



**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  
**2014**

The Board of Directors (the “Board”) of Great China Properties Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 together with the selected explanatory notes and comparative information for the corresponding period in 2013 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014 – unaudited

	Note	Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Turnover	3	11,755	19,493
Cost of sales		(7,200)	(14,600)
Gross profit		4,555	4,893
Fair value loss on held for trading investments		(68)	(41)
Valuation gain on investment properties		5,080	2,824
Net loss on disposal of held for trading investments		–	(39)
Other operating income		395	13
Selling and distribution expenses		(2,117)	(2,309)
Administrative and operating expenses		(17,970)	(17,731)
Loss from operation		(10,125)	(12,390)
Share of loss of an associate		(7,799)	–
Loss before taxation	6	(17,924)	(12,390)
Taxation	7	(699)	(1,079)
Loss for the period		(18,623)	(13,469)
Attributable to:			
Equity shareholders of the Company		(18,623)	(13,469)
Non-controlling interests		–	–
Loss for the period		(18,623)	(13,469)
Loss per share – basic and diluted	9	(0.56) HK cents	(0.85) HK cents
Loss for the period		(18,623)	(13,469)
Other comprehensive income for the period:			
Exchange differences arising on translation of foreign subsidiaries		(23,134)	7,392
Total comprehensive loss for the period		(41,757)	(6,077)
Attributable to:			
Equity shareholders of the Company		(41,757)	(6,077)
Non-controlling interests		–	–
Total comprehensive loss for the period		(41,757)	(6,077)

The accompanying notes on page 8 to 20 form an integral part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014 – unaudited

	Note	As at 30 June 2014 HK\$'000	Audited As at 31 December 2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	10,648	3,352
Investment properties	11	244,088	244,729
Goodwill		209,877	209,877
Properties under development	12	591,245	598,313
Prepayment for investment properties under development		–	39,925
Interest in an associate		149,498	–
Prepaid lease payment		361	36
		<b>1,205,717</b>	1,096,232
<b>Current assets</b>			
Completed properties held for sale		455,918	464,508
Trade receivables	13	2,215	3,393
Other receivables	14	4,730	15,247
Held for trading investments		115	183
Bank balances and cash		36,279	15,604
		<b>499,257</b>	498,935
<b>Current liabilities</b>			
Trade payables	15	23,935	32,002
Other payables, deposit received and accrued charges		52,371	50,982
Amounts due to related companies	19(c)(iii)	65,098	68,198
Amount due to a director	19(b)	215,887	50,362
		<b>357,291</b>	201,544
<b>Net current assets</b>		<b>141,966</b>	297,391
<b>Total assets less current liabilities</b>		<b>1,347,683</b>	1,393,623

	Note	As at 30 June 2014 HK\$'000	Audited As at 31 December 2013 HK\$'000
<b>Capital and reserves</b>			
Share capital: nominal value	16	–	33,127
Other statutory capital reserves		–	872,549
Share capital and other statutory capital reserves	16	<b>905,676</b>	905,676
Other reserves		<b>212,993</b>	254,204
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,118,669</b>	1,159,880
<b>Non-controlling interests</b>		<b>13</b>	13
		<b>1,118,682</b>	1,159,893
<b>Non-current liabilities</b>			
Amounts due to related companies	19(c)(iii)	<b>56,655</b>	58,001
Deferred tax liabilities		<b>172,346</b>	175,729
		<b>229,001</b>	233,730
		<b>1,347,683</b>	1,393,623

The accompanying notes on page 8 to 20 form an integral part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 – unaudited

	Attributable to equity shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reduction reserve HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2013	15,628	108,857	265,505	–	18,822	(17,727)	391,085	(1)	391,084
Exchange difference arising on translation of foreign subsidiaries	–	–	–	–	7,392	–	7,392	–	7,392
Loss for the period	–	–	–	–	–	(13,469)	(13,469)	–	(13,469)
Total comprehensive income (loss) for the period	–	–	–	–	7,392	(13,469)	(6,077)	–	(6,077)
Recognition of equity-settled share-based payment	–	–	–	644	–	–	644	–	644
Non-controlling interests arising through acquisition of a subsidiary	–	–	–	–	–	–	–	13	13
Issue of shares	2,032	59,951	–	–	–	–	61,983	–	61,983
Cost attributable to issue of shares	–	(9)	–	–	–	–	(9)	–	(9)
At 30 June 2013	17,660	168,799	265,505	644	26,214	(31,196)	447,626	12	447,638
At 1 January 2014	33,127	872,549	265,505	1,235	34,233	(46,769)	1,159,880	13	1,159,893
Exchange difference arising on translation of foreign subsidiaries	–	–	–	–	(23,134)	–	(23,134)	–	(23,134)
Loss for the period	–	–	–	–	–	(18,623)	(18,623)	–	(18,623)
Total comprehensive income (loss) for the period	–	–	–	–	(23,134)	(18,623)	(41,757)	–	(41,757)
Recognition of equity-settled share-based payment	–	–	–	639	–	–	639	–	639
Release of reserves – upon the forfeiture of share option	–	–	–	(93)	–	–	(93)	–	(93)
Transition to no-par value regime on 3 March 2014 (Note 1 & 2)	872,549	(872,549)	–	–	–	–	–	–	–
At 30 June 2014	905,676	–	265,505	1,781	11,099	(65,392)	1,118,669	13	1,118,682

*Note:*

1. Prior to 3 March 2014, the application of the share premium account and the capital redemption reserve was governed by section 48B and 49H respectively of the predecessor of Hong Kong Companies Ordinance (Cap 32).
2. The New Hong Kong Companies Ordinance (NCO) came into effect on 3 March 2014. On this effective date, the concept of par (nominal) value is automatically abolished. Consequently, the concepts of “share premium”, “capital redemption reserve” and “authorized share capital” are also abolished. Any amount standing to the credit of the share premium account has become part of the company’s share capital.
3. The use of share capital as from 3 March 2014 is governed by the NCO (Cap.622).

The accompanying notes on page 8 to 20 form an integral part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014 – unaudited

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
	<i>Note</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(17,924)	(12,390)
Adjustments for:		
Interest income	(44)	(13)
Depreciation of property, plant and equipment	1,198	518
Share-based payment expense	546	644
Fair value loss on held for trading investments	68	41
Valuation gain on investment properties	(5,080)	(2,824)
Share of loss of an associate	7,799	–
Loss on disposal of held for trading investments	–	39
Loss on disposal of property, plant and equipment	62	13
Operating cash flows before movements in working capital	(13,375)	(13,972)
(Increase)/decrease in completed properties held for sale	(1,999)	6,863
Decrease/(increase) in trade receivables	1,126	(240)
Decrease in other receivables	10,253	4,438
Decrease in held for trading investments	–	646
Decrease in trade payables	(7,512)	(2,163)
Increase/(decrease) in other payables	1,630	(23,352)
Decrease in amounts due to related companies	(1,518)	(390)
Cash used in operations	(11,395)	(28,170)
Interest received	44	13
Tax paid	(45)	–
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(11,396)</b>	<b>(28,157)</b>

	Note	Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of plant and equipment		2	–
Purchase of property, plant and equipment		(8,439)	(223)
Payment for investment properties under development		(3,722)	(1,948)
Payment of properties under development		–	(6,217)
Prepayment for purchase of property, plant and equipment		–	(425)
Acquisition of a subsidiary, net of cash acquired of		–	(9,412)
Acquisition of an associate company		(1)	–
Injection of working capital into an associate		(157,296)	–
Refund of advance payment for cancellation of construction contract		36,645	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(132,811)</b>	<b>(18,225)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Share issue expenses		–	(9)
Advance from a director		166,386	35,115
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>166,386</b>	<b>35,106</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>		<b>22,179</b>	<b>(11,276)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>15,604</b>	<b>22,955</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(1,504)</b>	<b>1,256</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
Bank balances and cash		36,279	12,935

The accompanying notes on page 8 to 20 form an integral part of this interim financial report.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements 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”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The principal accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31 December 2013, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements.

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

The Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2014. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)21	Levies

The adoption of the new and revised HKFRSs does not have any material impact on the Group’s interim financial information.

The Group has not early adopted any HKFRSs which are not yet effective for the current accounting period.

### 3. TURNOVER

	Six months ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of properties	<b>7,388</b>	13,180
Rental income	<b>4,025</b>	6,205
Property management fees	<b>342</b>	108
	<b>11,755</b>	19,493

### 4. SEGMENT INFORMATION

The Group has 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"). The chief decision-maker of the Company reviews the revenue and the operating results for the period of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the chief decision-maker of the Company. Therefore, no additional reportable segment and geographical information have been presented.

#### ***Information about major customers***

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's total revenue. During the period, revenue of approximately HK\$3.09 million (2013: HK\$5.02 million) arose from this customer.

## 5. 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 the risk management policies required in the annual financial statements, and should be read in conjunction with the annual report for the year ended 31 December 2013. No material changes in risk management process and policies have occurred since the year end of 2013.

### (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 – fair value measurements are those derived from quoted market prices (unadjusted) in active market for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition, grouped into Level 1 based on the degree to which the fair value is observable. There were no financial instruments that were measured subsequent to initial recognition at fair value grouped into Level 2 and Level 3 at the end of the accounting period (2013: Nil).

	Fair value measurements as at 30 June 2014			
	categorised into			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<i>Fair value on a recurring basis</i>				
Held for trading investments				
– Listed equity instruments	115	–	–	115

	Fair value measurements as at 31 December 2013			
	categorised into			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

*Fair value on a recurring basis*

Held for trading investments

– Listed equity instruments	183	–	–	183
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The Group had no Level 2 and Level 3 of financial assets as at 30 June 2014.

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.

## 6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Directors' remuneration	1,030	1,274
Share-based payment (excluding directors)	362	322
Other staff costs	7,585	4,167
Retirement benefit scheme contributions (excluding directors)	727	489
<b>Total staff costs</b>	<b>9,704</b>	<b>6,252</b>
Auditor's remuneration	253	230
Cost of properties sold (included in cost of sales)	6,807	13,180
Depreciation of property, plant and equipment	1,198	518
Fair value loss on held for trading investments	68	41
Valuation gain on investment properties	(5,080)	(2,824)
Share of loss of an associate	7,799	–
Loss on disposal of property, plant and machinery	62	13
Loss on disposal of held for trading investments	–	39
Operating lease rentals in respect of premises	2,721	1,752
Share-based payment expenses in respect of consulting services	72	64
Net foreign exchange (gain)/loss	(2,203)	1,166
Rental income less direct outgoings	(4,025)	(5,452)
Interest income	(44)	(13)

## 7. TAXATION

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Current tax – Hong Kong Profits Tax		
– Provision for the period	–	373
Mainland China Income Tax	–	–
Deferred taxation	699	706
	<b>699</b>	<b>1,079</b>

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the period. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2013: 25%). Deferred tax has been provided on temporary differences based on the applicable rates.

## 8. DIVIDEND

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

## 9. LOSS PER SHARE

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

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Loss for the period attributable to ordinary equity shareholders of the Company for the purpose of basic loss per share	<b>(18,623)</b>	(13,469)
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>3,312,698</b>	1,586,349

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 calculation of diluted loss per share does not assume the exercise of the outstanding share options as it would result in a decrease in the loss per share for both periods and the exercise prices of those options are higher than the average market price of shares for both periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2014						
Opening net book value						
at 1 January 2014	600	512	286	921	1,033	3,352
Additions	1,526	390	–	–	7,374	9,290
Disposals	(9)	–	(8)	–	(45)	(62)
Transfer out	–	–	–	–	(662)	(662)
Depreciation	(214)	(154)	(35)	(155)	(640)	(1,198)
Exchange alignment	(21)	(9)	(9)	(19)	(14)	(72)
<b>Closing net book value</b>						
<b>at 30 June 2014</b>	<b>1,882</b>	<b>739</b>	<b>234</b>	<b>747</b>	<b>7,046</b>	<b>10,648</b>

## 11. INVESTMENT PROPERTIES

	Investment properties		Total
	completed (at fair value) <i>HK\$'000</i>	under development (at cost) <i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June 2014			
At 1 January 2014	228,006	16,723	244,729
Additions	–	–	–
Exchange alignment	(5,333)	(388)	(5,721)
Valuation gain recognised in profit or loss	5,080	–	5,080
<b>At 30 June 2014</b>	<b>227,753</b>	<b>16,335</b>	<b>244,088</b>

- 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 2014.
- 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.

- (d) Valuation of investment properties were carried out at 30 June 2014 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 2013 valuation.
- (e) A valuation gain of HK\$5.08 million (2013: HK\$6.23 million), and deferred tax thereon of HK\$1.27 million (2013: HK\$1.56 million), had been recognized in the consolidated statement of comprehensive income for the period in respect of investment properties.

## 12. PROPERTIES UNDER DEVELOPMENT

	<b>Properties under development (at cost) HK\$'000</b>
Six months ended 30 June 2014	
At 1 January 2014	<b>598,313</b>
Additions	<b>6,812</b>
Exchange alignment	<b>(13,880)</b>
<b>At 30 June 2014</b>	<b>591,245</b>

The properties under development are located in the PRC and held under medium-term lease. Expenditures incurred for the period mainly included construction costs and additions of facilities and other fixed assets.

## 13. TRADE RECEIVABLES

	<b>As at 30 June 2014 HK\$'000</b>	<b>As at 31 December 2013 HK\$'000</b>
Trade receivables	<b>2,215</b>	3,393

Trade receivables are derived from (i) sales of properties, considerations are paid in accordance with the terms of sale and purchase agreements, (ii) lease of properties, rentals are paid in accordance with terms of rental agreement and (iii) building management services, property management fees are recognized in accordance with terms of service agreements.

The aging analysis of trade receivables was as follows:

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
0–30 days	40	1,082
31–60 days	32	51
61–90 days	22	–
Over 90 days	2,121	2,260
	<b>2,215</b>	<b>3,393</b>

Credit terms are negotiated with and entered into under normal commercial terms with the trade customers. Various credit policies are adopted by the group of companies depending on the prevailing market conditions and requirements under different business environments.

Trade receivables that were past due but not impaired, related to a number of independent customers. The directors of the Company consider that no impairment allowance is necessary in respect of these balances as there was no impairment indication and the balances are still considered fully recoverable. The Group does not hold any collateral over those balances.

Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The directors of the Company closely review the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by the directors of the Company on the collectability of overdue balances.

#### 14. OTHER RECEIVABLES

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Deposit paid	976	808
Other receivables	3,206	12,672
Other prepayments	548	4,723
Allowance for bad and doubtful debts	–	(2,956)
	<b>4,730</b>	<b>15,247</b>



## 15. TRADE PAYABLES

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Trade payables	<b>23,935</b>	32,002

The aging analysis of trade payables was as follows:

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
0–30 days	<b>220</b>	285
31–60 days	<b>34</b>	–
61–90 days	<b>7</b>	64
Over 90 days	<b>23,674</b>	31,653
	<b>23,935</b>	32,002

## 16. SHARE CAPITAL

As at 31 December 2013, 20,000,000,000 ordinary shares, with par value of HK\$0.01 each, were authorized for issue. Under the new Hong Kong Companies Ordinance (Cap.622), which commenced operation on 3 March 2014, the concepts of ‘authorized share capital’ and ‘par value’ no longer exist. As part of the transition to the no-par value regime, the amount standing to the credit of the share premium account on 3 March 2014 have become part of the company’s share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap.622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the equity shareholders.

Movements of the company's ordinary shares are set out below:

	At 30 June 2014		At 31 December 2013	
	No. of shares (‘000)	HK\$‘000	No. of shares (‘000)	HK\$‘000
<b>Issued and fully paid</b>				
At the beginning of the year	<b>3,312,698</b>	<b>33,127</b>	1,562,770	15,628
Issue of shares in respect of loan settlement	–	–	203,225	2,032
Issue of shares in respect of acquisition of subsidiaries	–	–	1,546,703	15,467
Transition to no-par value regime on 3 March 2014	–	<b>872,549</b>	–	–
At 30 June/31 December	<b>3,312,698</b>	<b>905,676</b>	3,312,698	33,127

## 17. OPERATING LEASE COMMITMENTS

### *The Group as lessee*

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2014 HK\$‘000	As at 31 December 2013 HK\$‘000
Within one year	<b>4,588</b>	4,371
In the second to fifth years inclusive	<b>2,505</b>	4,130
After five years	<b>6,857</b>	7,026
	<b>13,950</b>	15,527

Rental payables represent operating lease payments for certain land, office properties and staff quarters. Leases are negotiated for terms of one year to fifty years and initial rentals are fixed for one year to five years with adjustments fixed for every one year to five years. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

### ***The Group as lessor***

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Within one year	<b>1,920</b>	4,973
In the second to fifth years inclusive	<b>7,538</b>	9,434
After five years	<b>6,448</b>	5,686
	<b>15,906</b>	20,093

## **18. CAPITAL COMMITMENTS**

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for in the consolidated financial statements	–	3,151
Capital expenditure in respect of the construction and development of investment properties contracted for but not provided for in the consolidated financial statements	<b>427,118</b>	448,150
Capital expenditure in respect of the acquisition of land use rights through an associate contracted for but not provided for in the consolidated financial statements	<b>230,321</b>	394,391

## 19. RELATED PARTY TRANSACTIONS

### (a) *Compensation of key management personnel*

Remuneration for key management personnel of the Group, including the Company's directors, is as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Fees, salaries and other benefits	1,030	1,274

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

### (b) *Amount due to a director*

As at 30 June 2014, Mr. Huang Shih Tsai ("Mr. Huang"), the Chairman and an Executive Director of the Company has provided interest-free and unsecured loans to Company in the total amount of approximately HK\$222.16 million for funding the working capital requirements for the subsidiaries and the associated company (2013: HK\$56.64 million).

### (c) *Other transactions with related parties*

- (i) In February 2013, the Group had commenced a two years lease in respect of an office premises from 大中華國際集團(中國)有限公司 (Great China International Group (China) Limited\*) (the "GCI"), which is indirectly wholly-owned by the Mr. Huang, a substantial shareholder, the Chairman and the Executive Director of the Company. Ms Huang Wenxi, a substantial shareholder, the Chief Executive Officer and the Executive Director of the Company, is the authorized representative and the chairman of the board of GCI. The total rental charges paid and payable for the six months ended 30 June 2014 amounted to approximately HK\$1.37 million (Six months ended 30 June 2013: HK\$0.49 million).
- (ii) The Group has leased a car park space from GCI at a monthly rental payment of RMB1,300. The total rentals paid by the Group to GCI for the six months ended 30 June 2014 amounted to approximately HK\$10,000 (Six months ended 30 June 2013: HK\$10,000).
- (iii) Included in amount due to related companies of approximately HK\$121.75 million (2013: HK\$126.20 million) represents the balances with the companies in which Mr. Huang has equity interests and/or directorships and is able to exercise control over these companies.

- (iv) Pursuant to the Cooperation Agreement and Shareholders Loan Transfer Agreement entered between the Company and its subsidiaries and Greenland Hong Kong Holdings Limited and its subsidiaries, the Group had completed the acquisition of 50% interest in an associate, Success Yield Group Limited on 10 January 2014. During the period under review, the Company has paid shareholder loan in amount of approximately HK\$80.00 million and injected working capital to the associate in amount of approximately HK\$77.30 million.

## **20. CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities for the six months ended 30 June 2014.

## **21. EVENTS OCCURRING AFTER THE REPORTING DATE**

No significant events took place subsequent to 30 June 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the six months ended 30 June 2014, the Group recorded a turnover of approximately HK\$11.76 million, representing a decrease of approximately 39.7% as compared to the turnover of approximately HK\$19.49 million for the corresponding period of last year. The decrease in turnover was mainly resulted from the decrease in property sales and the decrease in rental income from Gold Coast Resort upon the expiry of the tenancy agreement on 31 March 2014.

Loss attributable to the shareholders was approximately HK\$18.62 million for the six months ended 30 June 2014, representing an increase of approximately 38.2% as compared to the loss of approximately HK\$13.47 million recorded in the corresponding period of last year. The increase in loss was mainly attributable to the share of loss of an associate of the Company.

## 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").

After the expiry of the tenancy agreement dated 10 October 2008 and two supplemental tenancy agreements dated 29 December 2008 and 9 March 2009 with an independent third party, the Group has entered into an agreement dated 29 March 2012 to extend the leasing period of Gold Coast Resort for a term of two years commencing from 1 April 2012 with a fixed monthly rental income of RMB800,000. The tenancy agreement was expired on 31 March 2014.

Gold Coast PRC had entered into a construction contract dated 16 June 2010 and two supplemental agreements dated 10 December 2010 and 13 January 2011, respectively, with an independent third party, 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited\*) (the "Sub-contractor"), for the construction and renovation of the Gold Coast Resort at a contract price of RMB55 million (equivalent to approximately HK\$70.89 million). As at 31 December 2013, Gold Coast PRC paid approximately RMB30,976,000 (equivalent to approximately HK\$39,925,000) to the Sub-contractor as a prepayment of the contract sum.

In March 2014, Gold Coast PRC entered into a release contract with the Sub-contractor, pursuant to which the Sub-contractor agreed to refund the prepayment paid by the Group (after deduction of certain expenses incurred by the Sub-contractor for the construction and renovation of Gold Coast PRC). The prepayment was fully settled.

A grand foundation laying ceremony for Gold Coast Resort has been held in April 2014. 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 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”) (formerly known as 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited\*)), 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 (equivalent to approximately HK\$116,250,000) 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 (equivalent to approximately HK\$15,083,000) 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 announcement, the Group is at the preliminary stage to plan and design the ecological leisure living area or resort area.

### *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 turnover of the Group for the six months ended 30 June 2014, amounted to approximately HK\$7.39 million. A contracted property sales of approximately RMB22.63 million were recorded as at 30 June 2014, pending recognition on completion.

## *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 and development of the remaining portion of Jin Bao Cheng Project is expected to be completed by the third quarter of 2015.

### (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 in the period from the end of 2014 to the second quarter of 2019 by stage.



### *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.

For the six months ended 30 June 2014, share of loss in associate of approximately HK\$7.80 million was recognised in the Group’s consolidated statement of comprehensive income. As at 30 June 2014, the Group’s interest in an associate amounted to approximately HK\$149.5 million.

## **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 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. Waytung China shall pay a monthly rental of RMB180,000 and a monthly management fee, air-conditioning and maintenance fees of RMB36,480. The rent free period commenced from 1 February 2013 for 3 months to 30 April 2013. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, a substantial shareholder, the Chairman and the Executive Director of the Company. Ms. Huang Wenxi, a substantial shareholder, the Chief Executive Officer and the Executive Director of the Company, is the authorised representative and the chairman of the board of GCI. As such, GCI is a connected person of the Company. Accordingly, the transaction constitutes a continuing connected transaction of the Company.

Annual review of such transaction has been carried out in accordance with the Listing Rules.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2014, bank balances and cash of the Group amounted to approximately HK\$36.28 million (31 December 2013: HK\$15.60 million). The Group’s total current assets as at 30 June 2014 amounted to approximately HK\$499.26 million, which comprised completed properties held for sale, trade receivables, other receivables, held for trading investments, bank balances and cash. The Group’s total current liabilities as at 30 June 2014 amounted to approximately HK\$357.29 million, which comprised trade payables, other payables, deposit received, accrued charges, amounts due to related companies and amount due to a director.

## **CAPITAL COMMITMENT**

As at 30 June 2014, the Group had a total capital commitment of approximately HK\$657.44 million, contracted for but not provided for in the financial statements, which comprised (i) approximately HK\$427.12 million in respect of the construction and development of investment properties and (ii) approximately HK\$230.32 million in respect of the acquisition of land use right through an associate.

## **CHARGES ON ASSETS**

As at 30 June 2014, the Group had not charged any of its assets.

## **EMPLOYEES**

As at 30 June 2014, the Group employed 130 employees (excluding directors) (31 December 2013: 99 employees) and the related staff costs amounted to approximately HK\$8.67 million (31 December 2013: approximately HK\$11.41 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 2014 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 2014	Granted during the six months ended 30 June 2014	Exercised during the six months ended 30 June 2014	Lapsed/ cancelled during the six months ended 30 June 2014	Number of share options held as at 30 June 2014
<b>Directors</b>								
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
<b>Sub-total</b>				<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>
<b>Employees</b>	23/1/2013	23/1/2015 to 22/1/2023	0.440	3,000,000	-	-	500,000	2,500,000
<b>Others</b>	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	-	-	-	1,000,000
<b>Total</b>				<b>9,000,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>8,500,000</b>

As at 30 June 2014, the Company had 8,500,000 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 2014, 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	1,824,672,476	–	24,490,000	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 2014.
- The interest disclosed represents (i) Mr. Huang's personal interest in 1,824,672,476 shares; (ii) underlying interests in the remaining 23,490,000 underlying shares pursuant to an option deed dated 31 August 2009 entered into between Mr. Huang and CCB International Asset Management Limited; and (iii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.

3. 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.
4. 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 2014, 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 2014.
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 2014, 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 2014.

## **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 2014.

## **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 2014.

## **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 2014.

## **CHANGES OF INFORMATION OF DIRECTORS**

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

1. Mr. Lum Pak Sum has been appointed as the independent non-executive director of Pak Tak International Limited (listed on the Main Board of the Stock Exchange, stock code: 2668) with effect from 16 June 2014.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## 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 of the Company has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2014.

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

Hong Kong, 29 August 2014

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

Executive Directors	Mr. Huang Shih Tsai ( <i>Chairman</i> ) Ms. Huang Wenxi ( <i>Chief Executive Officer</i> )
Independent Non-executive Directors	Mr. Cheng Hong Kei Mr. Leung Kwan, Hermann Mr. Lum Pak Sum