



**大中華實業控股有限公司**<sup>\*</sup>  
**GREATER CHINA HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

(Stock Code: 431)

**FINAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

**SUMMARY OF RESULTS**

The Board of Directors (the “Directors”) of Greater China Holdings Limited (the “Company”) announced the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2004, together with the figures for the year ended 31 December 2003 are as follows:

**Consolidated Income Statement**

		Year ended 31 December 2004 HK\$'000	Year ended 31 December 2003 HK\$'000
	<i>Notes</i>		
Turnover	2	15,207	25,287
Rental outgoings		(1,356)	(1,944)
Cost of sales		(7,195)	(31,427)
Gross profit (loss)		6,656	(8,084)
Other operating income		71	89
Revaluation increase (decrease) on investment properties		11,000	(45,000)
Unrealized holding gain (loss) of other investments		4,709	(5,620)
Selling and distribution costs		(49)	–
Administrative expenses		(5,822)	(7,530)
Amortization of goodwill on acquisition of subsidiaries		(820)	–
Impairment loss on leasehold land and buildings		(813)	–
Reversal of accrued charges in respect of financial restructuring of the Group in prior years		–	5,102
Realized loss on surrender of other investments to discharge borrowings		–	(46,620)
Profit (loss) from operations	3	14,932	(107,663)
Finance costs		(2,984)	(8,712)
Profit (loss) before taxation		11,948	(116,375)
Income tax	4	(334)	8,584
Profit (loss) before minority interests		11,614	(107,791)
Minority interests		648	–
Net profit (loss) for the year		12,262	(107,791)
		<i>HK\$</i>	<i>HK\$</i>
Earnings (loss) per share – basic	5	0.06	(0.73)
diluted		N/A	(0.73)

Notes:

**1. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS**

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards (“HKASs”) and Hong Kong Financial Reporting Standards (“HKFRSs”) (herein collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these HKFRSs would have a significant impact on how its results of operations and financial position are presented. These HKFRSs may result in changes in the future as to how the results and financial position are presented.

**2. TURNOVER AND SEGMENT INFORMATION**

Turnover represents the aggregate of proceeds from securities trading, rental income and proceeds from sale of goods.

**BUSINESS SEGMENTS**

*For the year ended 31 December 2004*

	<b>Production and sale of fertilizers HK\$'000</b>	<b>Investment holding HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Consolidated HK\$'000</b>
Segment turnover	<u>6,420</u>	<u>552</u>	<u>8,235</u>	<u>15,207</u>
Segment results	<u>(2,211)</u>	<u>4,399</u>	<u>17,607</u>	19,795
Unallocated corporate expenses				<u>(4,863)</u>
Profit from operations				14,932
Finance costs				<u>(2,984)</u>
Profit before taxation				11,948
Income tax				<u>(334)</u>
Profit before minority interests				11,614
Minority interests				<u>648</u>
Net profit for the year				<u>12,262</u>

For the year ended 31 December 2003

	Production and sale of fertilizers HK\$'000	Investment holding HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Segment turnover	<u>–</u>	<u>17,758</u>	<u>7,529</u>	<u>25,287</u>
Segment result	<u>–</u>	<u>(66,422)</u>	<u>(39,949)</u>	(106,371)
Other operating income				89
Reversal of accrued charges in respect of financial restructuring of the Group in prior years				5,102
Unallocated corporate expenses				<u>(6,483)</u>
Loss from operations				(107,663)
Finance costs				<u>(8,712)</u>
Loss before taxation				(116,375)
Income tax				<u>8,584</u>
Loss for the year				<u>(107,791)</u>

### 3. PROFIT (LOSS) FROM OPERATIONS

Profit (loss) from operations has been arrived at after charging depreciation of HK\$373,000 (2003: HK\$42,000)

### 4. INCOME TAX

	2004 HK\$'000	2003 HK\$'000
The charge (credit) for the year comprises:		
Hong Kong Profits Tax	–	59
Deferred tax	<u>334</u>	<u>(8,643)</u>
	<u>334</u>	<u>(8,584)</u>

No tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. The tax charge for prior year represented underprovision in prior years.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary in the PRC is entitled to exemption from PRC enterprise income tax for the first two years commencing from its first profit-making year of operation and thereafter, this PRC subsidiary will be entitled to a 50% relief from PRC enterprise income tax for the following three years.

### 5. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share for the year is based on the net profit for the year of HK\$12,262,000 (2003: net loss of HK\$107,791,000) and on the weighted average number of 221,341,000 (2003: 146,686,000) ordinary shares in issue during the year.

The diluted earnings per share for the year has not been presented as there were no dilutive potential ordinary shares in existence during the year.

The computation of diluted loss per share for prior year did not assume the exercise of the outstanding warrants since their exercises would decrease the loss per share.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2004 (year ended 31 December 2003: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

For the year ended 31 December 2004, turnover of the Group amounted to HK\$15,207,000 (31 December 2003: HK\$25,287,000). Net profit for the year was HK\$12,262,000 (31 December 2003: net loss of HK\$107,791,000) and earnings per share was HK\$0.06 (31 December 2003: loss per share of HK\$0.73).

During the year, the Group, through its wholly owned subsidiary, completed its acquisition of 51% interest in Lucky Green Limited ("Lucky Green"). The sole asset of Lucky Green is the 100% interest in Zhuhai S.E.Z. Rui Nong Plant Protection Technology Co. Ltd. which is principally engaged in the production and sale of fertilizers.

During the reporting period, revenue from production and sale of fertilizers amounted to HK\$6,420,000 (31 December 2003: Nil), representing approximately 42.2% of the Group's total revenue. Investment in securities shared approximately 3.6% of the Group's total revenue. Rental income from 1 Lyndhurst Tower amounted to HK\$8,235,000, representing approximately 54.2% of the Group's total revenue and over 95% of the total gross floor area was leased out.

### **Financial Review**

#### *Liquidity and Financial Resources*

In April 2004, the Company placed 39,700,000 shares at HK\$0.2898 per share and the net proceeds received were approximately of HK\$11,000,000 which was applied as general working capital of the Group.

The Group has a current ratio of approximately 0.16 as at 31 December 2004 (as at 31 December 2003: 0.42) and the gearing ratio was 1.01 as at 31 December 2004 (as at 31 December 2003: 1.40). The calculation of gearing ratio was based on the total borrowings of HK\$134,026,000 which would be due within one year (31 December 2003: HK\$142,453,000) and the net assets of HK\$133,062,000 as at 31 December 2004 (31 December 2003: HK\$101,648,000).

There were no significant capital commitments as at 31 December 2004 which would require a substantial use of the Group's present cash resources or external funding.

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are denominated in Hong Kong dollars and RMB.

#### *Charged on Assets*

As at 31 December 2004, all the Group's investment properties and the issued shares of China Faith Limited, a wholly owned subsidiary of the Company are pledged and the rental income in respect of the investment properties under operating leases are assigned to a bank against a bank loan of HK\$127,750,000 (as at 31 December 2003: HK\$138,300,000) granted to the Group.

Other investments of HK\$19,166,000 (31 December 2003: HK\$14,695,000) are pledged against margin loan facilities granted to the Group.

Property, plant and equipment of HK\$6,795,000 (31 December 2003: Nil) are pledged against a bank loan granted to the Group.

#### *Contingent Liabilities*

The Group did not have any material contingent liabilities as at 31 December 2004.

#### *Employees and Remuneration Policies*

As at 31 December 2004, the Group has 24 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

#### **REVIEW BY AUDIT COMMITTEE**

The audit committee comprises three independent non-executive directors of the Company namely Messrs. Wang Xianjun, Wan Tze Fan Terence and Liu Fengliang has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2004.

#### **PURCHASE, SALE AND REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the financial year.

#### **COMPLIANCE WITH CODE OF BEST PRACTICE**

The Directors are of the opinion that the Company has complied with the Code of Best Practice as set out in the old Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 1 January 2004 to 31 December 2004.

#### **PUBLICATION OF FINANCIAL INFORMATION ON THE WEBSITE OF STOCK EXCHANGE OF HONG KONG LIMITED**

All information required by paragraphs 45(1) to 45 (3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board of  
**Greater China Holdings Limited**  
**Xu Ying**  
*Chairman*

Hong Kong, 20 April 2005

\* *for identification purpose only*

*As at the date of this announcement, the board of directors of Company comprises five directors: Mr. Xu Ying and Mr. Liu Ming Hui are executive directors, Mr. Wang Xianjun, Mr. Wan Tze Fan Terence, Mr. Liu Fengliang are independent non-executive directors of the Company.*

Please also refer to the published version of this announcement in The Standard.