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 March 31, 2016

[ ] 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 March 31, 2016, there were 14,059,966 shares of common stock outstanding.

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GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	As of	
	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,387,579	$ 9,819,260
Accounts receivable, net	292,281	227,384
Other receivable, net	701,028	683,666
Other current assets	3,152	2,947
Total current assets	10,384,039	10,733,257
Property and equipment, net	231,013	225,800
Rental property, net	34,885,960	35,502,002
Total assets	$ 45,501,012	$ 46,461,059
LIABILITIES AND EQUITY		
Current liabilities:		
Bank loans	$ 3,109,222	$ 4,631,202
Accounts payable	4,395,567	4,441,362
Accrued expenses	12,198	13,376
Other payable	1,916,112	1,917,779
Due to a related party	314,975	314,975
Payable to disposed subsidiaries	807,342	803,628
Advances from tenants	1,534,765	1,512,204
Taxes payable	4,489,859	4,467,561
Total current liabilities	16,580,040	18,102,087
Stockholders' equity:		
Common stock, $.001 par value 50,000,000 shares authorized, 14,059,966 issued and outstanding as of March 31, 2016 and December 31, 2015	14,060	14,060
Additional paid in capital	12,107,856	12,107,856
Statutory reserve	638,128	638,128
Accumulated other comprehensive income	3,800,644	3,684,314
Retained earnings	12,250,349	11,771,832
Total stockholders' equity	28,811,037	28,216,190
Non-controlling interest	109,935	142,782
Total equity	28,920,972	28,358,972
Total liabilities and equity	$ 45,501,012	$ 46,461,059

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

GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 and 2015
(UNAUDITED)

	2016	2015
Revenues		
Healthcare product sales	$ 4,286	$ -
Rental income	1,349,974	1,367,187
Management fee income	488,392	534.690
Total revenues	1,842,652	1,901,878
Cost of revenues		
Healthcare product sales	6,427	-
Rental cost	901,129	1,106,711
Management fee cost	454,498	434,969
Total cost	1,362,054	1,541,680
Gross profit	480,598	360,198
Operation expenses		
Selling expenses	4,191	7,218
General and administrative expenses	435,061	373,151
Recovery of bad debt	(611,678)	-
Depreciation and amortization	2,207	5,015
Total operation (income) expenses	(170,219)	385,385
Income (loss) from operations	650,817	(25,187)
Other income (expense)		
Disposal of parking lots income	26,761	-
Other income, net	34,796	48,895
Interest and finance costs	(65,454)	(487,519)
Total other expense	(3,897)	(438,625)
Income (loss) before income taxes	646,920	(463,812)
Provision for income taxes	209,404	-
Net income (loss)	437,516	(463,812)
Net income attributable to the Company	478,517	(463,812)
Net loss attributable to the non-controlling interest	(41,001)	-
Other comprehensive loss:		
Foreign currency translation adjustment	116,331	(17,350)
Comprehensive income (loss)	$ 553,847	$ (481,162)
Comprehensive income attributable to the Company	586,694	(481,162)
Comprehensive loss attributable to the non-controlling interest	(32,847)	-
Net income (loss) per share		
Basic	$ 0.03	$ (0.04)
Diluted	$ 0.03	$ (0.04)
Weighted average number of shares outstanding		
Basic	14,059,966	11,785,522
Diluted	14,059,966	11,785,522

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

GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)

	March 31	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	$ 437,516	$ (463,812)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net cash provided by operating activities		
Depreciation and amortization	770,292	815,139
Bad debt (recovery) expense	(611,678)	-
Changes in operating assets and liabilities:		
Accounts receivable and other receivable	(109,325)	(126,674)
Advances to suppliers	-	(48,321)
Other current assets	(203)	(652)
Accounts payable and accrued expenses	(46,975)	23,171
Other payables	(1,665)	-
Advances from customers	22,559	175,364
Payable to disposed subsidiaries	3,714	-
Income and other taxes payable	22,298	22,405
Net cash provided by operating activities	$ 486,533	$ 396,621
Cash flows used in investing activities:		
Purchase of property & equipment	(5,230)	(1,315)
Net cash used in investing activities	(5,230)	(1,315)
Cash flows from financing activities:		
Loans repayment from the borrowing parties	611,678	4,009,760
Loans paid to the bank	(1,521,981)	(11,227,327)
Proceeds from stock issuance, net of offering costs	-	2,934,000
Net cash used in financing activities	(910,303)	(4,283,567)
Effect of exchange differences	(2,680)	(68,404)
Net increase in cash and cash equivalents	$ (431,681)	$ (3,956,665)
Cash and cash equivalents, beginning of period	$ 9,819,260	$ 8,799,261
Cash and cash equivalents, end of period	$ 9,387,579	$ 4,842,596
Supplemental disclosures of cash flow information:		
Interest paid	$ 65,636	$ 493,112
Income taxes	-	-

The accompanying notes are integral part of these 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

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Silverstrand International Holdings Company Limited, Shenyang Maryland International Industry Company Limited, Shenyang Ai Zhuang Trading Co., Ltd ("Ai Zhuang"), and the 53% owned entity, Panacea Co., Ltd. Ai Zhuang and Panacea Co ., Ltd. 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 March 31, 2016 and December 31, 2015, the Company reserved $3,458,701 and $1,644,340 respectively, for other receivable bad debt, and $681,233 and $675,929, respectively, for accounts receivable bad debt. The Company also reserved $0 and $2,415,944 respectively for loans receivable as of March 31, 2016 and December 31, 2015 respectively.

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 March 31, 2016 and December 31, 2015 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 March 31, 2016 and December 31, 2015, net property held for rental amounted to $34,885,960 and $35,502,002 respectively. Accumulated depreciation of rental properties amounted to $35,985,386 as of March 31, 2016 and $35,044,528 as of December 31, 2015.

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 March 31, 2016 and December 31, 2015, 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.

Non-controlling interest

Non-controlling interest represents the portion of equity that is not attributable to the Company. The net income (loss) attributable to non-controlling interests are separately presented in the accompanying statements of income and other comprehensive income. Losses attributable to non-controlling interests in a subsidiary may exceed the interest in the subsidiary's equity. The related non-controlling interest continues to be attributed its share of losses even if that attribution results in a deficit of the non-controlling interest balance. The non-controlling interest % of entity Panacea Co., Ltd., which was set up in April 2015, was 47%, with the amount of $109,935 and $142,782 as of March 31, 2016 and December 31, 2015, respectively.

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 March 31, 2016 was $2,245,457. 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 period ended March 31, 2016 that are of significance, or potential significance, to the Company.

Reclassifications

Certain amounts in the 2015 financial statements may have been reclassified to conform to the 2016 presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

3. Loans receivable

The company entered into series of collateralized loan agreements with third parties from 2009, the total loan receivable is $0 and $0 as of March 31, 2016 and December 31, 2015, respectively.

During 2011, the Company entered into a collateralized loan agreement with Beijing Sihai Real Estate Development Ltd., pursuant to which the Company loaned $2,788,254 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%. As of the December 31,2012, the balance of loan receivable was $3,916,449 according to the updated loan agreement. In 2013, the Company collected $2,304,742 on the loan, and then again made a loan of $2,925,249 to Beijing Sihai Real Estate Development Ltd. In 2014, the Company collected $161,171 on the loan. Although the loan will be due on November 29, 2015, the Company accrued bad debt provision of $2,764,078 with the consideration of uncertain collectability of the remaining loan balance. On January 19, 2015, the Company subsequently collected $1,611,707 on the loan. In December 24, 2015, the Company collected $617,494 on the loan. In March 29, 2016, the Company collected $620,347 on the loan. The net loan receivable from Beijing Sihai Real Estate Development Ltd., was $2,143,731 and $2,764,078 as of December 31, 2015 and December 31, 2014, respectively.

During 2011, the Company entered into a collateralized loan agreement with Shenyang Landing Concrete Ltd., pursuant to which, the Company loaned $2,417,561, 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 KaiyuanHongyun 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. As of the March 12, 2015, the company collected all the loan receivable from KaiyuanHongyun Concrete Admixture Ltd.

During 2009, the Company entered into an uncollateralized loan agreement with ZhongxinGuoan Ltd., pursuant to which the Company loaned $2,014,634 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 ZhongxinGuoan 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. On May 31, 2015, the Company collected $1,543,734 on the loan. As of March 31, 2016, the net loan receivable from Shenyang Konggang New City Investment Development Ltd. was $385,934.

4. Property and equipment

Property, Plant & Equipment consisted of the following:

	March 31, 2016	December 31, 2015
Building	$ 15,214	$ 15,144
Automobile	1,142,044	1,136,790
Office equipment & Furniture	619,130	609,932
	1,776,387	1,761,866
Accumulated depreciation	(1,545,375)	(1,536,066)
Property and equipment, net	$ 231,013	$ 225,800

The Company recorded depreciation expense relating to properties held for rental, as well as property and equipment amounting to $768,086 and $ 815,139 for the three months ended March 31, 2016 and 2015, respectively, of which, $2,207 and $5,015 were recorded as general and administrative expense, respectively.

As of March 31, 2016, fixed assets and rental property totaling $6,062,709 were pledged as security for various bank loans totaling $3,109,222.

5. Accrued expenses

Accrued expenses consisted of the following:

	March 31, 2016	December 31, 2015
Payroll and welfare payable	$ 3,218	$ 4,260
Accrued expenses	8,980	9,116
Total	$ 12,198	$ 13,376

6. Other payables

Other payables consisted of the following:

		March 31, 2016		December 31, 2015
Customer guarantee deposit	$	1,104,515	$	1,117,614
Customer deposit for property decoration		21,247		18,502
Miscellaneous payable		790,350		781,663
Total	$	1,916,112	$	1,917,779

7. Tax payables

Tax payables consisted of the following:

		March 31, 2016		December 31, 2015
Income tax payable in Mainland China	$	1,394,920	$	1,576,275
Business tax		809,686		602,586
Land VAT payable		2,327,097		2,316,391
Other levies		(41,844)		(27,691)
Total	$	4,489,859	$	4,467,561

8. Payable to disposed subsidiary

The Company had amounts due to a Loyal Best, a previously disposed of entity, as of March 31, 2016 and December 31, 2015 in the amount of $807,342 and $803,628, respectively.

9. Loan Payable

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

Nature	Due on	Interest per Annum		March 31, 2016		December 31, 2015
Bank loan	6-12-2016	8.775%	$	3,109,222	$	4,631,202
Less current portion						
			$	3,109,222	$	4,631,202

The above loans are secured by Company rental properties.

For the period ended March 31, 2016 and 2015, the Company's incurred interest expense of $65,636 and $493,112, respectively.

10. 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 March 31, 2016 and 2015, respectively.

11. 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 2016 and 2015, 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 for the period ended March 31, 2016 and 2015 and certain balance sheet information as of March 31, 2016 and December 31, 2015, respectively.

		March 31	
		2016	2015
Revenues from unaffiliated customers:			
Rental income & Management fee		1,838,367	1,901,878
Consumer product sales		4,286	-
Consolidated	$	1,842,652	1,901,878
Operating income (loss):			
Rental income & Management fee		841,161	23,733
Consumer product sales		(93,959)	-
Corporation (1)		(96,385)	(48,920)
Consolidated	$	650,817	(25,187)
Net income (loss) before taxes:			
Rental income & Management fee		837,204	(414,827)
Consumer product sales		(93,899)	-
Corporation (1)		(96,385)	(48,985)
Consolidated	$	646,920	(463,812)
Identifiable assets:			
Rental income & Management fee		38,030,735	42,418,105
Consumer product sales		375,602	-
Corporation (1)		7,094,676	2,980,393
Consolidated	$	45,501,012	45,398,498
Depreciation and amortization:			
Rental income & Management fee		768,460	815,139
Corporation (1)		1,460	
Consolidated	$	769,920	815,139
Capital expenditures:			
Rental income & Management fee		4,008	1,315
Consumer product sales		30,180	-
Consolidated	$	34,188	1,315

(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; Silverstrand International Holdings Company Limited (“Silverstrand”)., Shenyang Maryland International Industry Company Limited (“Maryland”),Shenyang Ai Zhuang Trading Co., Ltd (“Ai Zhuang”), and Panacea Co., Ltd. Ai Zhuang and Panacea Co., Ltd. were established during the first six months of 2015 to engage in wholesale and retail distribution of consumer products including food products, dietary supplements, household products and publications. Ai Zhuang and Panacea Co., Ltd. had started business operation during the quarter ended September 30, 2015.

Recent Development

Effective April 27, 2015, Great China International Holdings, Inc., entered into a Cooperation Agreement with FT Solution Co., Ltd., a Japanese company. Pursuant to the Cooperation Agreement, the Company is investing approximately $224,473 (26.5 million Japanese Yen) for approximately 53% of shares in a joint venture which will engage in the distribution of a variety of consumer products including food products, dietary supplements, over-the-counter medications, and daily necessities, etc. It has not started business operation thus far.

Results of Operations

Comparison of operations for the three months ended March 31, 2016 and 2015:

The Company had net income of $437,516 for the three months ended March 31, 2016, which represents an increase in net income by $901,328 or 194%, compared with a net loss of $463,812 in the same period of 2015. Components resulting in this increase are discussed below.

Revenues decreased by $59,225 or 3.1% from $1,901,877 for the three monthsended March 31, 2015 to $1,842,652for the same period of 2015. Since the revenue from the healthcare product sales is minimal, the amount was comparable between two periods.

The cost of revenue decreased by $179,626or 11.7% from $1,541,680 for the three months ended March 31, 2015 to $1,362,054 for the three months ended March 31, 2016. The decrease was mainly due to decrease of cost under renal business.

The gross margin for the rental business was 26.1% and 18.9% for the three monthsended March 31, 2016 and 2015 respectively. This increase is attributable to the Company's effective cost controlling measure. The large increase of gross margin was from the rental business, contributing 33.25% for the three monthsended March 31, 2016, compared with the 19.05% of gross margin for rental business for the three months ended March 31, 2015.

Selling expenses decreased by $3,027or 41.9% from $7,218 for the three months ended March 31, 2015 to $4,192 for the three months ended March 31, 2016.

General and administrative expenses increased by $61,910 or 16.6% from $373,151 for the three monthsended March 31, 2015 to $435,061 for the three months ended March 31, 2016. The increase is mainly because of the addition of the healthcare product sales business.

Reversal of bad debt allowance increased by $611,678 for the three months ended March 31, 2016 compared with the three months ended March 31, 2015 due to the Company collected loan of $611,678 which was reserved with bad debt allowance, from Beijing Sihai Real Estate Development Ltd..

Depreciation and amortization was $2,207 and $5,015 for the three months ended March 31, 2016 and 2015 respectively.

Interest and finance costs was $65,454and $487,519 for the three monthsended March 31, 2016 and 2015 respectively. The decrease is mainly because the Company paid off certain bank loans subsequent to the first quarter of 2015.

Other income, net decreased by $14,098 from $48,894 for the three monthsended March 31, 2015 to $34,796 for the three months ended March 31, 2016.

The net income and net loss was $437,516 and $463,812 during three months ended March 31, 2016 and 2015, respectively. The primary reason is the recovery of bad debt during the current period.

Cash Flow Discussion

Net cash flows provided by operating activities for the period ended March 31, 2016 and 2015 were $486,533and $396,620, respectively. The increase in net operating activities cash flow amounted to $89,913 or 22.7%, which is due primarily to the net income of $437,516 in the current period, compared to net loss of $463,812 in prior period.

Net cash flows used in investing activities were not significant.

Net cash flows used in financing activities were $910,303 and $4,283,567 for the three months ended March 31, 2016 and 2015, respectively. In 2016, the Company made a bank loan repayment $1,521,981to the bank during the first quarter, whereas the Company repaid the bank loans $11,227,327 in prior period.

Liquidity and Capital Resources

Current liabilities exceeded current assets by $6,196,001 as of March 31, 2016. The Short Term Loans amounted to $3,109,222 (RMB20,000,000), and accounted for about 50.0% of the working capital deficit. During 2016, the Company repaid US$1,521,980(RMB 10,000,000), leaving a remaining principal of US$3,109,222 (RMB20,000,000) . The rest of the Short Term Loan is due in June 2016, and is secured by the Company’s real estate assets.

Contractual Obligations

The following table was a summary of the Company’s contractual obligations as of March 31, 2016:

	Total	Less than one year	1-3 Years	Thereafter
Short-Term Debt	$ 3,109,222	$ 3,109,222	$ -	$ -
Long-Term Debt	-	-	-	-
Amounts due to related parties	-	-	-	-
Construction commitments	-	-	-	-
Total Contractual Cash Obligations	$ 3,109,222	$ 3,109,222	$ -	$ -

Item 3. **Quantitative and Qualitative Disclosure about Market Risk**

Disclosure under this item is not required of a smaller reporting company.

Item 4. **Controls and Procedures**

Our management, under the supervision and with the participation of our Chief Executive and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15 promulgated under the Exchange Act as of the end of the period covered by this report on Form 10-Q. Disclosure controls and procedures are controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our Certifying Officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, our Certifying Officer concluded that as of such date, our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting during the quarterly period ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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 and 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

SIGNATURES

In accordance with Section 13 or 15(d) of 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: May 16, 2016

By /s/ Frank Jiang
Frank Jiang, Chairman Executive Officer
(Principal Executive Officer and Principal Financial and Accounting Officer)

Certification

I, Frank Jiang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Great China International Holdings, Inc. for the period ended March 31, 2016;

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: May 16, 2016

By:/s/ Frank Jiang
Frank Jiang, CEO
(Principal Executive 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 March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank Jiang, Principal Executive Officer and Principal Financial and Accounting 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: May 16, 2016

By: Frank Jiang
Frank Jiang, CEO
(Principal Executive 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.