

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2002 (twelve months ended 30 June 2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the reporting period, the Company changed its name into Greater China Holdings Limited. The Directors believe that the change of company name reflects truly the Company's current business nature and future business direction of the Group.

For the six months ended 30 June 2002, turnover of the Group amounted to HK\$31,533,000 (Twelve months ended 30 June 2001: HK\$63,699,000). Net profit of the Group was HK\$36,669,000 (Twelve months ended 30 June 2001: HK\$80,132,000) and basic earnings per share was 0.7 cents (Earnings per share for twelve months ended 30 June 2001: 4.6 cents).

During the period, revenue from a wholly owned subsidiary of the Company which is principally engaged in the trading of handbags amounted to HK\$23,640,000, representing approximately 75% of the Group's total revenue.

In the first half of the year, the Group continued to consolidate its existing operations and streamlining its internal management. Meanwhile, the Group will continue to explore business opportunity so as to enlarge the Group's asset bases and earning ability. In July 2002, the acquisition of 1 Lyndhurst Tower, Central was completed.

Financial Review

Liquidity and Financial Resources

The Group has a current ratio of approximately 1.58 compared to that of 1.92 as at 31 December 2001 and the gearing ratio was 2.3% compared to that of 8.8% as at 31 December 2001. The calculation of gearing ratio was based on the total borrowing of HK\$12,278,000 and the total ordinary share capital of HK\$529,956,000 as at 30 June 2002. The short-term loan of HK\$12,000,000 is unsecured interest free and repayable on demand.

Other than capital commitment of HK\$160,000,000 in respect of acquisition of entire shares of a company which owns 1 Lyndhurst Tower, Central, there were no significant capital commitments as at 30 June 2002 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.