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, 2011

[ ] 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, 2011, there were 11,759,966 shares of common stock outstanding.

FORM 10-Q

GREAT CHINA INTERNATIONAL HOLDINGS, INC.

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GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2011 AND DECEMBER 31, 2010
(UNAUDITED)

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,342,152	$ 9,584,071
Accounts receivable, net	173,645	17,816
Other receivable, net	150,681	195,436
Total current assets	7,666,479	9,797,323
Long-term loan receivable	2,413,553	
Property and equipment, net	354,801	1,133,641
Rental property, net	49,674,708	49,436,381
Total assets	60,109,541	60,367,345
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank loans	$ 20,391,429	$ 19,969,697
Accounts payable	4,380,591	4,184,672
Accrued expenses	119,918	172,059
Other payable	2,064,334	2,047,904
Payable to disposed subsidiaries	812,478	795,674
Advances from buyers	1,098,331	1,263,290
Taxes payable	9,246,384	9,191,984
Total current liabilities	38,113,465	37,625,280
Total liabilities	38,113,465	37,625,280
Stockholders' equity:		
Common stock, $.001 par value 50,000,000 shares authorized, 11,759,966 issued and outstanding as of June 30, 2011 and Dec. 31, 2010	11,760	11,760
Additional paid in capital	4,566,156	4,566,156
Statutory reserve	638,128	638,128
Accumulated other comprehensive income	3,527,544	2,964,637
Retained earnings	13,252,489	14,561,384
Total stockholders' equity	21,996,077	22,742,065
Total liabilities and stockholders' equity	$ 60,109,541	$ 60,367,345

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 INCOME/(LOSS)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	THREE MONTH ENDED		SIX MONTH ENDED	
	JUNE 2011	JUNE 2010	JUNE 2011	JUNE 2010
Revenues				
Real estate sales	-	$ 448,112	$ -	$ 691,740
Rental income	1,350,866	1,061,164	2,578,240	2,149,275
Management fee income	504,637	465,857	989,167	924,468
Total revenues	1,855,503	1,975,133	3,567,407	3,765,483
Cost of revenues				
Real estate cost	-	397,407	-	631,241
Rental cost	1,292,882	490,945	2,310,113	1,457,672
Management fee cost	258,565	532,357	831,067	882,053
Total cost	1,551,447	1,420,709	3,141,180	2,970,966
Gross profit	304,056	554,424	426,226	794,517
Operation expenses				
Selling expenses	16,744	8,669	34,616	27,843
General and administrative expenses	321,283	365,661	988,307	907,780
Depreciation and amortization	42,691	47,851	53,239	94,792
Total operation expenses	380,717	422,181	1,076,162	1,030,415
Loss from operations	(76,662)	132,243	(649,935)	(235,898)
Other income (expense)				
Disposal of parking lots income	107,787	-	388,857	-
Other income, net	53,076	65,318	104,246	99,093
Interest and finance costs	(659,322)	(498,069)	(1,152,063)	(976,447)
Total other income, net	(498,458)	(432,751)	(658,960)	(877,354)
Income (loss) before income taxes	(575,120)	(300,508)	(1,308,896)	(1,113,252)
Provision for income taxes	-	-	-	-
Net income (loss)	(575,120)	(300,508)	(1,308,896)	(1,113,252)
Other comprehensive income (loss):				
Foreign currency translation adjustment	346,356	(71,503)	562,907	(36,390)
Comprehensive income (loss)	(228,764)	$ (372,011)	$ (745,988)	$ (1,149,642)
Net income (loss) per share				
Basic	(0.02)	$ (0.03)	$ (0.06)	$ (0.09)
Diluted	(0.02)	$ (0.03)	$ (0.06)	$ (0.09)
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

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

GREAT CHINA INTERNATIONAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	JUNE 30	
	2011	2010
Cash flows from operating activities:		
Net income (loss)	$ (1,308,896)	$ (1,113,253)
Adjustments to reconcile net income (loss) to operating activities - net cash provided by operating activities		
Depreciation and amortization	1,574,097	1,552,465
Gain on disposal of parking lots	(388,857)	-
Deferred tax assets	-	-
Gain on interest expense waived	-	-
Gain on settlement of debt	-	-
Provision (recovery) for doubtful accounts	36,783	58,120
Loss on discontinued operations	-	-
Non-cash stock compensation expense	-	-
Loan closing costs	-	-
(Increase)/decrease in current assets:		
Restricted cash	-	-
Accounts receivable and other receivable	(142,029)	(199,415)
Refunds due from contractors	-	-
Other receivable	-	-
Advances to suppliers	-	(399,404)
Prepaid expenses	-	-
Amounts due from related parties	-	-
Properties held for resale	-	623,031
Increase/(decrease) in current liabilities:		
Accounts payable and accrued expenses	31,436	(1,782,607)
Deposits held	-	-
Advances from buyers	(189,257)	(284,281)
Income and other taxes payable	(32,646)	(22,490)
Net cash provided by operating activities from operations	(419,368)	(1,567,834)
Net cash used in operating activities from discontinue operations	-	-
Net cash provided by operating activities	$ (419,368)	$ (1,567,834)
Cash flows from investing activities:		
Construction in progress	-	-
Purchases of property & equipment	1,618	(56,722)
Receivable from disposal of subsidiary	-	-
Sale of property & equipment	-	-
Proceeds from disposal of parking lots	388,857	-
Net cash provided by/(used in) investing activities from continuing operations	390,475	(56,722)
Net cash used in investing activities from discontinue operation	-	-
Net cash provided by/(used in) investing activities	$ 390,475	$ (56,722)
Cash flows from financing activities:		
Loan to third party	(2,383,563)	-
Loan repayments	-	-
Advances to directors and affiliated companies	-	-
Dividends	-	-
Proceeds from stock issuance, net of offering costs	-	-
Net cash used in financing activities from continuing operations	(2,383,563)	-
Net cash used in financing activities from discontinue operation	-	-
Net cash used in financing activities	$ (2,383,563)	$ -
Effect of exchange differences	$ 170,538	$ (185,034)
Net increase /(decrease) in cash and cash equivalents	$ (2,241,918)	$ (1,809,591)
Cash and cash equivalents, beginning of period	$ 9,584,071	$ 9,933,271
Cash and cash equivalents, end of period	$ 7,342,152	$ 8,123,680
Supplemental disclosures of cash flow information:		
Interest paid	$ -	-
Income taxes	$ -	$ -

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

1. Description of business

Nature of organization

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., and in 1992, it changed its name to Red Horse Entertainment Corporation.

Effective July 5, 2005, the Company completed the acquisition of Silverstrand International Holdings Limited ("Silverstrand"), a Hong Kong limited liability company, by issuing 10,102,333 shares of its common voting stock to the former stockholders of Silverstrand in exchange for all of the capital stock of Silverstrand. For financial reporting purposes the acquisition was treated as a recapitalization of Silverstrand. On September 15, 2005, the Company changed its name to Great China International Holdings, Inc. from Red Horse Entertainment Corporation.

Silverstrand was incorporated on September 30, 2004 in Hong Kong Special Administrative Region, PRC, and is the holding company of Shenyang Maryland International Industry Company Limited, formerly Shenyang Malilan Audio Equipment Company, Limited ("Shenyang Maryland"). Shenyang Maryland was originally registered as a limited liability Sino-foreign joint investment enterprise on December 15, 1989, in Shenyang, Liaoning Province, PRC. In October 2004, Silverstrand acquired all of the registered equity of Shenyang Maryland, and this transfer and the reclassification of Shenyang Maryland as a "wholly foreign-owned enterprise" ("WFOE") was approved in November 2004 by the Liaoning Provincial Bureau of Foreign Trade and Economic Cooperation. This approval was subsequently registered, and a business registration certificate (No. 111103721 (1-1)) was issued to Shenyang Maryland as a WFOE in April 2005 by the Shenyang Municipal Administration of Industry and Commerce. The original business licenses for Shenyang Maryland described our business scope as real estate development, sales, leasing, and property management. In January of 2010, the Company modified the business scope to real estate leasing, property management, and consulting.

The Company, through its various subsidiaries, has 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, 2010. The results of the six month periods ended June 30, 2011 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2011.

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. Such financial statements were translated into United States dollars in accordance with ASC 830 (Originally issued as Statement of Financial Accounts Standards ("SFAS") No. 52, "Foreign Currency Translation"). According to the Statement, 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 income in accordance with ASC 220 (Originally issued as SFAS No. 130, "Reporting Comprehensive Income") as a component of shareholders' equity.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements have been translated and presented in United States Dollars ($) on the basis set forth below.

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.

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, 2011 and December 31, 2010, the Company reserved $3,585,759 and $3,478,443 respectively, for other receivable bad debt, and $575,608 and $560,383, respectively, for accounts receivable bad debt.

Real Estate Held for Development or Sale – The Company capitalizes as real estate held for development or sale, the direct construction and development costs, property taxes, interest incurred on costs related to land under development and other related costs (i.e. engineering, surveying, landscaping, etc.) until the property reaches its intended use. As of the December 31, 2010, except the parking spaces, all the merchantable real estates of Qiyuan New Village, Peacock Garden, Chenglong Garden had been sold out. As of June 30, 2011 and December 31, 2010, real estate held for development or sale amounted to zero.

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, 2011 and December 31, 2010, net property held for rental amounted to $49,674,708 and $49,436,381, respectively. Accumulated depreciation of rental properties amounted to $21,236,503 and $18,906,785, respectively, as of June 30, 2011 and December 31, 2010.

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

As of June 30, 2011 and December 31, 2010, Property, Plant & Equipment consist of the following:

	June 30, 2011	**December 31, 2010**
Building	$ 15,178	$ 1,119,091
Automobile	1,139,304	1,115,742
Office equipment & Furniture	540,592	530,178
	1,695,074	2,765,011
Accumulated depreciation	(1,340,273)	(1,631,370)
Property and equipment, net	$ 354,801	$ 1,133,641

The Company recorded depreciation expense relating to properties held for rental, as well as property and equipment amounting to $1,604,885 and $1,552,465 for the six month periods ended June 30, 2011 and 2010, respectively, among which, $53,239 and $94,792 were recorded as general and administrative expense, respectively.

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, 2011 and December 31, 2010, respectively.

As of June 30, 2011, fixed assets and rental property totaling $29,208,674 have been pledged for various bank loans totaling $20,391,429.

Revenue recognition

Real estate sales

Real estate sales are reported in accordance with the provisions of ASC 360, “Accounting for Sales of Real Estate.” 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.

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 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.

If the 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, of which land leveling income was a one-time service performed at the request of our customers. 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 per share – Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings 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, 2011 and December 31, 2010, 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 utilizes ASC 740 (Originally issued as SFAS No. 109, "Accounting for Income Taxes"), which requires the recognition of 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. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

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. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

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. If the Company is able to utilize more of its deferred tax assets than the net amount previously recorded when unanticipated events occur, an adjustment to deferred tax assets would increase the Company net income when those events occur.

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.

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 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 – In accordance with ASC 230 (Originally issued as SFAS No. 95), "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 – In January 2011, the FASB issued ASU 2011-01 an accounting pronouncement related to receivables (“FASB ASC Topic 310”). The amendments in this update temporarily delay the effective date of the disclosures about troubled debt restructurings in ASU 2010-20 for public entities. The delay is intended to allow the Board time to complete its deliberations on what constitutes a troubled debt restructuring. The effective date of the new disclosures about troubled debt restructurings for public entities and the guidance for determining what constitutes a troubled debt restructuring will then be coordinated. Currently, that guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011.The new troubled debt restructurings pronouncement will not have any effect on the Company.

In May 2011, the FASB issued ASU 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU 2011-04 attempts to improve the comparability of fair value measurements disclosed in financial statements prepared in accordance

In June 2011, the FASB issued amended guidance on the presentation of comprehensive income. The amendments provide an entity with an option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The guidance is effective for fiscal years, and interim periods within those years beginning after December 15, 2011 and should be applied on a retrospective basis. As the amendments are limited to presentation only, the Company does not believe that this will have a material impact on its consolidated financial statements.

Reclassifications – Certain amounts in the 2010 financial statements may have been reclassified to conform to the 2011 presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

3. Long-term loan receivable

On March 28, 2011, the Company and Shenyang Landing Concrete Ltd. Company entered into a loan agreement, pursuant to which, the Company loaned to Shenyang Landing $2,413,553, which was due in two years on March 27, 2013. The loan was interest bearing at a rate commensurate with bank loans for the same period.

4. Accrued expenses

Accrued expenses consisted of the following as of June 30, 2011 and December 31, 2010, respectively:

	June 30, 2011	December 31, 2010
Payroll and welfare payable	$ 109,598	$ 108,502
Accrued expenses	10,320	63,557
Total	$ 119,918	$ 172,059

5. Other payables

Other payables consist of the following as of June 30, 2011 and December 31, 2010, respectively:

	June 30, 2011	December 31, 2010
Customer guarantee deposit	$ 1,014,928	$ 1,086,931
Customer deposit for property decoration	20,554	16,341
Miscellaneous payable	1,028,852	944,632
Total	$ 2,064,334	$ 2,047,904

6. Tax payables

Tax payables consist of the following as of June 30, 2011 and December 31, 2010, respectively:

	June 30, 2011	December 31, 2010
Income tax payable in Mainland China	$ 1,185,797	$ 1,161,273
Income tax payable in Hong Kong	5,049,321	5,049,321
Business tax	646,617	644,878
Land VAT payable	2,323,085	2,273,503
Other levies	41,564	63,009
Total	$ 9,246,384	$ 9,191,984

In 2007, the Company sold its interest in Loyal Best, a subsidiary of the Company, booking a gain and the corresponding income tax of $5,049,321. GCIH initially acquired Loyal Best to obtain land use right for development of real estate assets. The Company recorded the tax liability of $5,049,321 as of June 30, 2011 and December 31, 2010, respectively.

7. Payable to disposed subsidiary

The Company had a payable to a disposed subsidiary, Loyal Best Property Development Limited, amounting to $10,494,449 as of December 31, 2007.

Subsequently, the Company paid $9,725,112 to Loyal Best during 2008 and had a balance due as of June 30, 2011 and December 31, 2010 in the amount of $812,478 and $795,674, respectively.

8. Short-term loans

Short-term loans as of June 30, 2011 and December 31, 2010 consist of the following:

Nature	Due on	Interest per Annum	June 30, 2011
Bank loan	10-13-2011	10.395%	$ 14,202,831
Bank loan	6-12-2012	8.775%	6,188,598
Total			$ 20,391,429

Nature	Due on	Interest per Annum	December 31, 2010
Bank loan	10-13-2011	10.395%	$ 13,909,091
Bank loan	6-12-2011	8.775%	6,060,606
Total			$ 19,969,697

The above loans are secured by rental properties the Company owns.

For the six month periods ended June 30, 2011 and 2010, the Company incurred interest and finance costs amounting to $1,152,063 and $976,477respectively.

9. 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.

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

The Company did not contribute to statutory reserve for the six month periods ended June 30, 2011 and 2010, respectively, due to the net loss incurred for its Chinese operation.

10. Income tax

The Company is registered in the State of Nevada and has operations in primarily three tax jurisdictions – the People's Republic of China, Hong Kong and the United States. For operation in the US, the Company has incurred net accumulated operating losses for income tax purposes. The Company believes that it is more likely than not that these net accumulated operating losses will not be utilized in the future. Therefore, the Company has provided full valuation allowance for the deferred tax assets arising from the losses at these locations as of June 30, 2011. Accordingly, the Company has no net deferred tax assets.

The provision for income taxes from continuing operations on income consists of the following for the years ended June 30, 2011 and December 31, 2010, respectively:

	For the Six Months Ended June 30,	
	2011	**2010**
US current income tax expense (benefit)		
Federal	$ -	$ -
State	-	-
HK current income tax expense	-	-
PRC current income tax expense (benefit)	-	-
Total provision for income tax	$ -	$ -

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Statement of Operations:

	June 30, 2011	**June 30, 2010**
Tax expense (credit) at statutory rate - federal	35%	35%
State tax expense net of federal tax	0%	0%
Changes in valuation allowance	(35%)	(35%)
Foreign income tax - HK	16.5%	16.5%
Valuation allowance	(16.5%)	(16.5%)
Foreign income tax expense - PRC	25%	25%
Tax expense at actual tax rate	25%	25%

United States of America

As of June 30, 2011, the Company in the United States had approximately $724,450 in net operating loss carry forwards available to offset future taxable income. Federal net operating losses can generally be carried forward 20 years. The deferred tax assets for the United States entities at June 30, 2011 consists mainly of net operating loss carry forwards and were fully reserved as the management believes it is more likely than not that these assets will not be realized in the future.

The following table sets forth the significant components of the net deferred tax assets for operation in the US as of June 30, 2011 and December 31, 2010.

	June 30, 2011	**December 31, 2010**
Net operation loss carry forward	$ (724,450)	$ (696,357)
Total deferred tax assets	253,558	243,725
Less: valuation allowance	(253,558)	(243,725)
Net deferred tax assets	-	-
Change in valuation allowance	$ (9,833)	$ (38,786)

Hong Kong

As of June 30, 2011, the Company in Hong Kong had approximately $154,115 in net operating loss carry forwards available to offset future taxable income. There is no time limit for the losses to carry forward. The deferred tax assets for the Hong Kong entities at June 30, 2011 consists mainly of net operating loss carry forwards and were fully reserved as the management believes it is more likely than not that these assets will not be realized in the future.

The following table sets forth the significant components of the net deferred tax assets for operation in Hong Kong as of June 30, 2011 and December 31, 2010.

	June 30, 2011	**December 31, 2010**
Net operation loss carry forward	$ (154,115)	$ (151,758)
Total deferred tax assets	25,429	25,040
Less: valuation allowance	(25,429)	(25,040)
Net deferred tax assets	-	-
Change in valuation allowance	$ (389)	$ (648)

People’s Republic of China (PRC)

Pursuant to the PRC Income Tax Laws, the Company’s subsidiary is generally subject to Enterprise Income Taxes (“EIT”) at a statutory rate of 25% since January 1, 2008. The Company’s applicable EIT rate under new EIT law is 25% which was approved by local Tax department.

As of June 30, 2011 and 2010, the Company's PRC subsidiary had net operating loss carry forwards which can be carried forward 5 years to offset future taxable income. The deferred tax assets for Shenyang Maryland on June 30, 2011 consist mainly of net operating loss carry forwards and they were fully reserved as the management believes they are more likely than not that these assets will not be realized in the future.

The following table sets forth the significant components of the net deferred tax assets for operation in PRC as of June 30, 2011 and December 31, 2010, respectively.

	June 30, 2011	December 31, 2010
Net operation loss carry forward	$ (9,221,392)	$ (7,942,947)
Total deferred tax assets	2,305,348	1,985,737
Less: valuation allowance	(2,305,348)	(1,985,737)
Net deferred tax assets	-	-
Change in valuation allowance	$ (319,611)	$ (762,862)

Aggregate net deferred tax assets

The following table sets forth the significant components of the aggregate net deferred tax assets of the Company as of June 30, 2011 and December 31, 2010, respectively.

	June 30, 2011	December 31, 2010
Aggregate		
Total deferred tax assets	$ 2,584335	$ 2,254,502
Less: valuation allowance	(2,584,335)	(2,254,502)
Change in valuation allowance	$ (329,833)	$ (802,296)

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 the years ended June 30, 2011 and 2010, the Company is 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 June 30, 2011 and 2010, respectively.

	6-30-2011	6-30-2010
Revenues from unaffiliated customers:		
Selling of properties	$ -	$ 691,740
Rental income & Management fee	3,567,407	3,073,742
Consolidated	$ 3,567,407	$ 3,765,482
Operating income (loss):		
Selling of properties	$ (103,534)	$ (4,904)
Rental income & Management fee	203,050	355,178
Corporation (1)	(749,451)	(586,174)
Consolidated	$ (649,935)	$ (235,899)
Net income (loss) before taxes:		
Selling of properties	$ (1,255,597)	$ (981,351)
Rental income & Management fee	203,050	355,178
Corporation (1)	(256,348)	(487,081)
Consolidated	$ (1,308,896)	$ (1,113,253)
Identifiable assets:		
Selling of properties	$ 2,308	$ 7,543
Rental & management fee	50,551,312	51,116,663
Corporation (1)	9,555,921	9,560,882
Consolidated	$ 60,109,541	$ 60,685,088
Depreciation and amortization:		
Selling of properties	$ 32,910	$ 83,251
Rental & management fee	754,792	1,457,672
Corporation (1)	5,038	11,541
Consolidated	$ 792,740	$ 1,552,465
Capital expenditures:		
Selling of properties	$ -	$ -
Rental & management fee	-	57,996
Corporation (1)	1,159	
Consolidated	$ 1,159	$ 57,996

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

12. 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 $30,446,986 and $27,827,957 as of June 30, 2011 and December 31, 2010, respectively. In addition, the Company has had net loss for the six months ended June 30, 2011 of $1,308,896. 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.

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

(1) 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. Factors that could have a material and adverse impact on actual results are described in our annual report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on April 15, 2011. 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.

(2) Executive Summary

Great China International Holdings Inc., 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.

(3) Results of Operations

Comparison of operations for the six month periods ended June 30, 2011 and 2010:

The Company incurred net loss of $1,308,896 for the six month period ended June 30, 2011, a decrease of $195,644, or 17.57%, from the same period in 2010. Components resulting in this decrease are discussed below.

Sales revenues decreased $198,076 or 5.26% from $3,765,483 for the six month period ended June 30, 2010 to $3,567,407 for the same period in 2011. In 2010, the Company sold the last real estate properties, and there were no real estate sales in the first half year of 2011. The rental income increased $428,965 or 19.96% from $2,149,275 for the six month period ended June 30, 2010 to $2,578,240 for the same period in 2011. The Company raised the rental rates. There was also an increase in management fee income by $64,699 or 7% from $924,468 for the six month period ended June 30, 2010 to $989,167 for the same period in 2011.

Cost of revenue increased $170,214 or 5.73% from $2,970,966 for the six month period ended June 30, 2010 to $3,141,180 for the same period in 2010. The rental cost increased $852,440 or 58.48% to match the increase of the rental income. Management fee cost decreased $50,985 from $882,053 for the six month period ended June 30, 2010 to $831,067 for the same period in 2011.

Selling expenses increased $6,773 or 24.32% from $27,843 for the six month period ended June 30, 2010 to $34,616 for the same period in 2011. The main reason for this increase was an increase in promotion activity.

General and administrative expenses increased $80,527 or 8.87% from $907,780 for the six month period ended June 30, 2010 to $988,307 for the same period of 2011.

Depreciation expense decreased by $41,553 or 43.84% from $94,792 for the six month period ended June 30, 2010 to $53,239 for the same period of 2011.

The Company transferred use rights in parking lots amounting to $388,857 during the first half year of 2011 and there was little income of such for the same period ended June 30, 2010.

Interest and finance costs had a slight increase of $175,616 from $976,477 for the six month period ended June 30, 2010 to $1,152,063 for the same period of 2011.

(4) Cash Flow Discussion

Net cash flows provided by operating activities for the six month period ended June 30, 2011 and 2010 were negative $30,511 and $1,567,834, respectively. The increase amounted to $1,537,323 or 98.05% this big change due to the loan to third party reclassified from accounts payable, the amount is $2,383,563.

Net cash flows used in financing activities for the year of 2011 was $2,383,563, which was an interest bearing loan to a third party.

Net cash flows provided by investing activities were not significant.

(5) Liquidity and Capital Resources

Current liabilities exceeded current assets by $30,446,986 as of June 30, 2011. The Short Term Loans amounted to $20,391,429, about 67% of the working capital deficit. They were bank loans due in June 2012 and October 2011, respectively, and secured by some of 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 and have good relations with the lenders.

(6) Contractual Obligations

The following table was a summary of the Company's contractual obligations as of June 30, 2011:

	Total	Less than one year	1-3 Years	Thereafter
Short-Term Debt	$ 20,391,429	$ 20,391,429	$ -	$ -
Long-Term Debt			-	-
Amounts due to related parties	-	-	-	-
Construction commitments	-	-	-	-
Total Contractual Cash Obligations	$ 20,391,429	$ 20,391,429	$ -	$ -

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

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in rules and forms adopted by the Securities and Exchange Commission (“SEC”), and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this report, Great China International’s management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, reassessed the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2011. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Great China International’s disclosure controls and procedures were effective as of the end of the fiscal quarter on June 30, 2011, to ensure that information that is required to be disclosed by Great China International in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within Great China International to disclose information that is otherwise required to be set forth in its periodic reports.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three-month period ended June 30, 2011, that have materially affected, or are likely to materially affect, our internal control 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 required by Rule 13a-14(a) or Rule 15d-14(a)
31.1	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 15, 2011	By	/s/ Jiang Peng
		Jiang Peng, Chairman of the Board (Principal Executive Officer)
Date: August 15, 2011	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, 2011;

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 15, 2011

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, 2011;

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 15, 2011

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, 2011, 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 15, 2011

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, 2011, 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 15, 2011

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.