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**INDEPENDENT REVIEW REPORT****To the Board of Directors of Greater China Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**INTRODUCTION**

We have been instructed by Greater China Holdings Limited (the “Company”) to review the interim financial report set out on pages 5 to 19.

**DIRECTORS’ RESPONSIBILITIES**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

**REVIEW WORK PERFORMED**

We conducted our review in accordance with Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” (“SAS 700”) issued by the Hong Kong Society of Accountants, except that the scope of our review was limited as explained below.

A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report. However, the scope of our review was limited as set out below.

As described in note 15 to the condensed financial statements, a former shareholder of Leckford Limited (“Leckford”), a subsidiary of the Company, served a notice to the Group to exercise the buy back option to repurchase the Group’s interest in Leckford for a consideration of HK\$26,250,000. Following the exercise of this option, an amount receivable in respect of disposal of a subsidiary not consolidated of HK\$26,250,000 and a deferred gain from such disposal of HK\$1,250,000 have been recognised in the condensed balance sheet. We have been unable to obtain sufficient information and explanations relating to the financial position of the former shareholder to assess whether any allowance should have been made against the receivable and any adjustment should have been made against the deferred gain.

Also, as described in note 14(b) to the condensed financial statements, the Group had an exchangeable loan receivable of HK\$5,000,000 from a shareholder of Leckford which became due for repayment on 15 August 2002. We have been unable to obtain sufficient information and explanations relating to the financial position of this shareholder to assess whether any allowance should have been made against the loan receivable.

Any adjustment would affect the net assets of the Group at 30 June 2002 and the profit and cash flows and the associated disclosures in the notes to the condensed financial statements of the Group for the six months then ended.

#### **MODIFIED REVIEW CONCLUSION ARISING FROM LIMITATIONS OF REVIEW SCOPE AND DISAGREEMENT ABOUT ACCOUNTING TREATMENT**

Included in exchangeable loans receivable shown on the condensed balance sheet is an amount of HK\$25,000,000, in respect of which, as described in note 14 (a) to the condensed financial statements, the Company has issued a legal letter to pursue the recovery since it became due for repayment on 14 July 2002. Against this background, based on our review, we consider that an allowance should have been made against this receivable.

On the basis of our review which does not constitute an audit, except for possible adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the amount receivable in respect of disposal of interest in Leckford of HK\$26,250,000, the deferred gain from such disposal of HK\$1,250,000 and an exchangeable loan receivable of HK\$5,000,000 and except for the absence of any allowance against an exchangeable loan receivable of HK\$25,000,000, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2002.

Without further modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement, statement of changes in equity and cash flow statement for the twelve months ended 30 June 2001 disclosed in the interim financial report have not been reviewed in accordance with SAS 700. Also, as explained in note 2(b) to the condensed financial statements, the directors are unable to satisfy themselves that the comparative income statement figures for the twelve months ended 30 June 2001 are free from material misstatement such that the comparative income statement figures for the twelve months ended 30 June 2001 may not be comparable with the figures for the current period.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong, 26 September 2002