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GREAT CHINA HOLDINGS LIMITED

大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 141)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015, together with the comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 Unaudited	2014 HK\$'000 Unaudited
Revenue	5	454,493	805,895
Cost of sales		(417,644)	(744,080)
Gross profit		36,849	61,815
Other income	6	20,877	11,584
Distribution costs		(9,984)	(11,396)
Administrative expenses		(17,729)	(18,048)
Finance costs	7	(1,178)	(1,420)
Other gains/(losses)			
— Change in fair value of investment properties	12	(4,100)	44,648
— Change in fair value of financial assets at fair value through profit or loss		4,418	4,865
— Change in fair value of derivative financial instruments		—	(4,168)
— Reversal of impairment on available-for-sale financial assets		10	35
— Others		1,234	(2,895)
Profit before income tax	8	30,397	85,020
Income tax expense	9	(3,268)	(7,387)
Profit for the period attributable to owners of the Company		27,129	77,633
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company during the period:			
— Basic and diluted	10	10.37	29.67

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2015*

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Profit for the period	27,129	77,633
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
— Exchange difference arising from translation of financial statements of foreign operations	(1,324)	(15,334)
— Increase in fair value of available-for-sale financial assets	50	50
Other comprehensive income for the period	(1,274)	(15,284)
Total comprehensive income for the period attributable to owners of the Company	25,855	62,349

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		At 30 June 2015	At 31 December 2014
	<i>Notes</i>	<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Audited
Non-current assets			
Investment properties	<i>12</i>	1,018,547	1,022,169
Property, plant and equipment		49,584	48,011
Prepaid lease payments for land		261	263
Available-for-sale financial assets	<i>13</i>	39,757	12,397
Deferred tax assets		70	93
		<hr/> 1,108,219	<hr/> 1,082,933
Current assets			
Properties held for sale		19,432	19,408
Inventories		139,868	63,353
Prepaid lease payments for land		4	4
Trade and other receivables, prepayments and deposits	<i>14</i>	260,014	151,205
Financial assets at fair value through profit or loss	<i>15</i>	189,893	163,044
Tax recoverable		426	426
Derivative financial assets	<i>16</i>	—	38
Restricted bank deposit	<i>17</i>	16,856	16,841
Structured bank deposits	<i>17</i>	37,458	237,025
Bank balances and cash		267,739	244,579
		<hr/> 931,690	<hr/> 895,923

		At 30 June 2015 <i>HK\$'000</i> Unaudited	At 31 December 2014 <i>HK\$'000</i> Audited
Current liabilities			
Trade and bills payables	18	173,854	73,192
Other payables and accrued expenses		50,146	43,469
Rental deposits received		2,951	1,237
Borrowings		81,034	77,831
Tax payable		1,181	3,322
		<u>309,166</u>	<u>199,051</u>
Net current assets		<u>622,524</u>	<u>696,872</u>
Total assets less current liabilities		<u>1,730,743</u>	<u>1,779,805</u>
Non-current liabilities			
Rental deposits received		5,965	7,873
Borrowings		69,328	114,281
Deferred tax liabilities		66,509	63,163
		<u>141,802</u>	<u>185,317</u>
NET ASSETS		<u><u>1,588,941</u></u>	<u><u>1,594,488</u></u>
Capital and reserves			
Share capital	19	71,853	71,853
Reserves		1,517,088	1,522,635
TOTAL EQUITY		<u><u>1,588,941</u></u>	<u><u>1,594,488</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Properties revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2015	71,853	—	125,822	495	1,040	1,395,278	1,594,488
Profit for the period	—	—	—	—	—	27,129	27,129
Other comprehensive income for the period	—	—	(1,324)	—	50	—	(1,274)
Total comprehensive income for the period	—	—	(1,324)	—	50	27,129	25,855
Transactions with owners:							
2014 final dividend paid (<i>note 11</i>)	—	—	—	—	—	(31,402)	(31,402)
At 30 June 2015 (unaudited)	<u>71,853</u>	<u>—</u>	<u>124,498</u>	<u>495</u>	<u>1,090</u>	<u>1,391,005</u>	<u>1,588,941</u>
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	19,516	(19,516)	—	—	—	—	—
Transactions with owners:							
2013 final dividend paid (<i>note 11</i>)	—	—	—	—	—	(26,168)	(26,168)
At 30 June 2014 (unaudited)	<u>71,853</u>	<u>—</u>	<u>124,399</u>	<u>495</u>	<u>1,040</u>	<u>1,299,508</u>	<u>1,497,295</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2015*

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash (used in)/generated from operating activities	(83,683)	10,281
Net cash generated from/(used in) investing activities	181,479	(44,695)
Net cash used in financing activities	(74,627)	(51,062)
Net increase/(decrease) in cash and cash equivalents	23,169	(85,476)
Cash and cash equivalents at beginning of the period	244,579	202,253
Effect of foreign exchange rate changes	(9)	(667)
Cash and cash equivalents at end of the period	<u>267,739</u>	<u>116,110</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>267,739</u>	<u>116,110</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

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 unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 (the “Unaudited Interim Financial Information”) is 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. All values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

The Unaudited Interim Financial Information was approved for issue by the board of directors on 26 August 2015.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The Unaudited Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable provisions in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”).

The financial information relating to the year ended 31 December 2014 that is included in the Unaudited Interim Financial Information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company’s auditor has reported on those consolidated 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 sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

(b) Principal accounting policies

The Unaudited Interim Financial Information does 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include individuals HKFRSs, HKAS and Interpretations (“Int”).

The Unaudited Interim Financial Information has been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value.

Except as described in note 2(c), the accounting policies applied in preparing the Unaudited Interim Financial Information is consistent with those of the annual financial statements for the year ended 31 December 2014 as described in the annual financial statements.

(c) Adoption of new or revised HKFRSs

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

Amendments to HKFRSs	Annual Improvement to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011–2013 Cycle

The adoption of these amendments has no material impact on the Group's Unaudited Interim Financial Information.

The Group has not early applied any new or revised standards or interpretation that is not yet effective.

3. SEGMENT INFORMATION

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

The executive directors have identified the following reportable segments for the Group's 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 2015 (six months ended 30 June 2014: 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 2014.

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 2015</i>					
<i>(unaudited)</i>					
Reportable segment revenue	<u>433,989</u>	<u>9,343</u>	<u>11,161</u>	<u>—</u>	<u>454,493</u>
Reportable segment profit/(loss) after tax	<u>14,920</u>	<u>(12,589)*</u>	<u>20,932**</u>	<u>—</u>	<u>23,263</u>
Change in fair value of financial assets at fair value through profit or loss					4,418
Reversal of impairment on available-for-sale financial assets					10
Corporate income and expenses					(497)
Unallocated finance costs					(82)
Unallocated income tax credit					17
Profit for the period					<u>27,129</u>

* The segment loss after tax of property investment in Hong Kong included a fair value loss on investment properties of HK\$21,770,000.

** The segment profit after tax of property investment in the PRC included a fair value gain on investment properties of HK\$17,670,000, and deferred tax charge of HK\$3,350,000.

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Six months ended 30 June 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					(55)
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.

Segment assets and liabilities

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>At 30 June 2015 (unaudited)</i>					
Reportable segment assets	<u>526,194</u>	<u>527,144</u>	<u>506,676</u>	<u>19,432</u>	1,579,446
Available-for-sale financial assets					39,757
Financial assets at fair value through profit or loss					189,893
Corporate assets					<u>230,813</u>
Consolidated assets					<u>2,039,909</u>
Reportable segment liabilities	<u>221,218</u>	<u>77,218</u>	<u>94,864</u>	<u>—</u>	393,300
Corporate liabilities					<u>57,668</u>
Consolidated liabilities					<u>450,968</u>
	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>At 31 December 2014 (audited)</i>					
Reportable segment assets	<u>557,551</u>	<u>589,982</u>	<u>501,786</u>	<u>19,408</u>	1,668,727
Available-for-sale financial assets					12,397
Financial assets at fair value through profit or loss					163,044
Corporate assets					<u>134,688</u>
Consolidated assets					<u>1,978,856</u>
Reportable segment liabilities	<u>190,886</u>	<u>81,752</u>	<u>91,047</u>	<u>—</u>	363,685
Corporate liabilities					<u>20,683</u>
Consolidated liabilities					<u>384,368</u>

4. SEASONALITY OF OPERATIONS

The Group's general trading operations are subject to seasonal fluctuation. In general, supply for the Group's products decreased for the six months ended 30 June 2015 and the trading revenue decreased accordingly.

5. 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	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Sales of goods	433,989	786,021
Rental income from investment properties	20,504	19,874
	<u>454,493</u>	<u>805,895</u>

6. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest income on:		
— bank balances and trade receivables measured at amortised cost	10,170	9,378
— debt securities measured at fair value through profit or loss	5,680	521
— unlisted investment, at cost	1,152	—
	<u>17,002</u>	<u>9,899</u>
Dividend income from listed equity securities	12	20
Gain on disposal of property, plant and equipment	259	—
Sundry	3,604	1,665
	<u>20,877</u>	<u>11,584</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest on borrowings:		
— wholly repayable within five years	164	292
— not wholly repayable within five years	1,014	1,128
	<u>1,178</u>	<u>1,420</u>

8. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2015	2014
	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)	(1,092)
Cost of inventories recognised as an expense, including	(415,941)	(742,124)
— Allowance for inventories	(2,010)	—
Exchange loss, net	(823)	(9,063)
(Provision)/reversal of allowance for doubtful debts	(12)	576
Staff costs, including directors' emoluments	(11,316)	(12,887)
Gross rental income from investment properties	20,504	19,874
Less: Outgoings	(775)	(1,536)
Net rental income from investment properties	<u>19,729</u>	<u>18,338</u>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Income tax expense comprises:		
Hong Kong profits tax		
Current tax for the period	186	343
Other jurisdictions		
Current tax for the period	835	731
Deferred tax	<u>2,247</u>	<u>6,313</u>
Income tax expense	<u>3,268</u>	<u>7,387</u>

For the six months ended 30 June 2015 and 2014, Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the 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 2014: 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 2014: 10%) on the estimated assessable income for the period.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY DURING THE PERIOD

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Profit for the period attributable to owners of the Company	<u>27,129</u>	<u>77,633</u>
	Six months ended 30 June	
	2015	2014
	Number of	Number of
	shares	shares
	Unaudited	Unaudited
Weighted average number of ordinary shares in issue during the period	<u>261,684,910</u>	<u>261,684,910</u>

There were no potential dilutive ordinary shares in issue in both six months ended 30 June 2015 and 2014 and therefore the diluted earnings per share is the same as basic earnings per share.

11. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Unaudited
2014 final dividend paid of HK\$0.12 (six months ended 30 June 2014: 2013 final dividend paid of HK\$0.10) per ordinary share	<u>31,402</u>	<u>26,168</u>

The directors do not declare the payment of an interim dividend for the six months ended 30 June 2015 and 2014.

12. INVESTMENT PROPERTIES

	At	At
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	Unaudited	Audited
Fair value		
At beginning of the period/year	1,022,169	972,262
Exchange realignment	478	(11,164)
Change in fair value	<u>(4,100)</u>	<u>61,071</u>
At end of the period/year	<u>1,018,547</u>	<u>1,022,169</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 2015 are determined with reference to valuation carried out by A.G. Wilkinson & Associates (Surveyors) Limited, 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 of the investment properties as at 31 December 2014 is determined using investment method of valuation which uses direct capitalisation approach by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

Certain investment properties with an aggregate carrying amount of HK\$833,578,000 (31 December 2014: HK\$844,502,000) are pledged to secure for banking facilities granted to the Group.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 30 June 2015 <i>HK\$'000</i> Unaudited	At 31 December 2014 <i>HK\$'000</i> Audited
Club debenture, at fair value (<i>note i</i>)	1,927	1,867
Unlisted investment, at cost (<i>note ii</i>)	27,300	—
Unlisted equity securities, at cost (<i>note iii</i>)	10,530	10,530
	<u>39,757</u>	<u>12,397</u>

Notes:

- i. Available-for-sale financial assets as at 30 June 2015 include club debentures with net carrying amount of HK\$1,927,000 (31 December 2014: HK\$1,867,000), which are stated at fair value.
- ii. During the six months ended 30 June 2015, the Group contributed US\$3.5 million (approximately HK\$27.3 million) to a close-ended private equity fund ("the Fund"). The Fund invests a series of senior secured bonds, with the term of two years and the interest rate of 12% per annum. The principal amount and interests are payable on the maturity date. The Fund does not have a quoted market price in an active market and whose fair value cannot be reliably measured. It is measured at cost less any identified impairment losses at the end of the reporting period.
- iii. Investment in unlisted equity securities 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.

14. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 30 June 2015 HK\$'000 Unaudited	At 31 December 2014 HK\$'000 Audited
Trade and bills receivables (<i>note (a)</i>)	195,749	72,683
Less : Allowance for doubtful debts (<i>note (b)</i>)	<u>(2,183)</u>	<u>(2,170)</u>
Trade and bills receivables, net	<u>193,566</u>	<u>70,513</u>
Prepayments, deposits and other receivables	67,020	81,264
Less: Allowance for doubtful debts (<i>note (b)</i>)	<u>(572)</u>	<u>(572)</u>
Prepayments, deposits and other receivables, net	<u>66,448</u>	<u>80,692</u>
Trade and other receivables, prepayments and deposits	<u><u>260,014</u></u>	<u><u>151,205</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 2014: 180 days) and bank's acceptance bills up to a tenor of 30 to 60 days (31 December 2014: 30 to 60 days). For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (31 December 2014: 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 2015 HK\$'000 Unaudited	At 31 December 2014 HK\$'000 Audited
0 – 30 days	161,853	28,040
31 – 60 days	103	9,831
61 – 90 days	—	1,311
Over 120 days	<u>31,610</u>	<u>31,331</u>
	<u><u>193,566</u></u>	<u><u>70,513</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\$46,001,000 (31 December 2014: HK\$45,961,000), of which HK\$1,993,000 (31 December 2014: HK\$1,992,000) has been provided; and
- (ii) trade receivables due from other customers of HK\$762,000 (31 December 2014: HK\$750,000), 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\$32,779,000 (31 December 2014: HK\$32,751,000) and HK\$13,222,000 (31 December 2014: HK\$13,210,000) respectively, due from a customer, Jinhe. These receivables are past due as at the reporting date and impairment provision amounting to HK\$1,993,000 (31 December 2014: HK\$1,992,000) in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Huang Xianning (the “Guarantor”) who pledged all his rights and interests in a property investment project to secure the receivables from Jinhe (the “Collateral Arrangement”).

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). On 16 January 2015, the Shanghai Higher Court released a judgement (the “Judgement”) that Jinhe has to compensate the Group for the losses arising from price differences of reselling the inventories and the expenses paid by the Group on behalf of Jinhe as well as the import agency fee to the Group, and that Mr. Wong Hiuman should have the responsibility to bear all the above compensation under his obligation. Pursuant to the Judgement, Jinhe and Mr. Wong Hiuman should compensate the Group within 10 days from the date of the Judgement, but they failed to do so. On 9 February 2015, the Group has lodged an application for enforcement to the Shanghai No. 2 Intermediate People’s Court to execute the Judgement. On 5 August 2015, Jinhe and Mr. Wong Hiuman have lodged an application for appeal (the “Appeal”) to the Supreme People’s Court of the PRC in respect of the Judgement and the Supreme People’s Court of the PRC has accepted the application for the Appeal. Up to the date of issuance of this Unaudited Interim Financial Information, the Appeal process has not yet commenced and the Supreme People’s Court of the PRC has not yet formed any decision.

The Group has also applied arbitration against the Guarantor in respect of the Group’s right to receive compensation under the Collateral Arrangement on 4 February 2015. On 30 June 2015, the tribunal ordered the Group and the Guarantor to submit their respective statement of opinion to the arbitration before 17 August 2015. Up to the date of issuance of this Unaudited Interim Financial Information, the arbitration procedures are still in progress and the tribunal has not yet formed any ruling.

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 2014: one and a half years) using a pre-tax discount rate of 3% (31 December 2014: 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\$1,421,000 (31 December 2014: HK\$1,420,000) and HK\$572,000 (31 December 2014: HK\$572,000) respectively.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2015 <i>HK\$’000</i> Unaudited	At 31 December 2014 <i>HK\$’000</i> Audited
Equity securities held for trading, at fair value		
— Listed in Hong Kong	669	362
Debt securities held for trading, at fair value		
— Listed in Hong Kong	166,336	162,682
— Listed outside Hong Kong	22,888	—
	<u>189,224</u>	<u>162,682</u>
	<u>189,893</u>	<u>163,044</u>

The fair values of the equity and debt securities listed are determined based on quoted market prices available on the relevant stock exchanges.

16. DERIVATIVE FINANCIAL ASSETS

	At 30 June 2015 <i>HK\$'000</i> Unaudited	At 31 December 2014 <i>HK\$'000</i> Audited
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Derivative financial assets

— Cross-currency interest rate swap arrangements	—	38
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17. RESTRICTED BANK DEPOSIT/STRUCTURED BANK DEPOSITS

Restricted bank deposit as at 30 June 2015 of HK\$16,856,000 (31 December 2014: HK\$16,841,000) 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.

The structured bank deposits comprise:

- (i) a structured bank deposit of HK\$37,458,000 (31 December 2014: HK\$174,650,000) which contains an option that enable the bank to recall the deposit prior to the maturity date. Such bank deposit carries maximum interest rate at 5% (31 December 2014: 4.85% to 5.10%) per annum and has original maturity of 33 days (31 December 2014: 66 days — 88 days).
- (ii) the balance of structured bank deposits as at 31 December 2014 amounting to HK\$62,375,000 carried a minimum interest rate 1.8% per annum and could be enhanced to a maximum interest rate ranging from 4.85% to 4.9% per annum which is to be determined by reference to the market exchange rate of USD/Australian Dollar ("AUD") during a predetermined period ranging from two months to four months. The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of USD/AUD. No principal protected yield enhancement bank deposits was made as at 30 June 2015.

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 2015 <i>HK\$'000</i> Unaudited	At 31 December 2014 <i>HK\$'000</i> Audited
0 – 30 days	153,687	63,464
31 – 60 days	19,581	3,463
Over 120 days	586	6,265
	<u>173,854</u>	<u>73,192</u>

In respect of trade payables, the average credit period is 30 days (31 December 2014: 30 days).

19. SHARE CAPITAL

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 2015		At 31 December 2014	
	<i>Number of shares</i> Unaudited	<i>HK\$’000</i> Unaudited	<i>Number of shares</i> Audited	<i>HK\$’000</i> Audited
Authorised				
Ordinary shares of HK\$0.2 each:				
At 1 January 2015/2014	—	—	500,000,000	100,000
The concept of authorised share capital was abolished on 3 March 2014	—	—	(500,000,000)	(100,000)
At 30 June 2015/31 December 2014	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Issued and fully paid:				
At 1 January 2015/2014	261,684,910	71,853	261,684,910	52,337
Transfer from share premium account on 3 March 2014	—	—	—	19,516
At 30 June 2015/ 31 December 2014	<u>261,684,910</u>	<u>71,853</u>	<u>261,684,910</u>	<u>71,853</u>

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Unaudited Interim Financial Information, the Group has carried out following transactions with related parties.

Key management compensation was as follows:

	Six months ended 30 June	
	2015 <i>HK\$’000</i> Unaudited	2014 <i>HK\$’000</i> Unaudited
Fees, salaries, other benefits and retirement benefit costs	<u>5,469</u>	<u>5,154</u>

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Great China Holdings Limited (the “Company”) presents this Interim Report for the six months ended 30 June 2015 (the “Period”).

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Company and its subsidiaries (collectively, the “Group”) decreased by HK\$351.4 million to HK\$454.5 million for the Period and net profit for the Period decreased by 65.1% to HK\$27.1 million as compared with the corresponding period in 2014.

The table below summarises the Group’s revenue and results for the Period as compared with the corresponding period in 2014.

REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		Profit	
	Six months ended 30 June 2015	2014	Six months ended 30 June 2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	Unaudited	Unaudited	Unaudited	Unaudited
General Trading	<u>434.0</u>	<u>786.0</u>	<u>14.9</u>	<u>23.4</u>
Property Investment in Hong Kong	<u>9.3</u>	<u>8.9</u>	<u>(12.6)</u>	<u>17.5</u>
Property Investment in the People’s Republic of China (the “PRC”)	<u>11.2</u>	<u>11.0</u>	<u>20.9</u>	<u>41.4</u>
	<u>20.5</u>	<u>19.9</u>	<u>8.3</u>	<u>58.9</u>
Total	<u><u>454.5</u></u>	<u><u>805.9</u></u>	<u><u>23.2</u></u>	<u><u>82.3</u></u>
Profit for the period attributable to owners of the Company			<u><u>27.1</u></u>	<u><u>77.6</u></u>

BUSINESS REVIEW

General Trading

Fishmeal Products

For the six months ended 30 June 2015, the result of the Group's general trading segment remained profitable. The Group generated a profit of HK\$14.9 million compared with HK\$23.4 million for the corresponding period in 2014, which equates to a drop of 36.3% resulting from a substantial reduction in turnover.

For the first half of 2015, the Group's fishmeal products revenue was HK\$434.0 million, which is a 44.8% drop compared to the same period last year (2014: HK\$786.0 million). The decrease in revenue was primarily due to the limited supply of fishmeal during the last quarter of 2014 and the first quarter of 2015.

The supply of fishmeal in Peru was disrupted by the reduced catch for Season A (April to July) in 2014 and the closure of Season B (November to January) in 2014 in the North-Centre region. As a result, the supply of Peruvian fishmeal recorded a historic low in China in the first half of 2015, culminating in a high spike in fishmeal prices. However, due to the weak demand of fishmeal in China, fishmeal prices started to fall after the Chinese Lunar New Year. On 9 April 2015, the Peruvian Ministry of Production authorized the start of the first fishing season corresponding to a fishing quota of 2.58 million metric tons for 2015 Season A (April to July) in the North-Centre region. The fishing quota has relieved the tight supply of fishmeal in the second quarter of 2015.

Property Investment in Hong Kong

During the Period under review, the rental income of the investment properties in Hong Kong was HK\$9.3 million (2014: HK\$8.9 million), representing an increase of 4.5% as compared with the same period of last year.

The investment properties in Hong Kong were valued by an independent professional valuer and recorded a fair value loss of HK\$21.8 million for the Period. This recorded fair value has resulted in a net loss of HK\$12.6 million to the Group for the period.

Property Investment and Properties Held for Sale in the PRC

Rental income from the investment properties in the PRC was HK\$11.2 million during the Period (2014: HK\$11.0 million), representing a slight increase of 1.8% 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\$14.3 million (net of deferred tax) for the Period. The fair value gain and net rental income together have made a contribution of HK\$20.9 million to the Group's profit for the Period.

PROSPECTS

General Trading

Recent studies indicated that the sea temperature along the Peruvian coast is above normal. It is likely that the effects of this coastal El Niño phenomenon of uncertain magnitude may carry over to the first quarter of 2016.

Given this uncertainty coupled with the question of supply and demand, the Group expects that the trading of fishmeal products during the second half of 2015 will be quite volatile and expects a slow recovery for the remainder of the year. Nevertheless, the Group's well-established trading team will use a cautious and conservative strategy to control market risk and will continue to closely monitor market developments.

Property Investment

The downward trend in tourism in Hong Kong has visibly impacted the retail market and rental values. After several years of continued rental increases in popular shopping districts, rental values are now moving towards a downward trend. The gradual increase in vacancy rates particularly in prime areas will add pressure on rental occupancy and prices. The Group will continue to monitor the market situation and adopt appropriate leasing strategies.

The Group's PRC investment properties are mainly located in Shanghai. The property prices in Shanghai experienced a healthy growth in the first half of the year and are expected to be firm for the remainder of the year.

FINANCIAL REVIEW

As at 30 June 2015, the Group's gearing ratio was 4.4% (31 December 2014: 7.2%), which was based on the Group's long term borrowings of HK\$69.3 million (31 December 2014: HK\$114.3 million) and shareholders' equity of HK\$1,588.9 million (31 December 2014: HK\$1,594.5 million). The Group's current ratio was 3.0 (31 December 2014: 4.5), calculated on the basis of current assets of HK\$931.7 million (31 December 2014: HK\$895.9 million) over current liabilities of HK\$309.2 million (31 December 2014: HK\$199.1 million).

As at 30 June 2015, total restricted bank deposit, structured bank deposits, bank balances and cash on hand were HK\$322.1 million (31 December 2014: HK\$498.4 million). Total borrowings included secured bank and other loans of HK\$150.4 million (31 December 2014: HK\$192.1 million). The maturity profile of the Group's total borrowings falling within one year was 53.9% (31 December 2014: 40.5%) and more than one year was 46.1% (31 December 2014: 59.5%). 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 2015, 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 2015 <i>HK\$'000</i> Unaudited	At 31 December 2014 <i>HK\$'000</i> Audited
Investment properties	833,578	844,502
Leasehold land and buildings	<u>41,042</u>	<u>41,280</u>

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed 80 employees (2014: 85) with staff costs for the six months then ended amounting to HK\$11.3 million (2014: HK\$12.9 million). 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 2015, 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 20 May 2015 due to his other business engagement.

UPDATE ON DIRECTORS' INFORMATION

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

- Ms. Yu Gia HO's service contract as a Non-executive Director has been renewed for a term of 3 years commencing from 20 May 2015 to 19 May 2018.

- Mr. Lawrence Kam Kee YU's service contract as an Independent Non-executive Director has been renewed for a term of 3 years commencing from 20 May 2015 to 19 May 2018.
- Mr. Hsu Chou WU's service contract as an Independent Non-executive Director has been renewed for a term of 3 years commencing from 20 May 2015 to 19 May 2018.

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 2015.

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 condensed consolidated interim financial information for the six months ended 30 June 2015 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

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

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

APPRECIATION

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

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

Hong Kong, 26 August 2015

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.