



Great China Properties Holdings Limited

大中華地產控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00021

MISSION FOR VISION

INTERIM REPORT 2016



The Board of Directors (the “Board”) of Great China Properties Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 together with the selected comparative information for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016 – unaudited

	Notes	Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
REVENUE	4	20,007	3,486
Cost of sales		(17,521)	(2,347)
GROSS PROFIT		2,486	1,139
Other income and gains	4	8,218	197
Fair value gains on investment properties		–	3,273
Selling and distribution expenses		(6,893)	(611)
Administrative and operating expenses		(12,141)	(10,784)
Other operating expenses		–	(926)
Finance costs	5	–	–
LOSS BEFORE TAX	6	(8,330)	(7,712)
Income tax credit/(expense)	7	496	(762)
LOSS FOR THE PERIOD		(7,834)	(8,474)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
– Owners of the Company		(7,834)	(8,474)
– Non-controlling interests		–	–
		(7,834)	(8,474)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		(30,157)	(1,577)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(37,991)	(10,051)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
– Owners of the Company		(37,991)	(10,051)
– Non-controlling interests		–	–
		(37,991)	(10,051)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	(HK0.24 cents)	(HK0.26 cents)

The accompanying notes on page 7 to 18 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 – unaudited

		Unaudited As at 30 June 2016 HK\$'000	Audited As at 31 December 2015 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	7,308	8,202
Investment properties	11	235,383	240,384
Goodwill		212,655	217,174
Interests in associates		139,941	143,051
Properties under development	12	559,158	566,282
Prepayments	14	149	195
Total non-current assets		1,154,594	1,175,288
CURRENT ASSETS			
Properties held for sale		623,411	586,074
Trade receivables	13	1,732	778
Prepayments, deposits and other receivables	14	11,380	4,337
Tax recoverable		395	399
Equity investments at fair value through profit or loss		111	105
Cash and bank balances		4,868	6,171
Total current assets		641,897	597,864
CURRENT LIABILITIES			
Trade payables	15	22,680	23,447
Other payables and accruals		76,761	52,318
Interest – bearing borrowing		43,704	44,633
Amounts due to related companies		114,095	118,253
Amounts due to substantial shareholders		367,247	319,342
Tax payable		347	492
Total current liabilities		624,834	558,485
NET CURRENT ASSETS		17,063	39,379
TOTAL ASSETS LESS CURRENT LIABILITIES		1,171,657	1,214,667

	<i>Notes</i>	Unaudited As at 30 June 2016 HK\$'000	Audited As at 31 December 2015 HK\$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		179,951	184,970
Total non-current liabilities		179,951	184,970
Net assets		991,706	1,029,697
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>16</i>	905,676	905,676
Other reserves		86,017	124,008
Non-controlling interests		991,693 13	1,029,684 13
Total equity		991,706	1,029,697

The accompanying notes on page 7 to 18 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2016 – unaudited*

	Share capital HK\$'000	Capital reduction reserve HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2015	905,676	265,505	1,842	10,776	(81,963)	1,101,836	13	1,101,849
Loss for the period	-	-	-	-	(8,474)	(8,474)	-	(8,474)
Other comprehensive loss for the period: Exchange differences arising on translation of foreign operations	-	-	-	(1,577)	-	(1,577)	-	(1,577)
Total comprehensive loss for the period	-	-	-	(1,577)	(8,474)	(10,051)	-	(10,051)
Transactions with owners: Equity-settled share option arrangements	-	-	(235)	-	-	(235)	-	(235)
At 30 June 2015	905,676	265,505	1,607	9,199	(90,437)	1,091,550	13	1,091,563
At 1 January 2016	905,676	265,505*	1,607*	(54,192)*	(88,912)*	1,029,684	13	1,029,697
Loss for the period	-	-	-	-	(7,834)	(7,834)	-	(7,834)
Other comprehensive loss for the period: Exchange differences arising on translation of foreign operations	-	-	-	(30,157)	-	(30,157)	-	(30,157)
Total comprehensive loss for the period	-	-	-	(30,157)	(7,834)	(37,991)	-	(37,991)
Transactions with owners: Equity-settled share option arrangements	-	-	-	-	-	-	-	-
At 30 June 2016	905,676	265,505*	1,607*	(84,349)*	(96,746)*	991,693	13	991,706

* These reserve comprise the consolidated reserves of HK\$86,017,000 (December 2015: HK\$124,008,000) in the condensed consolidated statement of financial position.

The accompanying notes on page 7 to 18 form an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016 – unaudited

	Notes	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(8,330)	(7,712)
Adjustments for:			
Bank interest income	4	(14)	(14)
Interest income from other receivables	4	–	(100)
Impairment loss on loans to an associate		–	543
Fair value gain on equity investments at fair value through profit or loss	4	(7)	(15)
Fair value gains on investment properties		–	(3,273)
Loss on disposal of property, plant and equipment	6	75	111
Depreciation	6	1,295	1,436
Equity-settled share option expense	6	–	(235)
Exchange difference arising on transaction of foreign operating		(6,443)	–
		(13,424)	(9,259)
Increase in properties held for sale		(49,133)	(49,099)
Increase in trade receivables		(970)	(227)
(Increase)/decrease in deposit, prepayments and other receivables		(7,092)	20,868
Decrease in trade payables		(279)	(539)
(Decrease)/increase in amounts due to related companies		(1,697)	237
Increase in other payables and accruals		25,529	52
Cash used in operations		(47,066)	(37,967)
Tax paid		(827)	(44)
Net cash flows used in operating activities		(47,893)	(38,011)

	Notes	Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		14	14
Purchase of property, plant and equipment		(645)	(509)
Addition of properties under development		(4,659)	(4,257)
Decrease in pledged and restricted bank balances		82	165
Net cash flows used in investing activities		(5,208)	(4,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(2,541)	(2,708)
Advance from substantial shareholders		54,550	43,429
Net cash flows generated from financing activities		52,009	40,721
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		1,927	1,813
Effect of foreign exchanges, net		(41)	1,141
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		794	1,077
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,868	5,648
Less: Pledged and restricted bank balances		(4,074)	(4,571)
		794	1,077

The accompanying notes on page 7 to 18 form an integral part of this interim financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The principal accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with the financial statements of the Group for the year ended 31 December 2015, except for the adoption of new and revised standards and interpretations with effect from 1 January 2016 as detailed in note 2 below.

The financial information relating to the financial year ended 31 December 2015 that is included in the unaudited interim results as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those accounts. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s independent auditor has reported on those financial statements. The auditor’s report was unqualified; included a reference to matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted the following new and revised standards, amendments and interpretations (collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA for the first time for these financial statements.

HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 10, HKFRS12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Annual improvements projects	Annual improvements to HKFRSs 2012-2014 cycle

The adoption of the above new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretations or amendments that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

The Group has a single reportable segment based on the location of the operations, which is the property development and investment located in the People's Republic of China (the "PRC"). Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

4. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the income from the sale of properties, gross rental income and property management income during the period.

An analysis of revenue and other income and gains is as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Revenue:		
Sales of properties	18,726	2,062
Gross rental income	915	1,067
Property management income	366	357
	20,007	3,486
Other income and gains:		
Bank interest income	14	14
Interest income from other receivables	–	100
Fair value gain on equity investments at fair value through profit or loss	7	15
Foreign exchange gain, net	8,120	–
Others	77	68
	8,218	197

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Interest on an entrusted loan	2,541	2,693
Less: Interest capitalised under property held for sale under development	(2,541)	(2,693)
	–	–

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Cost of properties sold	17,301	1,945
Depreciation	1,295	1,436
Minimum lease payments under operating leases on land and buildings	2,482	2,076
Auditors' remuneration	466	900
Staff costs(including directors' remuneration)		
Salaries and wages	6,328	4,072
Equity-settled share option expense	–	(235)
Pension scheme contributions	771	559
	7,099	4,396
Direct operating expenses arising from investing properties that generated rental income	54	181
Loss on disposal of items of property, plant and equipment	75	111
Impairment loss on loans to an associate	–	543
Fair value gains on investment properties	–	(3,273)
Foreign exchange gain, net	(8,120)	(134)

7. INCOME TAX CREDIT/(EXPENSE)

No provision for Hong Kong profits tax has been made as the Group incurred a loss for taxation purposes during the period ended 30 June 2016 and 2015. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdiction in which the Group operates.

The PRC Land appreciation tax (LAT) was provided in accordance with the requirements set forth in the relevant PRC law and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Deferred tax credited/(charged) to profit or loss	1,189	(686)
LAT in the PRC	(693)	(76)
Total tax credited/(charged) for the period	496	(762)

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2016	2015
Loss for the period attributable to owners of the Company (HK\$ million)	(7.83)	(8.47)
Weighted average number of ordinary shares in issue (Million)	3,312.7	3,312.7
Basic and diluted loss per share (HK cent per share)	(0.24)	(0.26)

Diluted loss per share is same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during both periods.

The Company's share options have no dilutive effect for the periods ended 30 June 2016 and 2015 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$'000</i>	Machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2016						
At 1 January 2016, net of accumulated depreciation	5,118	113	1,234	961	776	8,202
Additions	–	18	62	565	–	645
Disposals	(61)	(2)	(22)	(7)	(9)	(101)
Depreciation	(724)	(29)	(161)	(238)	(143)	(1,295)
Exchange realignment	(94)	(2)	(24)	(17)	(6)	(143)
At 30 June 2016, net of accumulated depreciation	4,239	98	1,089	1,264	618	7,308

11. INVESTMENT PROPERTIES

	Completed investment properties at fair value <i>HK\$'000</i>	Investment properties under construction at cost <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2016			
Carrying amount at 1 January 2016	224,733	15,651	240,384
Exchange realignment	(4,675)	(326)	(5,001)
Carrying amount at 30 June 2016	220,058	15,325	235,383

Notes:

- The investment properties represent interests in land held under medium term leases in the PRC and buildings erected or being erected thereon.
- Investment properties under development are carried at cost as the board considers that the fair value of investment properties under development cannot be reliably determined due to some construction still not commenced at 30 June 2016.
- The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.
- Valuation of investment properties were carried out at 30 June 2016 by Roma Appraisal Limited, an independent valuer not connected with the Group, using the same valuation techniques as were used when carrying out the December 2015 valuation.
- A valuation gain of HK\$Nil million (Six months ended 30 June 2015: HK\$3.27 million), and deferred tax thereon of HK\$Nil million (Six months ended 30 June 2015: HK\$0.82 million), had been recognized in the consolidated statement of comprehensive income for the period in respect of investment properties.

12. PROPERTIES UNDER DEVELOPMENT

	Properties under development at cost <i>HK\$'000</i>
Six months ended 30 June 2016	
Carrying amount at 1 January 2016	566,282
Additions	4,659
Exchange realignment	(11,783)
Carrying amount at 30 June 2016	559,158

The properties under development are all located in the PRC and held under medium-term lease.

13. TRADE RECEIVABLES

Trade receivables represent sale proceeds in respect of sold properties and rental receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a certain number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured. The carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Within 30 days	503	494
31 – 60 days	23	20
61 – 90 days	654	16
Over 90 days	552	248
	1,732	778

The amount of trade receivables that were past due but not impaired is the same as the above amount shown in the ageing of trade receivables. Receivables that were past due but not impaired relate to a number of independent customers. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Prepayments	3,112	995
Deposit paid	356	975
Other receivables	9,564	4,097
	13,032	6,067
Less: Provisions for impairment of other receivables	(1,503)	(1,535)
	11,529	4,532
Less: Non-current portion	(149)	(195)
	11,380	4,337

15. TRADE PAYABLES

An aged analysis of the trade creditors as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Within 30 days	95	78
31 – 60 days	285	7
61 – 90 days	6	7
Over 90 days	22,294	23,355
	22,680	23,447

16. SHARE CAPITAL

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Issued and fully paid:		
3,312,698,406 (2015: 3,312,698,406) ordinary shares	905,676	905,676

17. OPERATING LEASE ARRANGEMENTS

(a) *The Group as lessor*

The Group leases its investment properties (note 11 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 8 years. The terms of the leases also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Within one year	1,866	1,880
In the second to fifth years, inclusive	7,661	7,901
After five years	3,634	4,593
	13,161	14,374

(b) *The Group as lessee*

The Group leases certain of its offices, apartments and car parks under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 50 years.

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Within one year	2,157	3,853
In the second to fifth years, inclusive	1,935	1,471
After five years	6,188	6,385
	10,280	11,709

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17(b) above, the Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Contracted, but not provided for:		
Construction and development of properties	42,065	33,196
Loan contributions payable to an associate	225,609	230,403
	267,674	263,599

19. CONTINGENT LIABILITIES

As at 30 June 2016, the Group has given guarantees of approximately HK\$4,287,000 (31 December 2015: HK\$4,695,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date of loans being granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 30 June 2016 and 31 December 2015 for the guarantees.

20. RELATED PARTY TRANSACTIONS

(a) Material transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the period:

	<i>Notes</i>	Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
Rental of office	<i>(i)</i>	1,458	736
Rental of car park space	<i>(ii)</i>	9	10

- (i) During the period, the Group leased an office property from 大中華國際集團(中國)有限公司("GCI") for a term of two years commencing from 1 May 2015 at a monthly rent of RMB202,500. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, the Chairman and a substantial shareholder of the Company. Mr. Huang is also a director of GCI. The related party transactions above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (ii) During the period, the Group leased a car park space from GCI at a monthly rental payment of RMB1,300.

(b) Other transaction with related parties

The Group's amounts due to related companies of HK\$114,095,000(31 December 2015: HK\$118,253,000) are unsecured, non-interest bearing, and repayable on demand. Related companies represent companies in which Mr. Huang Shih Tsai has equity interests and/or directorships and over which Mr. Huang Shih Tsai is able to exercise control. The amount represents advances to the Group for its working capital requirements.

(c) Amounts due to substantial shareholders

The Group's amounts due to substantial shareholders of HK\$367,247,000 (31 December 2015: HK\$319,342,000) are unsecured, non-interest bearing and repayable on demand. The amount represents advance to the Group for its working capital requirements.

During the period, Mr. Huang Shih Tsai, the Chairman and a substantial shareholder of the Company, has provided interest-free and unsecured loans to the Company in the totally amount of approximately HK\$53,915,000 (Six months ended 30 June 2015: HK\$41,429,000) for funding the subsidiaries and working capital requirements; Ms. Huang Wenxi, the Chief Executive Officer and a substantial shareholder of the Company, has provided interest-free and unsecured loans to the Company in the totally amount of HK\$Nil (Six months ended 30 June 2015: HK\$2,000,000) for funding the subsidiaries and working capital requirements.

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Salaries and allowances	721	799
Equity-settled share option expense	–	18
Pension scheme contributions	9	9
Total compensation paid to key management personnel	730	826

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) *Financial risk management*

The risks associated with the group's financial instruments include market risk (currency risk, interest risk and price risk), credit risk and liquidity risk. The condensed consolidated interim financial information does not include all financial risk management 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 2015. There have been no significant changes in risk management process and policies since the year end of 2015.

(b) *Fair value measurement*

The fair value of financial assets and financial liabilities are measured at the end of the accounting period on a recurring basis, categorised into the three-level fair value hierarchy as follows:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments. There were no financial instruments that were measured subsequent to initial recognition at fair value grouped into level 2 and 3 at the end of the accounting period (2015: Nil).

	Quoted prices in active markets (Level 1) HK\$'000	Fair value measurement using Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
As at 30 June 2016				
Equity investments at fair value through profit or loss	111	–	–	111
As at 31 December 2015				
Equity investments at fair value through profit or loss	105	–	–	105

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 and 31 December 2015.

Save as disclosed above, the board determined that the fair value of the other financial assets and liabilities reported in the condensed consolidated statement of financial position approximate to their carrying amounts.

22. COMPARATIVE AMOUNTS

Certain amounts in the condensed consolidated financial statements for the period ended 30 June 2015 have been reclassified to be consistent with the current period presentation. These reclassifications have no effect on the previously reported loss for the prior period.

23. EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events took place subsequent to 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 June 2016, the Group recorded a revenue of approximately HK\$20.00 million, representing an increase of approximately 474% as compared to the revenue of approximately HK\$3.49 million for the corresponding period of last year. The increase in revenue was mainly resulted from the increase in sales of properties during the period.

Loss attributable to the owners of the Company was approximately HK\$7.83 million for the six months ended 30 June 2016, representing a decrease of approximately 7.55% as compared to the loss of approximately HK\$8.47 million recorded in the corresponding period of last year. The decrease in loss was mainly attributable to the exchange gain arose from the Group's financial liabilities.

BUSINESS REVIEW

Property Development and Investment Business

The Gold Coast Project

The Company, through its indirect wholly-owned PRC subsidiary, owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC (the "Gold Coast Resort"). Gold Coast Resort is expected to be developed into a tourism property project, which will comprise various single-storey villas, five-star hotels and marina club facilities etc. The construction of Gold Coast Resort has commenced.

The Tanghai County Project

The Group has acquired 99.99% of equity interest of 唐山市曹妃甸區中泰信和房地產開發有限公司 (Tangshan Caofeidian Zhongtai Xinhe Real Estate Company Limited*) ("Tangshan Caofeidian") ("Tanghai Acquisition") in January 2013, the major asset of which consists of the right of use of 唐海縣七農場通港水庫內側2號及3號島 (Nos. 2 and 3 Island inside Tonggang Reservoir of the Seventh Farm in Tanghai Province*).

The Group has paid a total sum of approximately RMB92,490,000 as consideration of the Tanghai Acquisition. The vendors of Tangshan Caofeidian are subject to pay the PRC individual income tax derived from the transfer of the equity interest of Tangshan Caofeidian. As at the date of completion of the Tanghai Acquisition, such PRC individual income tax had not been settled. It was agreed by the vendors that they will not require the Company to pay the remaining portion of the consideration of RMB12,000,000 until the outstanding PRC individual income tax is settled by them.

The Group has appointed several external firms to conduct reconnaissance and began designing work. As at the date of this report, the Group is at the preliminary stage to plan and design the ecological leisure living area or resort area.

* For identification purposes only

The Daya Bay Project

The Company, through its indirect wholly-owned PRC subsidiary, owns 東方新天地大廈 (Eastern New World Square*), which is a comprehensive property development project with a total gross floor area of approximately 69,171.7 sq.m. located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC. The selling of the residential portion of Eastern New World Square has commenced in May 2013 and the revenue generated has contributed to the revenue of the Group for the six months ended 30 June 2016.

The Shanwei Projects

On 16 October 2013, the Group completed the acquisition of Jin Bao Cheng Project and Hong Hai Bay Project through a wholly-owned subsidiary of the Company from Mr. Huang Shih Tsai, the chairman and executive director of the Company. The details of Jin Bao Cheng Project and Hong Hai Bay Project are set out as below:

(1) Jin Bao Cheng Project

Jin Bao Cheng Project contains two parcels of land located on 中國廣東省汕尾市區汕尾大道 (Shanwei Main Road, Shanwei City, Guangdong Province, the PRC*), with a total site area of approximately 50,656 sq.m. and three 12-storey close to completion residential blocks erected thereon, among which, (a) one parcel of land is located on at the vicinity of 汕尾大道香洲頭地段西側與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Xiangzhoutou Section and Honghai Main Road*), and (b) one parcel of land is located on at the vicinity of 汕尾大道荷包嶺段西側實力汽車修配廠後面與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Hebaoling Section, behind the Shili Car Repair Factory and Honghai Main Road*).

Construction of Jin Bao Cheng Project has commenced. Sales of residential portion of Jin Bao Cheng Project are expected to be commenced by the end of this year.

(2) Hong Hai Bay Project

Hong Hai Bay Project contains four parcels of land located at the vicinity of the junction of No. S241 Province Road and No. X141 County Road Shanwei City, Guangdong Province, the PRC with a total site area of approximately 273,534.2 sq.m., among which, (a) one parcel of land is located on 遮浪南澳旅遊區「湖仔山」東側 (the east of Wuzishan, Zhelang Nanao Tourist Area*), (b) one parcel of land is located on 遮浪街道宮前南澳路東 (Gongqian Nanao Road East, Zhelangjiedao*); and (c) two parcels of land are located on 遮浪街道南澳旅遊區灣灘坑 (Wantankeng, Zhelangjiedao Nanao Tourist Area*).

It is the Board's current intention to develop Hong Hai Bay Project into a tourist and entertainment complex with residential development with a total gross floor area of approximately 720,000 sq.m.. Development of Hong Hai Bay Project is expected to be completed by the second quarter of 2019 by stage.

* For identification purposes only

The Heqing Project

On 16 December 2013, the Company and its wholly owned subsidiary, Great China Properties (Shanghai) Limited, entered into a cooperation agreement with Greenland Hong Kong Holdings Limited (“Greenland HK”) and its subsidiaries, pursuant to which the parties to the cooperation agreement conditionally agree to jointly develop the two parcels of land located in Shanghai, the PRC (the “Land”), among which one parcel of land with boundaries East to land with Lot No. 13-02, West to Qingli Road, South to land with Lot No.13-02, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC* (上海浦東新區合慶鎮·四至範圍東至13-02地塊·西至上海市慶利路·南至13-02地塊·北至上海市環慶南路); and (b) one parcel of land with boundaries East to land with Lot No. 14-03, West to Lingyang Road, South to land with Lot No. 14-03, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC* (上海浦東新區合慶鎮·四至範圍東至14-03地塊·西至上海市凌楊路·南至14-03地塊·北至上海市環慶南路). The Land is intended to be used for commercial and office purposes.

On 10 January 2014, all the conditions precedent under the cooperation agreement had been satisfied and completion took place on the same date. Upon completion, each of the Company and Greenland HK holds a 50% stake in the project. The investment has been accounted for as interest in an associate using the equity method from the date of completion. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014.

BUSINESS OUTLOOK

With the moderate recovery of the macro economy, increasing urbanization and growing per capita wealth of Chinese citizens, demand on mid- to high-end commercial and tourism property development is likely to be driven up. The Group's business and future strategy will continue to be focusing on mid- to high-end commercial and tourism property development and investment. Riding on its solid foundation of existing projects, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as to gradually diversify its income source.

Continuing Connected Transaction – Property Leasing Agreement

On 31 January 2013, 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*) (“Waytung China”), a wholly-owned subsidiary of the Company, entered into a property leasing agreement (“Property Leasing Agreement”) with 大中華國際集團(中國)有限公司 (Great China International Group (China) Limited*) (“GCI”) in relation to the leasing of an office from GCI for a term of two years commencing from 1 February 2013 with three months rent-free period. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, a substantial shareholder, the chairman and the executive director of the Company. As such, GCI is a connected person of the Company. Accordingly, the transaction constitutes a continuing connected transaction of the Company.

According to the Property Leasing Agreement, Waytung China shall pay a monthly rental of RMB180,000 and a monthly management fee, air-conditioning and maintenance fees of RMB36,480. Annual review of such transaction has been carried out in accordance with the Listing Rules.

* For identification purposes only

Upon the expiry of the Property Leasing Agreement, Waytung China and GCI entered into a second property leasing agreement on 30 April 2015 in relation to the lease of the office from 1 May 2015 to 30 April 2017 (“Second Property Leasing Agreement”). According to the Second Property Leasing Agreement, Waytung China shall pay a monthly rental of RMB202,500 and a monthly management fee, air-conditioning and maintenance fees of RMB41,040. Such transaction constitutes a continuing connected transaction of the Company. Please refer to the announcement of the Company dated 30 April 2015 for details of the transaction.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, bank balances and cash of the Group amounted to approximately HK\$4.87 million (31 December 2015: HK\$6.17 million). The Group’s total current assets as at 30 June 2016 amounted to approximately HK\$641.90 million, which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables, equity investments, tax recoverable, cash and bank balances. The Group’s total current liabilities as at 30 June 2016 amounted to approximately HK\$624.83 million, which comprised trade payables, other payables and accruals, interest – bearing borrowing, amounts due to related companies, amount due to substantial shareholders and tax payable.

As at 30 June 2016, the Group’s borrowing included Renminbi borrowings equivalent to HK\$43.70 million, which are repayable within one year. The outstanding borrowings are interest-bearing loans with fixed interest rates. As at 30 June 2016, the Group’s gearing ratio, defined as total interest-bearing borrowings divided by total equity, was approximately 4.41%.

CAPITAL COMMITMENT

As at 30 June 2016, the Group had a total capital commitment of approximately HK\$267.67 million, contracted for but not provided for in the financial statements, which comprised (i) approximately HK\$42.06 million in respect of the construction and development of property development projects and (ii) approximately HK\$225.61 million in respect of the loan contributable payable to an associate.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group has given guarantees of approximately HK\$4.29 million (31 December 2015: HK\$4.70 million) to banks for housing loans extended by the banks to the purchasers of the Group’s properties for a period from the date of loans being granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

CHARGES ON ASSETS

As at 30 June 2016, the Group had charged two pieces of land of Jin Bao Cheng Project worth HK\$416.77 million (31 December 2015: HK\$364.35 million) as security for an entrusted loan.

EMPLOYEES

As at 30 June 2016, the Group employed 152 employees (excluding directors) (31 December 2015: 123 employees) and the related staff costs amounted to approximately HK\$6.14 million (31 December 2015: approximately HK\$9.99 million). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

SHARE OPTION SCHEME

The Company adopts a share option scheme on 23 May 2011 (the “2011 Share Option Scheme”). Particulars of share options outstanding under the 2011 Share Option Scheme at the beginning and at the end of the financial period for the six months ended 30 June 2016 and share options granted, exercised, lapsed or cancelled under the 2011 Share Option Scheme during such period are as follows:

Participants	Date of grant	Exercise period of share option	Exercise price of share options HK\$	Number of share options held as at 1 January 2016	Granted	Exercised	Lapsed/ cancelled	Number of share options held as at 30 June 2016
					during the six months ended 30 June 2016	during the six months ended 30 June 2016	during the six months ended 30 June 2016	
Directors								
Mr. Huang Shih Tsai	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Ms. Huang Wenxi	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Mr. Cheng Hong Kei	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Mr. Leung Kwan, Hermann	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Mr. Lum Pak Sum	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Sub-total				5,000,000	–	–	–	5,000,000
Employees	23/1/2013	23/1/2015 to 22/1/2023	0.440	500,000	–	–	–	500,000
Total				5,500,000	–	–	–	5,500,000

As at 30 June 2016, the Company had 5,500,000 share options outstanding under the 2011 Share Option Scheme.

DISCLOSURE OF INTERESTS

(a) Director's Interest and Short Positions in the securities of the Company and its associated corporations

As at 30 June 2016, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Directors	Capacity in which interests are held	Number of shares/underlying shares interested			Total	Approximate percentage of the issued share capital of the Company (Note 1)
		Personal interests	Corporate interests	Underlying interests		
Mr. Huang Shih Tsai (Note 2)	Beneficial Owner	1,848,162,476	–	1,000,000	1,849,162,476	55.82%
Ms. Huang Wenxi (Note 3)	Beneficial Owner	353,667,996	282,133,413	1,000,000	636,801,409	19.22%
Mr. Cheng Hong Kei (Note 4)	Beneficial Owner	–	–	1,000,000	1,000,000	0.03%
Mr. Leung Kwan, Hermann (Note 4)	Beneficial Owner	–	–	1,000,000	1,000,000	0.03%
Mr. Lum Pak Sum (Note 4)	Beneficial Owner	–	–	1,000,000	1,000,000	0.03%

Notes:

- The percentage shareholding in the Company is calculated on the basis of 3,312,698,406 Shares in issue as at 30 June 2016.
- The interest disclosed represents (i) Mr. Huang's personal interest in 1,848,162,476 shares; and (ii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.
- The interest disclosed represents (i) Ms. Huang's personal interest in 353,667,996 shares; (ii) 282,133,413 shares held by Brilliant China Group Limited which is 100% owned by Ms. Huang; and (iii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.
- The relevant interests are unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.

Save as disclosed above, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2016, so far as is known to any Director or chief executive of the Company, the following person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the shares of the Company

Name of Shareholders	Type of interests	Total number of shares held	Approximate percentage holding of total issued shares %
Brilliant China Group Limited	Corporate (Note 2)	282,133,413	8.52

Notes:

1. The percentage shareholding in the Company is calculated on the basis of 3,312,698,406 Shares in issue as at 30 June 2016.
2. Brilliant China Group Limited ("Brilliant China") is a company 100% owned by Ms. Huang Wenxi. By virtue of the SFO, Ms. Huang is deemed to be interested in 282,133,413 Shares held by Brilliant China. Ms. Huang is the sole director of Brilliant China.

Save as disclosed above, as at 30 June 2016, the Company has not been notified of any other person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months period ended 30 June 2016.

CORPORATE GOVERNANCE

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of listed companies (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2016.

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT

There is no change in the composition of the board of directors nor the senior management of the Company for the six months period ended 30 June 2016.

AUDIT COMMITTEE

Pursuant to the requirements of the Corporate Governance Code and the Listing Rules, the Company has established an audit committee (the "Audit Committee") comprising all three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (Chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2016.

By order of the board of directors
Great China Properties Holdings Limited
Huang Shih Tsai
Chairman

Hong Kong, 19 August 2016

As at the date of this report, the directors of the Company are as follows:

Executive Directors

Mr. Huang Shih Tsai (*Chairman*)
Ms. Huang Wenxi (*Chief Executive Officer*)

Independent Non-executive Directors

Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum