

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.

Charge on Assets

There is no charge on assets as at 30 June 2002.

Contingent Liabilities

Other than the guarantee given to a bank in respect of a loan facility of HK\$150,000,000 granted to a company which becomes a wholly-owned subsidiary of the Company upon completion of the acquisition of 1 Lyndhurst Tower, Central, the Group did not have any material contingent liabilities as at 30 June 2002.

Employees and Remuneration Policies

As at 30 June 2002, the Group has approximately 10 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned. The Group also adopted a discretionary bonus program and a share option scheme for its employees.

PROSPECTS

It is our Group's policy to maximize our shareholders' value of investment. The Directors will continue to adopt a prudent strategy in operating our business. Meanwhile, the Directors will continue to seek business opportunities that are valuable to the Group and to our shareholders concerned.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2002, none of the Directors and their associates had interests in the share capital of the Company and its associated corporations according to the registrar required to be kept under section 29 of the Securities (Disclosures of Interest) Ordinance. (the "SDI Ordinance").

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

According to the information available to the Company, set out below are the names of all parties which were, directly or indirectly, interested in 10 per cent. or more of the issued share capital of the Company and the respective relevant number of shares in which they were, and/or were deemed to be interested as at 30 June 2002, as recorded in the register required kept by the Company under section 16(1) of the SDI Ordinance:

Name	No of shares
Hai Xia Finance Limited	600,000,000
Iwai's Investments Limited <i>(Note)</i>	600,000,000
China Gas Holdings Limited <i>(Note)</i>	600,000,000

Notes:

Hai Xia Finance Limited is a wholly owned subsidiary of Iwai's Investments Limited ("IIL") which in turn is a wholly owned subsidiary of China Gas Holdings Limited ("CGHL") and both IIL and CGHL were therefore deemed to have interest in the shares.

SHARE OPTION SCHEME

A share option scheme for employees (including directors) of the Company and its subsidiaries was adopted by the Company on 22 April 2002 (the “New Share Option Scheme”) whereas the share option scheme adopted on 24 August 1992 (the “Old Share Option Scheme”) was terminated on the same date. All options granted prior the termination of the Old Share Option Scheme continue to be valid and exercisable. The New Share Option Scheme was complied with Chapter 17 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at 30 June 2002, no options have been granted under the New Share Option Scheme.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months period ended 30 June 2002, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares.

AUDIT COMMITTEE

The Audit Committee, comprising Messrs. Li Weibin and Wang Xianjun, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2002 (“Interim Financial Statements”). At the request of the Directors, the Group’s external auditors have carried out a review of the Interim Financial Statements in accordance with Standard of Auditing Standard 700 “Engagements to Review Interim Financial Reports” issued by HKSA.

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 Appendix 14 of the Listing Rules from 1 January 2002 to 30 June 2002.

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

Hong Kong, 26 September 2002