613,000 (31 December 2013: HK\$8,952,000) which contains an option that enable the bank to recall the deposit prior to the maturity date. Such bank deposit carries interest rate at 5.05% (31 December 2013: 5.10%) per annum and has original maturity of 45 days (31 December 2013: 41 days).

The directors of the Company consider that the fair value of the derivatives embedded in these structured bank deposits is minimal and hence no derivative financial instrument is recognised.

18. TRADE AND BILLS PAYABLES

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

	At 30 June 2014 <i>HK\$'000</i> Unaudited	At 31 December 2013 <i>HK\$'000</i> Audited
0 – 30 days	94,059	181,751
31 – 60 days	31,872	—
91 – 120 days	—	—
Over 120 days	4,087	5,030
	<u>130,018</u>	<u>186,781</u>

In respect of trade payables, the average credit period is 30 days (31 December 2013: 30 days).

19. SHARE CAPITAL

As at 31 December 2013, the Company had authorised share capital of 500,000,000 ordinary shares with par value of HK\$0.2 each and 261,684,910 ordinary shares were issued.

Under Section 135 of the Hong Kong Companies Ordinance, Cap. 622 (the “New Companies Ordinance”), which commenced operation on 3 March 2014, the concepts of “authorised share capital” and “par value” no longer exist. As part of the transition to no-par value regime, the amount standing to the credit of the share premium account on 3 March 2014 amounting to HK\$19,516,000 have become part of the Company’s share capital, under the transitional provisions set out in Schedule 11 of the New Companies Ordinance. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

Details of the Company’s issued and fully paid share capital are set out as follows:

	At 30 June 2014		At 31 December 2013	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
	Unaudited	Unaudited	Audited	Audited
Issued and fully paid:				
At 1 January 2014/2013	261,684,910	52,337	261,684,910	52,337
Transition to no-par value regime on 3 March 2014	—	19,516	—	—
	<u>261,684,910</u>	<u>71,853</u>	<u>261,684,910</u>	<u>52,337</u>
At 30 June 2014/ 31 December 2013	<u>261,684,910</u>	<u>71,853</u>	<u>261,684,910</u>	<u>52,337</u>

20. RELATED PARTY TRANSACTIONS

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

Key management compensation was as follows:

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Fees, salaries, other benefits and retirement benefit costs	<u>5,154</u>	<u>4,406</u>

UNAUDITED INTERIM RESULTS

The Board of the Company presents this Interim Report for the six months ended 30 June 2014 (the “Period”).

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Group decreased by HK\$110.8 million to HK\$805.9 million for the Period and net profit for the Period increased by 56.5% to HK\$77.6 million as compared with the corresponding period in 2013.

The table below summarises the Group’s revenue and results for the Period as compared with the corresponding period in 2013.

REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		Profit	
	Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	Unaudited	Unaudited	Unaudited	Unaudited
General Trading	<u>786.0</u>	<u>899.0</u>	<u>23.4</u>	<u>40.2</u>
Property Investment in Hong Kong	<u>8.9</u>	<u>7.0</u>	<u>17.5</u>	<u>7.5</u>
Property Investment in the PRC	<u>11.0</u>	<u>10.7</u>	<u>41.4</u>	<u>9.8</u>
	<u>19.9</u>	<u>17.7</u>	<u>58.9</u>	<u>17.3</u>
Total	<u><u>805.9</u></u>	<u><u>916.7</u></u>	<u><u>82.3</u></u>	<u><u>57.5</u></u>
Profit after tax for the period attributable to owners of the Company			<u><u>77.6</u></u>	<u><u>49.6</u></u>

BUSINESS REVIEW

General Trading

Fishmeal Products

During the first quarter of 2014, the supply of fishmeal increased and the price stabilised which led to an increase in demand in China in the second quarter. Despite the high inventory in China, the price of fishmeal products in China was stable. The Group has achieved a better market share by seizing the opportunity of price stabilization and market demand.

On 20 April 2014, the Peruvian government has announced for the first anchovy fishing season at a production of 2.53 million metric tons, a 23.4% increase from the 2.05 million metric tons for the same anchovy fishing season in 2013. However, the effect of El Niño increased the sea water temperature in the Peruvian coast during the fishing period of 23 April until 31 July this year which resulted in an unsatisfactory fishing results and the fishing quantity was lower than the previous year. Consequently, the price of fishmeal products started to firm up because of tight supply from Peru. The Group will continue to be cautious with trade decisions to minimise the market risk.

For the first half of 2014, the Group's revenue from trading of fishmeal products was HK\$786.0 million (2013: HK\$879.7 million), a slight decrease of 10.7% compared to the same period of last year. The fishmeal trading tonnage increased by 9.2%, but the drop in average trading price brought down the turnover. One of the factors affecting our results was the depreciation of Renminbi against Hong Kong dollars. As a result, for the Period, this segment recorded a profit of HK\$23.4 million, compared to HK\$40.2 million for the corresponding period of last year.

Property Investment in Hong Kong

During the Period, the rental income of the investment properties in Hong Kong was HK\$8.9 million (2013: HK\$7.0 million), representing an increase of 27.1% as compared with the same period of last year. Two investment properties, which were vacant in the first half of 2013, contributed rental income for the whole period in the first half of 2014. The investment properties in Hong Kong were valued by an independent professional valuer and recorded a fair value gain of HK\$10.3 million for the Period. The fair value gain and net rental income together have made a contribution of HK\$17.5 million to the Group's profit for the Period.

Property Investment and Properties Held for Sale in the PRC

Rental income from the investment properties in the PRC was HK\$11.0 million during the Period (2013: HK\$10.7 million), representing an increase of 2.8% as compared with the corresponding period of last year. The investment properties in the PRC were valued by an independent professional valuer and recorded a fair value gain of HK\$28.3 million (net of deferred tax) for the Period. The fair value gain and net rental income together have made a contribution of HK\$41.4 million to the Group's profit for the Period.

PROSPECTS

General Trading

Fishmeal prices are expected to firm up over the next few months due to tight supply. The weather in the PRC is stable and it is expected that the feed industries will increase the consumption of fishmeal, which in turn will increase the demand for fishmeal. The Group will continue monitoring the market development closely and will make any appropriate adjustments if needed.

Property Investment

The property market in Hong Kong is still softening due to unfavorable government policies and the Group will adopt a prudent approach in making investment decisions. The economy of the PRC maintains a healthy growth and the property price in Shanghai shows a firm trend. The Group will continue to review market conditions and consider investing in good quality properties in Hong Kong and the PRC.

FINANCIAL REVIEW

As at 30 June 2014, the Group's gearing ratio was 8.4% (31 December 2013: 9.3%), which was based on the Group's long term borrowings of HK\$125.4 million (31 December 2013: HK\$136.4 million) and shareholders' equity of HK\$1,497.3 million (31 December 2013: HK\$1,461.1 million). The Group's current ratio was 3.26 (31 December 2013: 2.91), calculated on the basis of current assets of HK\$874.9 million (31 December 2013: HK\$928.3 million) over current liabilities of HK\$268.6 million (31 December 2013: HK\$319.0 million).

As at 30 June 2014, total restricted bank deposit, structured bank deposits, bank balances and cash on hand were HK\$463.5 million (31 December 2013: HK\$502.2 million). Total borrowings included secured bank and other loans of HK\$147.4 million (31 December 2013: HK\$171.1 million). The maturity profile of the Group's total borrowings falling within one year was 15% (31 December 2013: 20%) and more than one year was 85% (31 December 2013: 80%). The Group's borrowings were denominated in United States dollars and Hong Kong dollars.

FOREIGN EXCHANGE EXPOSURE

The Group adopts prudent policies to hedge exchange rate risks associated with our core businesses. Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. 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 2014, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks and financial institutions to secure for borrowings and banking facilities:

	At 30 June 2014 <i>HK\$'000</i> Unaudited	At 31 December 2013 <i>HK\$'000</i> Audited
Investment properties	832,238	807,806
Leasehold land and buildings	41,517	41,755
Financial assets at fair value through profit or loss	—	90,298

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2014 (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed 85 employees (2013: 85) with staff costs for the six months then ended amounting to HK\$12,887,000 (2013: HK\$11,413,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2014, except for the following deviation:

Code Provision A.6.7

This code provision stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One of the independent non-executive directors of the Company was unable to attend the Company's annual general meeting held on 21 May 2014 due to his other business engagement.

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of a director of the Company is set out below:

- Mr. David Hon To Yu retired as an independent non-executive director of VXL Capital Limited (listed on the Main Board of the Stock Exchange; stock code: 727) on 27 May 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

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.

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 2014 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

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

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

APPRECIATION

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

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

Hong Kong, 27 August 2014

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