



大中華實業控股有限公司

GREATER CHINA HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

Stock Code: 431



Interim Report **2010**



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Ma Xiaoling (*Chairman*)
Ms. Chan Siu Mun

NON-EXECUTIVE DIRECTOR

Mr. Chan Sze Hon

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Ching Men Ky, Carl
Mr. Lin Rueli Min
Mr. Shu Wa Tung, Laurence

COMPANY SECRETARY

Ms. Chan Siu Mun

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China
The Hongkong and Shanghai Banking
Corporation Limited

LEGAL ADVISORS

Sit, Fung, Kwong & Shum
Michael Cheuk, Wong & Kee

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REGISTERED OFFICE

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22 Victoria Street
Hamilton HM12
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PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
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STOCK CODE

431

WEBSITE

<http://www.irasia.com/listco/hk/greaterchina/index.htm>



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	NOTES	Six months ended	
		30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
Revenue		949	638
Cost of sales		(886)	(251)
Gross profit		63	387
Other income		382	74
Selling and distribution costs		(622)	(7)
Administrative and other operating expenses		(12,313)	(15,697)
Finance costs	4	(2,539)	(658)
Loss for the period and total comprehensive loss for the period	6	(15,029)	(15,901)
Loss for the period and total comprehensive loss for the period attributable to:			
Owners of the Company		(14,944)	(15,778)
Non-controlling interests		(85)	(123)
		(15,029)	(15,901)
		HK cents	HK cents
Loss per share — basic	8	(4.98)	(5.26)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010

	NOTES	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	165,415	116,172
Prepaid lease payments		97,596	98,661
Deposits for acquisition of land and buildings	10	33,171	33,171
		296,182	248,004
Current assets			
Inventories		1,673	29
Trade and other receivables	11	1,908	1,623
Prepaid lease payments		2,128	2,128
Prepayments and deposits		408	595
Pledged bank deposit	13	6,818	6,818
Bank balances and cash		33,663	45,216
		46,598	56,409
Current liabilities			
Other payables	12	64,315	6,791
Amount due to a minority shareholder of subsidiaries	17(a)	9,881	8,327
Bank loans	14	68,636	11,818
		142,832	26,936
Net current (liabilities) assets		(96,234)	29,473
Total assets less current liabilities		199,948	277,477
Non-current liability			
Bank loans	14	—	62,500
Net assets		199,948	214,977
Capital and reserves			
Share capital	15	1,499	1,499
Reserves		398,631	398,631
Accumulated losses		(200,742)	(185,798)
Equity attributable to owners of the Company		199,388	214,332
Non-controlling interests		560	645
Total equity		199,948	214,977

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the Company				Total	Minority interests	Total
	Issued capital	Share premium	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (audited)	1,499	379,281	19,350	(141,669)	258,461	848	259,309
Loss for the period and total comprehensive loss for the period	—	—	—	(15,778)	(15,778)	(123)	(15,901)
At 30 June 2009 (unaudited)	1,499	379,281	19,350	(157,447)	242,683	725	243,408
Loss for the period and total comprehensive loss for the period	—	—	—	(28,351)	(28,351)	(80)	(28,431)
At 31 December 2009 and 1 January 2010 (audited)	1,499	379,281	19,350	(185,798)	214,332	645	214,977
Loss for the period and total comprehensive loss for the period	—	—	—	(14,944)	(14,944)	(85)	(15,029)
At 30 June 2010 (unaudited)	1,499	379,281	19,350	(200,742)	199,388	560	199,948



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended	
	30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
Net cash used in operating activities	(12,608)	(13,343)
Investing activities		
Increase in pledged bank deposit	—	(68,182)
Purchase of property, plant and equipment and prepaid lease payments	(6,765)	(29,860)
Other investing activities	12,099	(9,596)
Net cash from (used in) investing activities	5,334	(107,638)
Financing activities		
Bank loans raised	—	68,181
Bank loan repaid	(5,682)	—
Increase in bills payable	—	68,182
Other financing activities	1,403	(1,029)
Net cash (used in) from financing activities	(4,279)	135,334
Net (decrease) increase in cash and cash equivalents	(11,553)	14,353
Cash and cash equivalents at 1 January	45,216	58,109
Cash and cash equivalents at 30 June, represented by bank balances and cash	33,663	72,462

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's loss of approximately HK\$15,029,000 for the six months ended 30 June 2010 and net current liabilities of approximately HK\$96,234,000 as at 30 June 2010. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the completion of the warehouse construction and commencement of its operation in July 2010 (see note 18). In addition, the Group is in the process of obtaining a new bank loan amounting to RMB100,000,000 (equivalent to HK\$113,600,000) to finance the project development and repayment of its financial obligations and the directors are of the opinion that such bank loan will be granted to the Group in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for the Group's changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) is applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions to which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leasehold asset have been transferred to the lessee.

This change in policy has had no material effect on the condensed consolidated financial statements of the Group.

The application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments) HKAS 24 (Revised)	Improvements to HKFRSs, 2010 ¹ Related Party Disclosures, except for partial exemption of paragraph 25-27 ⁴
HKAS 32 (Amendment) HKFRS 1 (Amendment)	Classification of Rights Issues ² Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9 HK(IFRIC) - Int 14 (Amendment) HK(IFRIC) - Int 19	Financial Instruments ⁵ Prepayments of a Minimum Funding Requirement ⁴ Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the six months ended 30 June 2010 (unaudited)

	Fertilizers and chemicals HK\$'000	Industrial property development HK\$'000	Consolidated HK\$'000
Segment revenue	949	—	949
Segment results	(1,188)	(9,257)	(10,445)
Central administration costs			(4,433)
Interest expenses paid to a minority shareholder of subsidiaries			(151)
Loss for the period			(15,029)

For the six months ended 30 June 2009 (unaudited)

	Fertilizers and chemicals HK\$'000	Industrial property development HK\$'000	Consolidated HK\$'000
Segment revenue	638	—	638
Segment results	(834)	(10,338)	(11,172)
Unallocated corporate bank interest income			74
Central administration costs			(4,653)
Interest expenses paid to a minority shareholder of subsidiaries			(150)
Loss for the period			(15,901)

All of the segment revenue reported above is from external customers.

Segment result represents the post-tax loss of the Company and its subsidiaries engaged in respective segment activities without allocation of some bank interest income, central administration costs and interest expenses paid to a minority shareholder of subsidiaries. This is the measure reported to the Group's chief executive officer for the purposes of resources allocation and assessment of segment performance.

The following is an analysis of the Group's segment assets by operating segment:

	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
Fertilizers and chemicals	12,646	14,201
Industrial property development	297,433	253,125
Total segment assets	310,079	267,326

4. FINANCE COSTS

	Six months ended	
	30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
Interest on bank loans wholly repayable within five years	2,388	508
Other borrowings	151	150
	2,539	658

5. INCOME TAX EXPENSE

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 25% for the periods under review. Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% for the six months ended 30 June 2010 (six months ended 30.6.2009: 25%).

No provision for Hong Kong Profits Tax has been made as the subsidiaries operating in Hong Kong incurred tax loss for both periods.

Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), the Group's PRC subsidiaries are exempted from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation, followed by a 50% deduction for the next three years.

With effect from 1 January 2008, the tax rate is unified for both domestic and foreign investment enterprises at the rate of 25%. In addition, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations change the tax rate of the subsidiary established in Zhuhai Special Administrative Region from 15% to 22%, 24% and 25% for the year ending 31 December 2010, 2011, 2012 respectively for the subsidiary of the Company. The applicable tax rate for the subsidiary of the Company during the period is 22% (six months ended 30.6.2009: 20%).

No provision for PRC income tax has been made as all of the PRC subsidiaries are not profit-making for both periods.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended	
	30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
Amortisation of prepaid lease payments	1,064	1,473
Depreciation of property, plant and equipment	1,549	1,594
Allowance for doubtful debts	—	227
Cost of inventories recognised as an expense	665	193

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors do not declare the payment of interim dividend in respect of the interim period.

8. LOSS PER SHARE – BASIC

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
Loss		
Loss for the purpose of basic loss per share (Loss for the period attributable to owners of the Company)	(14,944)	(15,778)
Number of shares	'000	'000
Number of ordinary shares for the purpose of basic loss per share	299,847	299,847

No diluted loss per share has been presented because the Company has no potential ordinary shares outstanding in both periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred additions to property, plant and equipment, including construction in progress of warehouse, which amounted to approximately HK\$51,104,000 of which HK\$44,437,000 has not been paid at the reporting date and has been included in "other payables" (six months ended 30.6.2009: HK\$31,962,000).

10. DEPOSITS FOR ACQUISITION OF LAND AND BUILDINGS

The balance represents deposits paid for acquiring land use rights on a piece of land located in Taicang, the PRC.

11. TRADE AND OTHER RECEIVABLES

Included in the balance are trade receivables of HK\$689,000 (31.12.2009: HK\$415,000), net of allowance for doubtful debt of HK\$Nil (31.12.2009: HK\$Nil). The Group allows an average credit period of 30 days to its trade customers.

The following is an aged analysis of trade receivables based on invoice date of the Group at the end of reporting period:

	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
0 - 60 days	682	415
61 - 91 days	7	—
	689	415

12. OTHER PAYABLES

Included in the balance are accruals for the cost of construction of warehouse of HK\$44,437,000 (31.12.2009: Nil). The construction of warehouse is completed subsequently in July 2010 (see note 18).

Also included in the balance are deposits of HK\$11,364,000 (31.12.2009: Nil) received from third parties for potential participations of the industrial project development of the Group. The deposits will be repaid to the third parties if they do not participate the projects.

13. PLEDGED BANK DEPOSIT

The pledged bank deposit carried fixed interest rate of 2.25% per annum. It will be released upon the settlement of relevant short-term bank borrowing.

14. BANK LOANS

During the six months ended 30 June 2010, the Group repaid a bank loan of approximately HK\$5,682,000 (RMB5,000,000). All bank loans are denominated in Renminbi and secured by pledge of prepaid lease payments with an aggregate carrying amount of approximately HK\$82,993,000 and bank deposit amounted to HK\$6,818,000. The loans carry effective interest at fixed rates ranged from 5.31% to 6.48% per annum and are repayable within 1 year. The proceeds were used to finance the project development.

15. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each At 1 January 2009, 30 June 2009, 31 December 2009 and 30 June 2010	421,978,000	2,109,890
Preference shares of HK\$0.005 each At 1 January 2009, 30 June 2009, 31 December 2009 and 30 June 2010	22,000	110
Issued and fully paid:		
Ordinary shares of HK\$0.005 each At 1 January 2009, 30 June 2009, 31 December 2009 and 30 June 2010	299,847	1,499

16. CAPITAL COMMITMENTS

	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
Commitments in respect of the acquisition and construction of property, plant and equipment contracted for but not provided	74,592	132,824

17. RELATED PARTY DISCLOSURES

- (a) The amount due to a minority shareholder of subsidiaries include a balance of approximately HK\$6,532,000 (31.12.2009: HK\$6,381,000) which is unsecured, interest-bearing at 6% per annum and repayable on demand. The amount of interest expense incurred during the period is approximately HK\$151,000 (six month ended 30.6.2009: HK\$150,000). The remaining balance is unsecured, non-interest bearing and repayable on demand.
- (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is HK\$1,966,000 (six months ended 30.6.2009: HK\$2,024,000).

18. SUBSEQUENT EVENTS

Included in the property, plant and equipment is warehouse under construction of HK\$154,430,000. The warehouse under construction as at 30 June 2010 represented warehouse in Taicang, the PRC for the Group's own use. The construction of warehouse is completed in July 2010 and the Group has started its warehouse operation since then.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GREATER CHINA HOLDINGS LIMITED

大中華實業控股有限公司

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 13 which comprises the condensed consolidated statement of financial position of Greater China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our conclusions, we draw attention to note 1 to the condensed consolidated financial statements which indicates that the Group incurred a net loss of HK\$15,029,000 during the six-month period ended 30 June 2010 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$96,234,000. The Group's ability to continue as a going concern is dependent upon obtaining new financing to maintain the Group's operations. As at the date of this report, this financing has not yet been obtained. These conditions, along with other matters as set forth in note 1 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

Hong Kong, 27 August 2010

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2010, turnover of the Group amounted to HK\$949,000 (30 June 2009: HK\$638,000). Net loss for the period was HK\$15,029,000 (30 June 2009: HK\$15,901,000) and loss per share was HK4.98 cents (30 June 2009: HK5.26 cents).

During the period under review, the revenue from the production and sale of fertilizers, which represented the entire revenue of the Group, indicated an improvement as compared to the same period in last year due to the gradual recovery in the economic environment. However, due to the keen competition, the margin is dropped and a segmental loss of HK\$1,188,000 (30 June 2009: HK\$834,000) was resulted during the period as a consequence.

Financial Review

Liquidity and Financial Resources

As at 30 June 2010, the gearing ratio of the Group was 0.39. The calculation of gearing ratio was based on the total borrowings of HK\$78,517,000 (31 December 2009: HK\$82,645,000) and the equity attributable to equity holders of HK\$199,388,000 as at 30 June 2010 (31 December 2009: HK\$214,332,000). The gearing ratio remained the same as compared to the gearing ratio as at 31 December 2009.

Capital commitment as at 30 June 2010 was HK\$74,592,000 as certain bank loans granted to the Group as at 31 December 2009.

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

Charges on assets

As at 30 June 2010, prepaid lease payments of HK\$82,993,000 (31 December 2009: HK\$83,875,000) are pledged against bank loans granted to the Group.

The Group has also pledged bank deposits of HK\$6,818,000 to secure certain bank loans granted to the Group as at 30 June 2010 and 31 December 2009.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2010.

Employees and Remuneration Policies

As at 30 June 2010, the Group has approximately 60 employees. Remuneration is determined by reference to their respective qualifications and experiences and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

PROSPECTS

The Group's industrial property development is completed during the period under review and commenced business in July 2010. The operation of the warehouse are expected to generate stable income and contribute positive cashflow to the Group which will help to improve the overall revenue and profitability of the Group.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2010, the interests of the Directors and Chief Executive of the Company in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long positions

Name	Nature of interest	Number of shares held	Percentage to issued share capital
Ms. Ma Xiaoling ("Ms. Ma")	Corporate interests (Note)	120,212,256	40.09%

Note: Ms. Ma is the beneficial owner of the entire issued share capital of Keenlead Holdings Limited, which owned 120,212,256 shares in the Company as at 30 June 2009.

Save as disclosed above, as at 30 June 2010, none of the Directors nor Chief Executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SHARE OPTIONS

Under the terms of the share option scheme adopted by the Company, the Board may, at their discretion, grant options to the employees of the Group, including Executive Directors of the Company, to subscribe for shares in the Company.

During the period under review, there is no outstanding share option and no share options were granted or exercised.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, as at 30 June 2010, the following shareholders had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name	Note(s)	No. of shares held	Percentage to issued share capital
Keenlead Holdings Limited	1	120,212,256	40.09%
Ms. Ma	1	120,212,256	40.09%
China Main Investment (H.K.) Company Limited	2	32,000,000	10.67%
Centre Mark Development Limited	2	32,000,000	10.67%
Sino Elite International Limited	2	32,000,000	10.67%
China Main Group Company Limited	2	32,000,000	10.67%
Mr. Chen Dacheng	2	32,000,000	10.67%
Shenzhen Venture Capital (BVI) Company Limited	3	32,000,000	10.67%
Mr. Mei Jian	3	32,000,000	10.67%
Mr. Zhang Minlong	3	32,000,000	10.67%

Notes:

- The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma.
- China Main Investment (H.K.) Company Limited ("China Main") is owned as to 60% by Centre Mark Development Limited and as to 40% by Sino Elite International Limited. Centre Mark Development Limited is owned as to 99.99% by Mr. Chen Dacheng and as to 0.01% by China Main Group Company Limited. Sino Elite International Limited is owned as to 99.99% by China Main Group Company Limited and as to 0.01% by Mr. Pai Chin Ming. China Main Group Company Limited is owned as to 99% by Mr. Chen Dacheng and as to 1% by Mr. Pai Chin Ming.
- On 14 April, 2003, Shenzhen Venture Capital (BVI) Company Limited ("Shenzhen Venture Capital") reported that it has a security interest in 32,000,000 shares. Shenzhen Venture Capital is owned as to 50% by Mr. Mei Jian and 50% by Mr. Zhang Minlong.

Save as disclosed above, the Company has not been notified of any other shareholders who had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company as at 30 June 2010.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period under review, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of its shareholders. The Company has always recognized the importance of the transparency and accountability towards the shareholders. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

During the period, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the following deviations:

- Code A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Ms. Ma is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. Ma and believes that her appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.

- Code A.4.1 stipulates that Non-Executive Directors should be appoint for specific terms and subject to re-election.

The independent Non-Executive Directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws.



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors' securities transactions and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The unaudited interim financial statements of the Group for the six months ended 30 June 2010 have been reviewed by our auditors, Deloitte Touche Tohmatsu, and the audit committee of the Company. The audit committee of the Company currently comprises three Independent Non-Executive Directors, including Mr. Ching Men Ky, Carl ("Mr. Ching"), Mr. Lin Ruei Min ("Mr. Lin") and Mr. Shu Wa Tung, Laurence ("Mr. Shu").

REMUNERATION COMMITTEE

The Board has established a remuneration committee which currently comprises 2 Executive Directors, namely, Ms. Ma and Ms. Chan Siu Mun, a Non-Executive Director, namely, Mr. Chan Sze Hon, and 3 Independent Non-Executive Directors, namely, Mr. Ching, Mr. Lin and Mr. Shu. They are responsible for advising the Group on the remuneration policy and framework of the Company's Directors and senior management members, as well as reviewing and determining the remuneration of all Executive Directors and senior management members with reference to the Company's objectives from time to time.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our staff for their dedication, loyalty and integrity towards the Group. I would also like to express my gratitude to our shareholders, customers, bankers and other business partners for their trust and support to the Group.

By order of the board of
Greater China Holdings Limited
Ma Xiaoling
Chairman

Hong Kong, 27 August 2010