GREAT CHINA INTERNATIONAL HOLDINGS, INC.

FORM 10-Q
(Quarterly Report)

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-23015

GREAT CHINA INTERNATIONAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada	**87-0450232**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

C Site 25-26F President Building, No. 69 Heping North Street
Heping District, Shenyang 110003, Peoples Republic of China
(Address of principal executive offices)

0086-24-22813888
(Issuer's telephone number)

Not Applicable
(Former name, address and fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-3 of the Exchange Act). (check one)

Large Accelerated Filer [ ] Accelerated Filer [ ] Non-Accelerated Filer [ ] Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

State the number of shares outstanding of each of the issuer's classes of common equity: As of July 31, 2014, there were 11,759,966 shares of common stock outstanding.

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GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2014 AND DECEMBER 31, 2013
(UNAUDITED)

	June 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,863,698	$ 7,115,476
Accounts receivable, net	216,359	9,280
Other receivable, net	329,285	319,457
Other current assets	18,932	16,877
Total current assets	8,428,274	7,461,090
Long-term loan receivable	6,955,639	7,127,872
Property and equipment, net	217,340	227,457
Rental property, net	42,024,451	44,738,745
Total assets	$ 57,625,704	$ 59,555,164
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank loans	$ 21,245,728	$ 21,771,809
Accounts payable	4,566,737	4,680,416
Accrued expenses	427,769	7,671
Other payable	2,314,059	2,230,340
Payable to disposed subsidiaries	839,148	859,927
Advances from tenants	1,086,522	1,359,868
Taxes payable	4,470,004	4,633,092
Total current liabilities	34,949,967	35,543,124
Stockholders' equity:		
Common stock, $.001 par value 50,000,000 shares authorized, 11,759,966 issued and outstanding as of June 30, 2014 and December 31, 2013	11,760	11,760
Additional paid in capital	4,566,156	4,566,156
Statutory reserve	638,128	638,128
Accumulated other comprehensive income	4,605,173	5,187,009
Retained earnings	12,854,520	13,608,987
Total stockholders' equity	22,675,737	24,012,040
Total liabilities and stockholders' equity	$ 57,625,704	$ 59,555,164

The accompanying notes are integral part of these unaudited condensed consolidated financial statements.

GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME/(LOSS)
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013
(UNAUDITED)

	Three-Months Ended June 30 2014	Three-Months Ended June 30 2013	Six-Months Ended June 30 2014	Six-Months Ended June 30 2013
Revenues				
Rental income	$ 1,357,765	$ 1,757,046	$ 3,069,577	$ 2,973,307
Management fee income	521,128	540,860	1,064,515	1,065,826
Total revenues	1,878,893	2,297,906	4,134,091	4,039,133
Cost of revenues				
Rental cost	1,381,259	1,067,750	2,522,886	2,209,420
Management fee cost	219,782	249,916	716,325	784,045
Total cost	1,601,041	1,317,666	3,239,211	2,993,465
Gross profit	277,852	980,240	894,880	1,045,668
Operation expenses				
Selling expenses	4,272	6,167	17,247	23,612
General and administrative expenses	376,462	446,080	828,613	1,004,624
Depreciation and amortization	5,555	3,427	10,066	8,058
Total operation expenses	386,289	455,674	855,927	1,036,293
Income (loss) from operations	(108,437)	524,566	38,953	9,375
Other income (expense)				
Disposal of parking lots income	6,487	321	6,487	58,175
Other income, net	217,431	47,782	252,086	81,438
Interest and finance costs	(519,532)	(529,974)	(1,051,994)	(1,054,305)
Total other expense, net	(295,614)	(481,871)	(793,420)	(914,692)
Income (loss) before provision for income taxes	(404,052)	42,694	(754,467)	(905,317)
Provision for income taxes	-	-	- -	-
Net income (loss)	(404,052)	42,694	(754,467)	(905,317)
Other comprehensive income (loss):				
Foreign currency translation adjustment	46,907	244,380	(581,836)	319,991
Comprehensive income (loss)	$ (357,145)	$ 287,074	$ (1,336,304)	$ (585,326)
Earnings (loss) per share				
Basic	$ (0.03)	$ 0.02	$ (0.11)	$ (0.05)
Diluted	$ (0.03)	$ 0.02	$ (0.11)	$ (0.05)
Weighted average number of shares outstanding				
Basic	11,759,966	11,759,966	11,759,966	11,759,966
Diluted	11,759,966	11,759,966	11,759,966	11,759,966

Basic and diluted loss per share are the same because there is no dilutive effect.

The accompanying notes are integral part of these unaudited consolidated financial statements.

GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2014 AND 2013
UNAUTDITED

	June 30	
	2014	2013
Cash flows from operating activities:		
Net loss	$ (754,467)	$ (905,317)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net cash provided by operating activities		
Depreciation and amortization	1,634,454	1,642,147
Provision for doubtful accounts	-	98,575
Changes in operating assets and liabilities:		
Accounts receivable and other receivable	(226,206)	(600,450)
Advances to suppliers	-	(5,575)
Other current assets	(2,478)	(2,016)
Accounts payable and accrued expenses	552,946	4,226
Advances from buyers	(241,938)	14,651
Income and other taxes payable	(51,480)	92,401
Net cash provided by operating activities	$ 910,831	$ 338,642
Cash flows used in investing activities:		
Purchase of property & equipment	(631)	(12,233)
Net cash used in investing activities	(631)	(12,233)
Cash flows from financing activities:		
Loans repayment from the borrowing parties	-	282,798
Net cash provided by financing activities	-	282,798
Effect of exchange differences	(161,979)	25,626
Net increase in cash and cash equivalents	$ 748,222	$ 634,833
Cash and cash equivalents, beginning of period	$ 7,115,476	$ 5,927,618
Cash and cash equivalents, end of period	$ 7,863,698	$ 6,562,451,
Supplemental disclosures of cash flow information:		
Interest paid	$ 1,058,363	$ 1,054,424
Income taxes	$ -	$ -

The accompanying notes are integral part of these unaudited condensed consolidated financial statements.

1. Description of business

Great China International Holdings, Inc., (the "Company") was incorporated in the State of Nevada on December 4, 1987, under the name of Quantus Capital, Inc. The Company, through its various subsidiaries, is engaged in commercial and residential real estate leasing, management, consulting, investment, development and sales in the city of Shenyang, Liaoning Province, in the People' Republic of China ("PRC").

2. Summary of significant accounting policies

Unaudited Interim Financial Information

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods are not necessarily indicative of the results for any future period. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 2013. The results of the six months periods ended June 30, 2014 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2014.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company transactions and balances within the Company are eliminated in consolidation.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign currency translation

The Company uses the United States dollar for financial reporting purposes. The Company's subsidiaries maintain their books and records in their functional currency - Chinese Yuan Renminbi (CNY), being the primary currency of the economic environment in which their operations are conducted. All assets and liabilities are translated at the current exchange rate, stockholder's equity are translated at the historical rates and income statement and statement of cash flows items are translated at the average exchange rate for the period. As a result, amounts related to assets and liabilities reported on the statement of cash flows may not necessarily agree with changes in the corresponding balances on the balance sheet. The resulting translation adjustments are reported under other comprehensive as a component of shareholders' equity.

Cash and cash equivalents

The Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Allowance for doubtful accounts

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and other receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. As of June 30, 2014 and December 31, 2013, the Company reserved $1,822,887 and $1,868,025 respectively, for other receivable bad debt, and $705,805 and $723,282, respectively, for accounts receivable bad debt. The Company also reserved $2,014,959 and $2,064,853 respectively for loans receivable.

Property and equipment

Property and equipment is being depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line basis over useful lives as follows:

Buildings	8-26 years
Equipment	5 years
Automobile	5 years
Office furniture and fixtures	5 years

Repairs and maintenance costs are normally charged to the statement of operations and other comprehensive income in the year in which they are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalized as an additional cost of the asset.

Property and equipment are evaluated annually for any impairment in value. Where the recoverable amount of any property and equipment is determined to have declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. There were no property and equipment impairments recognized as of June 30, 2014 and December 31, 2013 respectively.

Properties held for rental

Properties include buildings held for rental and land use rights, which are being depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line basis over 20-26 years. As of June 30, 2014 and December 31, 2013, net property held for rental amounted to $42,024,451 and $44,738,745 respectively. Accumulated depreciation of rental properties amounted to $31,842,720 as of June 30, 2014 and $30,957,503 as of December 31, 2013.

Revenue recognition

Rental income and management fee income – The Company recognizes the rental income on the straight-line basis over the terms of the tenancy agreements. The management fee, including the service fee mainly for property management, maintenance and repair, and security, is recognized quarterly over the terms of the tenancy agreements.

Real estate sales – Revenue from the sales of development properties is recognized by the full accrual method when the sale is consummated. A sale is not considered consummated until (1) the parties are bound by the terms of a contract, (2) all consideration has been exchanged, (3) any permanent financing of which the seller is responsible has been arranged, (4) all conditions precedent to closing have been performed, (5) the seller does not have substantial continuing involvement with the property, and (6) the usual risks and rewards of ownership have been transferred to the buyer. Sales transactions not meeting all the conditions of the full accrual method are accounted for using the deposit method of accounting. Under the deposit method, all costs are capitalized as incurred, and payments received from the buyer are recorded as a deposit liability.

Real estate capitalization and cost allocation – Real estate held for development or sale is stated at cost or estimated net realizable value, whichever is lower. Costs include land and land improvements, direct construction costs and development costs, including predevelopment costs, interest on indebtedness, real estate taxes, insurance, construction overhead and indirect project costs. Selling and advertising costs are expensed as incurred. Total estimated costs of multi-unit developments are allocated to individual units based upon specific identification methods.

Impairment – If real estate is determined to be impaired, it will be written down to its fair market value. Real estate held for development or sale costs include the cost of land use rights, land development and home construction costs, engineering costs, insurance costs, wages, real estate taxes, and interest related to development and construction. All costs are accumulated by specific projects and allocated to residential and commercial units within the respective projects. The Company leases the land for the residential unit sites under land use rights with various terms from the government of the PRC. The Company evaluates the carrying value for impairment based on the undiscounted future cash flows of the assets. Write-downs of inventory deemed impaired would be recorded as adjustments to the cost basis. No depreciation is provided for construction in progress.

Other income

Other income consists of land leveling income, parking lot income, cleaning income and etc. This income was recognized as the services were performed and the settled amount has been paid in accordance with the terms of the agreement.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income by the weighted-average number of common shares and dilutive potential common shares outstanding during the period.

As of June 30, 2014 and December 31, 2013, respectively, there were no outstanding securities or other contracts to issue common stock, such as options, warrants or conversion rights, which would have a dilutive effect on earnings per share as the effect of options outstanding at that time was anti- dilutive.

Income taxes

The Company accounts for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the difference are expected to affect taxable income.

The Company records a valuation allowance for deferred tax assets, if any, based on its estimates of its future taxable income as well as its tax planning strategies when it is more likely than not that a portion or all of its deferred tax assets will not be realized.

Concentrations of business and credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash and cash equivalents, accounts receivable and other receivables arising from its normal business activities. The Company places its cash and cash equivalents in what it believes to be credit-worthy financial institutions. The Company maintains large sums of cash in two major banks in China. The aggregate balance in such accounts as of June 30, 2014 was $7,793,598. There is no insurance securing these deposits in China. The Company has a diversified customer base, most of which are in China.

The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

Statement of cash flows

Cash flows from the Company's operations is calculated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows may not necessarily agree with changes in the corresponding balances on the balance sheet.

Recent accounting pronouncements

There have been no new accounting pronouncements during the six months ended June 30, 2014 that are of significance, or potential significance, to the Company.

Reclassifications

Certain amounts in the 2013 financial statements may have been reclassified to conform to the 2014 presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

3. Going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company’s assets and the satisfaction of its liabilities in the normal course of business. The Company has a working capital deficit of $26,521,693 and $28,082,034 as of June 30, 2014 and December 31, 2013, respectively. In addition, the Company has incurred net loss in the period ended June 30, 2014 and December 31, 2013 of $754,467 and $1,814,398 respectively. As the Company has limited cash flow from operations, its ability to maintain normal operations is dependent upon obtaining adequate cash to finance its overhead, sales and marketing activities. Additionally, in order for the Company to meet its financial obligations, including salaries, debt service and operations, it has maintained substantial short term bank loans that have historically been renewed each year. The Company’s ability to meet its cash requirements for the next twelve months largely depends on the bank loans that involve interest expense requirements that reduce the amount of cash we have for our operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company is in the process of obtaining informal assurance from our current lender that our short term loans will continue to be renewed and further opening dialog with the lender to convert the short term loans to long term loans. Additionally, the Company is assessing its ability to increase rental rates for its leasing business in order to generate additional revenue. Further, the Company is continuing to focus efforts on cost containment to reduce general and administrative expenses. With its relevant hands-on expertise, the Company also plans to expand operations to include property management. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

4. Loans receivable

The company entered into series of collateralized loan agreements with third parties from 2009, the total loan receivable is $6,955,639 and $7,127,872 as of June 30, 2014 and December 31, 2013, respectively.

During 2011, the Company entered into a collateralized loan agreement with Beijing Sihai Real Estate Development Ltd., pursuant to which the Company loaned $2,782,961 due on November 29, 2013, and then resigned the agreement at the same terms due on November 29, 2015. The loan bears interest at a variable rate based on the Peoples' Bank of China lending rate applicable to the period plus 10%. The Company received a payment of $321,730 from Beijing Sihai Real Estate Development Ltd., during the first quarter of 2012, and then the Company again made a loan of $1,447,783 to Beijing Sihai Estate Development Ltd., on November 30, 2012. In 2013, the Company collected $2,300,367 on the loan, and then again made a loan of $2,919,696 to Beijing Sihai Real Estate Development Ltd. The loan receivable from Beijing Sihai Real Estate Development Ltd., was $4,537,688 and $4,650,049 as of June 30, 2014 and December 31, 2013, respectively.

During 2011, the Company entered into a collateralized loan agreement with Shenyang Landing Concrete Ltd., pursuant to which, the Company loaned $2,417,951, due on March 27, 2013. The loan bears interest at a variable rate based on the Peoples' Bank of China lending rate applicable to the period. On November 30, 2011, the Company, along with Shenyang Landing Concrete Ltd., reassigned the loan amount to and Kaiyuan Hongyun Concrete Admixture Ltd., with the same terms due on November 30, 2013. In August 15, 2013, the loan agreement was extended to August 15, 2015, on the same terms.

During 2009, the Company entered into an uncollateralized loan agreement with Zhongxin Guoan Ltd., pursuant to which the Company loaned $2,014,959 due on October 30, 2011. The loan bore interest at a variable rate based on the Peoples' Bank of China lending rate applicable to the period. Subsequent to the issuance of the loan, the Company determined that the loan was uncollectible and recorded a reserve on the entire loan amount. Therefore this loan is not included in the loans receivable on the balance sheet. During the fourth quarter of 2011, this loan was reassigned to Shenyang Konggang New City Investment Development Ltd., who is working on a development project with Zhongxin Guoan Ltd. The loan remains uncollateralized and is now due on October 30, 2015. The loan bears interest at a variable rate based on the Peoples' Bank of China lending rate applicable to the period.

5. Property and equipment

Property, Plant & Equipment consisted of the following:

	June 30, 2014	December 31, 2013
Building	$ 15,813	$ 16,205
Automobile	1,187,036	1,216,429
Office equipment & Furniture	579,153	593,868
	1,782,002	1,826,502
Accumulated depreciation	(1,564,662)	(1,599,045)
Property and equipment, net	$ 217,340	$ 227,457

The Company recorded depreciation expense relating to properties held for rental, as well as property and equipment amounting to $1,633,456 and $1,642,147 for the six-months ended June 30, 2014 and 2013, respectively, of which, $9,069 and $8,058 were recorded as general and administrative expense, respectively.

As of December 31, 2013, fixed assets and rental property totaling $31,487,749were pledged as security for various bank loans totaling $21,245,728.

6. Accrued expenses

Accrued expenses consisted of the following:

	June 30, 2014	December 31, 2013
Payroll and welfare payable	$ 3,206	$ 3,866
Accrued expenses	424,563	3,805
Total	$ 427,769	$ 7,671

7. Other payables

Other payables consisted of the following:

		June 30, 2014		December 31, 2013
Customer guarantee deposit	$	1,254,046	$	1,158,647
Customer deposit for property decoration		19,319		14,016
Miscellaneous payable		1,040,694		1,057,677
Total	$	2,314,059	$	2,230,340

8. Tax payables

Tax payables consisted of the following:

		June 30, 2014		December 31, 2013
Income tax payable in Mainland China	$	1,449,875	$	1,485,776
Business tax		629,282		662,066
Land VAT payable		2,418,777		2,478,669
Other levies		(27,930)		6,581
Total	$	4,470,004	$	4,633,092

9. Payable to disposed subsidiary

The Company had amounts due to a Loyal Best, a previously disposed of entity, as of June 30, 2014 and December 31, 2013 in the amount of $839,148 and $859,927, respectively.

10. Loan Payable

Loans payable (including accrued interest) consisted of the following:

Nature	Due on	Interest per Annum		June 30, 2014		December 31, 2013
Bank loan	6-12-2015	8.775%	$	6,447,869	$	6,607,529
Bank loan	10-13-2014	10.395%		14,797,859		15,164,280
Less current portion						21,771,809
			$	21,245,728	$	21,771,809

The above loans are secured by Company rental properties.

For the six-month periods ended June 30, 2014 and 2013, the Company's incurred interest expense of $1,058,363 and $1,054,424, respectively.

11. Statutory reserve

As stipulated by the Company Law of the People's Republic of China (PRC), net income after taxation can only be distributed as dividends after appropriation has been made for the following:

i. Making up cumulative prior years' losses, if any;

ii. Allocations to the "Statutory Surplus Reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company's registered capital;

iii. Allocations of 5% to 10% of income after tax, as determined under PRC accounting rules and regulations, to the Company's "Statutory Common Welfare Fund", which is established for the purpose of providing employee facilities and other collective benefits to the Company's employees; and statutory common welfare fund is no longer required per the new cooperation law executed in 2006; and

iv. Allocations to the discretionary surplus reserve, if approved in the stockholders' general meeting.

The Company did not contribute to statutory reserve for the period ended June 30, 2014 and 2013, respectively, due to the net loss incurred for its Chinese operation.

12. Segment information

ASC 280 requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

During 2014 and 2013, the Company was organized into two main business segments: (1) Property for sale, and (2) Rental income and Income of management fee of commercial buildings. The following table presents a summary of operating information and certain year-end balance sheet information as of three months ended of June 30, 2014 and 2013, respectively.

		June 30	
		2014	2013
Revenues from unaffiliated customers:			
Rental income & Management fee		4,134,091	4,039,133
Consolidated	$	4,134,091	4,039,133
Operating income (loss):			
Rental income & Management fee		128,432	41,454
Corporation (1)-		(89,479)	(32,079)
Consolidated	$	38,953	9,375
Net loss before taxes:			
Rental income & Management fee		(664,535)	(872,947)
Corporation (1)		(89,932)	(32,370)
Consolidated	$	(754,467)	(905,317)
Identifiable assets:			
Rental income & Management fee		47,312,535	50,424,592
Corporation (1)		10,313,169	9,049,730
Consolidated	$	57,625,704	59,474,322
Depreciation and amortization:			
Rental income & Management fee		1,625,385	1,634,089
Corporation (1)		9,069	8,058
Consolidated	$	1,634,454	1,642,147
Capital expenditures:			
Rental income & Management fee		631	12,233
Consolidated	$	631	12,233

(1). Unallocated loss from Operating income (loss) and Net income before provision for income taxes are primarily related to general corporate expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Caution Regarding Forward-Looking Information

The following discussion and analysis should be read in conjunction with our consolidated financial statements prepared in accordance with accounting principles generally accepted in the USA. Unless otherwise indicated, references in this discussion to "we", "our" and "us" are to Great China International Holdings, Inc., and its subsidiaries.

Any statements in this discussion that are not historical facts are forward-looking statements that involve risks and uncertainties; actual results may differ from the forward-looking statements. Sentences or phrases that use such words as "believes", "anticipates", "plans", "may", "hopes", "can", "will", "expects", "is designed to", "with the intent", "potential" and others indicate forward-looking statements, but their absence does not mean that a statement is not forward-looking. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by any forward-looking statements. We do not undertake any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Executive Summary

Great China International Holdings, through its various subsidiaries, is or has been engaged in commercial and residential real estate leasing, management, consulting, investment, development and sales. We conduct all our operation in the People's Republic of China through our direct and indirect wholly owned subsidiaries; Shenyang Maryland International Industry Company Limited and Silverstrand International Holdings Company Limited.

Results of Operations

Comparison of operations for six-month periods ended June 30, 2014 and 2013:

The Company incurred a net loss of $754,467 for the first half year of 2014, which is an improvement of $150,850 or 16.7%, compared with a net loss of $905,317 in the same period of 2013. Components resulting in this improvement are discussed below.

Revenues increased by $94,958 or 2.4% from $4,039,133 for the first half year of 2013 to $4,134,091 for the same period of 2014. This increase is mainly a result of the growth of rental income, which increased by $96,270 or 3.2% from $2,973,307 for the first half of 2013 to $3,069,577 for the same period of 2014. Rental income increased because the Company raised rental rates and the occupancy rate was higher in 2014.

The cost of revenue increased by $245,746 or 8.2% from $2,993,465 in the first half year of 2013 to $3,239,211 for the same period of 2014, which is attributed to the increase of business tax and additional relating with the rental business.

The gross margin for the rental business was 17.8% and 25.7% for the first half year of 2014 and 2013 respectively. This decrease was attributable to the increase of business tax and additional relating with the rental business and increase of equipments maintenance cost. The gross margin for the management business was 32.7% and 26.4% for the first half year of 2014 and 2013, respectively. This increase is mainly attributed to the cost decrease from maintenance in the first half year of 2014 compared to the same period of 2013.

Selling expenses decreased by $6,364 or 27.0% from $23,612 for the first half year of 2013 to $17,247 for 2014 compared with the same period. This decrease mainly attributed to the decrease of bonus for employees.

General and administrative expenses decreased by $176,010 or 17.5% from $1,004,624 for the first half year of 2013 to $828,613 for the same period of 2014. The decrease mainly due to the Company incurring consulting fees of $129,735(CNY 800,000) in the first half year of 2013, that were not incurred in the same period of 2014.

Depreciation and amortization was $10,066 and $8,058 in the first quarter of 2014 and 2013 respectively.

Interest and finance costs was $1,051,994 and $1,054,305 in the first half year of 2014 and 2013 respectively, there was only a small change.

The Company earned $6,487 and $58,175 of income from disposal of parking lots in the first six months of 2014 and 2013 respectively, which decreased by $51,688 or 88.9% for 2014 compared with 2013

Other income, net increased by $170,648 from $81,438 for the first six months of 2013 to $252,086 for the first six months of 2014, which is a result of the Company receiving a tax refund of $162,511 during the second quarter of 2014.

Cash Flow Discussion

Net cash flows provided by operating activities for the first half year of 2014 and 2013 were $910,831 and $338,642, respectively. The improvement in net cash flow amounted to $572,189 or 169.0%, which was due primarily to the below factors:

- the Company recovered more money from other receivable and account receivable in the first six months of 2014, the change of account receivable and other receivable increased by $374,244 in the first half year of 2014 compared to the same period of 2013; and

- the change of account payable and accrued expenses increased by $548,720 in the first half year of 2014 compared with the same period of 2013,which is mainly due to the increase of accrued expenses.

Net cash flows used in investing activities for the first six months of 2014 and 2013 were not significant.

Net cash flows used in financing activities were $0 and $282,798 for the first half year of 2014 and 2013, respectively, which is a result of the Company receiving $282,798 of loan repayments from Beijing Sihai Estate Company in the first quarter of 2013.

Liquidity and Capital Resources

Current liabilities exceeded current assets by $26,521,693 as of June 30, 2014. The Short Term Loans amounted to $21,245,728, and accounted for about 80.1% of the working capital deficit. The Short Term Loans are bank loans due in June 2014 and October 2014, respectively, and are secured by the Company's real estate assets. It has become common practice in China, for banks and companies to renegotiate loan extensions on an annual basis. This is driven by the ever changing banking regulatory environment and a situation where banks are becoming more conservative. Under the circumstances, most lending banks have usually worked closely with borrowers for loan extension or restructuring within the administrative guidelines of the government. As State policies are issued outside the control of the banks in China and form part of the macro and micro-economic measures, many bankers and their customers work together to deal with the situation provided the borrowers are responsible.

Contractual Obligations

The following table was a summary of the Company's contractual obligations as of June 30, 2014:

	Total	Less than one year	1-3 Years	Thereafter
Short-Term Debt	$ 21,245,728	$ 21,245,728	$ -	$ -
Long-Term Debt				-
Amounts due to related parties	-	-	-	-
Construction commitments	-	-	-	-
Total Contractual Cash Obligations	$ 21,245,728	$ 21,245,728	$	$ -

Recent accounting pronouncements

There have been no new accounting pronouncements during the six months ended June 30, 2014 that are of significance, or potential significance, to the Company.

PART II. OTHER INFORMATION

Item 6. Exhibits

Copies of the following documents are included or furnished as exhibits to this report pursuant to Item 601 of Regulation S-K.

Exhibit No.	SEC Ref. No.	Title of Document
31.1	31	The certification of chief executive officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	31	The certification of chief financial officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	32	The certifications required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350

SIGNATURES

In accordance with the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREAT CHINA INTERNATIONAL HOLDINGS, INC.

Date: August 14, 2014

By /s/ Jiang Peng
Jiang Peng, Chairman of the Board
(Principal Executive Officer)

Date: August 14, 2014

By /s/ Sun Dongqing
Sun Dongqing, Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification

I, Jiang Peng, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great China International Holdings, Inc. for the period ended June 30, 2014;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) of the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

By: /s/ Jiang Peng
Jiang Peng, Chairman of the Board
(Principal Executive Officer)

Certification

I, Sun Dongqing, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great China International Holdings, Inc. for the period ended June 30, 2014;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) of the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2014

By: /s/ Sun Dongqing

Sun Dongqing, Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

In connection with the Quarterly Report of Great China International Holdings, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jiang Peng, Chairman of the Board (Principal Executive Officer) of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2014

By: /s/ Jiang Peng
Jiang Peng, Chairman of the Board
(Principal Executive Officer)

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

In connection with the Quarterly Report of Great China International Holdings, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sun Dongqing, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2014

By: /s/ Sun Dongqing
Sun Dongqing, Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Great China International Holdings, Inc. and will be retained by Great China International Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certifications are being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.