



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 RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007

SUMMARY OF RESULTS

The Board of Directors (the “Directors”) of Greater China Holdings Limited (the “Company”) announced that the unaudited financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007, together with the figures for the six months ended 30 June 2006 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	<i>NOTES</i>	Six months ended 30.6.2007 HK\$'000 (unaudited)	30.6.2006 HK\$'000 (unaudited)
Revenue		5,260	6,224
Cost of sales		<u>(1,736)</u>	<u>(1,983)</u>
Gross profit		3,524	4,241
Other income		3,859	137
Fair value change of investment properties		–	5,070
Gain on disposals of subsidiaries	6	4,588	–
Selling and distribution costs		(178)	(385)
Administrative expenses		(18,920)	(5,272)
Finance costs	4	<u>(3,642)</u>	<u>(4,344)</u>
Loss before tax		(10,769)	(553)
Income tax expense	5	<u>–</u>	<u>(819)</u>
Loss for the period	7	<u><u>(10,769)</u></u>	<u><u>(1,372)</u></u>
Attributable to:			
Equity holders of the parent		(10,097)	(1,372)
Minority interests		<u>(672)</u>	<u>–</u>
		<u><u>(10,769)</u></u>	<u><u>(1,372)</u></u>
		HK cents	HK cents
Loss per share – basic	9	<u><u>(3.53)</u></u>	<u><u>(0.48)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007

	30.6.2007 <i>HK\$'000</i> (unaudited)	31.12.2006 <i>HK\$'000</i> (audited)
Non-current assets		
Property, plant and equipment	8,440	8,794
Land lease prepayment	30,722	30,460
Available-for-sale investments	3,000	3,000
Prepayments	10,935	10,164
	<u>53,097</u>	<u>52,418</u>
Current assets		
Inventories	71	69
Trade and other receivables	8,054	22,525
Land lease prepayment	721	707
Prepayments and deposits	1,842	1,743
Amount due from a minority shareholder of a subsidiary	41,517	40,687
Bank balances and cash	277,488	57,361
	<u>329,693</u>	<u>123,092</u>
Assets classified as held for sale	–	440,000
	<u>329,693</u>	<u>563,092</u>
Current liabilities		
Other payables	8,949	11,200
Amounts due to minority shareholders of subsidiaries	66,034	65,475
Rental deposits	–	3,878
Taxation	–	14,687
Bank loans	1,633	181,471
	<u>76,616</u>	<u>276,711</u>
Liability associated with assets classified as held for sale	–	22,000
	<u>76,616</u>	<u>298,711</u>
Net current assets	<u>253,077</u>	<u>264,381</u>
Total assets less current liabilities	<u>306,174</u>	<u>316,799</u>
Non-current liability		
Deferred taxation	710	696
Net assets	<u>305,464</u>	<u>316,103</u>
Capital and reserves		
Share capital	1,430	1,430
Reserves	287,241	297,558
Equity attributable to equity holders of the Company	288,671	298,988
Minority interests	<u>16,793</u>	<u>17,115</u>
Total equity	<u>305,464</u>	<u>316,103</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL 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 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 March 2007.

³ Effective for annual periods beginning on or after 1 January 2008.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's revenue and contribution to loss before tax analysed by business segments are as follows:

BUSINESS SEGMENTS

For the six months ended 30 June 2007

	Fertilizers and chemicals <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	<u>2,606</u>	<u>2,654</u>	<u>-</u>	<u>-</u>	<u>5,260</u>
Segment results	1,116	1,987	(4,799)	(4,699)	(6,395)
Unallocated other income					3,253
Unallocated corporate expenses					(8,573)
Gain on disposals of subsidiaries					4,588
Finance costs					<u>(3,642)</u>
Loss before tax					(10,769)
Income tax expense					<u>-</u>
Loss for the period					<u>(10,769)</u>

For the six months ended 30 June 2006

	Fertilizers and chemicals <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	<u>1,287</u>	<u>4,937</u>	<u>-</u>	<u>6,224</u>
Segment results	(526)	9,035	(24)	8,485
Unallocated other income				82
Unallocated corporate expenses				(4,776)
Finance costs				<u>(4,344)</u>
Loss before tax				(553)
Income tax expense				<u>(819)</u>
Loss for the period				<u>(1,372)</u>

4. FINANCE COSTS

	Six months ended	
	30.6.2007 HK\$'000 (unaudited)	30.6.2006 HK\$'000 (unaudited)
Interest on:		
Bank borrowings	3,492	4,217
Others	150	127
	<u>3,642</u>	<u>4,344</u>

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the individual group entities have no assessable profit or the assessable profits are wholly absorbed by tax losses brought forward for both periods. The charge for prior period represented the recognition of deferred tax.

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 profitable years and will be entitled to a 50% relief from PRC enterprise income tax for the following three years. No provision for PRC income tax has been made as the subsidiary is exempt from PRC income tax during the period.

6. DISPOSALS OF SUBSIDIARIES

On 20 March 2007, the Group disposed of a subsidiary, China Faith Limited, which is engaged in property investment, for a consideration of HK\$440 million. Details of disposal are set out in the circular dated 31 January 2007.

On 8 June 2007, the Group also disposed of Bornwise Technology Limited and its subsidiaries, which are inactive, for a consideration of HK\$1,000.

The aggregate net assets of subsidiaries at the date of disposal were as follows:

	2007 HK\$'000
Net assets disposal of:	
Investment properties	440,000
Trade and other receivables	426
Prepayments and deposits	857
Other payables	(5,361)
Rental deposits	(3,931)
Taxation	<u>(14,687)</u>
	417,304
Directly attributable costs	18,109
Gain on disposals	<u>4,588</u>

	2007 HK\$'000
Total consideration	440,001
Cash consideration	440,001
Directly attributable costs	(18,109)
Net cash consideration	421,892
Net cash inflow arising on disposals:	
Net cash consideration	421,892
Consideration receivable	(5,000)
	416,892

The results of the disposed subsidiaries were as follows:

	Period ended 20.3.2007 HK\$'000 (unaudited)	Six months ended 30.6.2006 HK\$'000 (unaudited)
Revenue	2,654	4,937
Cost of sales – rental outgoings	(489)	(964)
	2,165	3,973
Bank interest income	28	82
Fair value change of investment properties	–	5,070
Administrative expenses	(207)	(176)
Finance costs	(3,433)	(4,189)
Loss for the period	(1,447)	(4,760)

7. LOSS FOR THE PERIOD

The loss for the period has been arrived at after charging the total depreciation and amortisation of approximately HK\$1,032,000 (six months ended 30.6.2006: HK\$290,000) in respect of property, plant and equipment and land lease prepayment.

8. DIVIDENDS

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend.

9. LOSS PER SHARE – BASIC

The calculation of basic loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	Six months ended	
	30.6.2007 <i>HK\$'000</i> (unaudited)	30.6.2006 <i>HK\$'000</i> (unaudited)
Loss		
Loss for the purpose of basic loss per share	<u>(10,097)</u>	<u>(1,372)</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Number of shares	<u>285,989</u>	<u>285,989</u>

The Company has no potential ordinary shares outstanding in both periods.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2007, turnover of the Group amounted to HK\$5,260,000 (30 June 2006: HK\$6,224,000). Net loss for the period was HK\$10,097,000 (30 June 2006: HK\$1,372,000) and loss per share was HK3.53 cents (30 June 2006: HK0.48 cents).

Rental income from 1 Lyndhurst Tower amounted to HK\$2,654,000, representing approximately 50.5% of the Group's total revenue. During December 2006, a provisional sale and purchase agreement to dispose of the Group's investment properties was signed with an independent third party (the "Purchaser"). On March 2007, the Purchaser exercised the option to acquire a wholly-owned subsidiary of the Group, which held the investment properties (the "Disposal"). The selling price represented a premium of over 30% of the valuation of the investment properties on June 2006. The Disposal was completed on March 2007.

On the other hand, during the reporting period, revenue from production and sale of fertilizers amounted to HK\$2,606,000, representing approximately 49.5% of the Group's total revenue. Due to keen competition, the operating results were not as good as what we expected, and the management is considering to concentrate on other future projects with good potential.

For the industrial property development business, the related depot facilities were still under construction and we had not commenced any operation during the reporting period.

Financial Review

Liquidity and Financial Resources

As at 30 June 2007, the Group has current ratio of approximately 4.30 compared to that of 1.89 as at 31 December 2006 and the gearing ratio was 0.23 compared to that of 0.83 as at 31 December 2006. The calculation of gearing ratio was based on the total borrowings of HK\$67,667,000 (31 December 2006: HK\$246,946,000) and the net assets of HK\$288,671,000 (31 December 2006: HK\$298,988,000) as at 30 June 2007. During the period, upon the Disposal, all the bank loans raised in Hong Kong have been fully repaid and the Group is now having adequate cash resources on hand.

There were no significant capital commitments as at 30 June 2007 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 Renminbi.

Charged on Assets

As at 30 June 2007, property, plant and equipment of HK\$6,907,000 (31 December 2006: HK\$7,005,000) are pledged against a bank loan granted to the Group.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2007.

Employees and Remuneration Policies

As at 30 June 2007, the Group has approximately 62 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

On 27 July 2007, the Group entered into the sale and purchase agreement (the "Sale and Purchase Agreement") with two minority shareholders (the "Sellers") of Keycharm Investments Limited ("Keycharm"), a 51% owned subsidiary of the Group, pursuant to which the Group agreed to acquire from the Sellers the remaining 49% interest in Keycharm and the loans of RMB58,800,000 due to the Sellers from Keycharm, at an aggregate consideration of RMB63,300,000, RMB53,300,000 of which shall be paid in cash and the balance of RMB10,000,000 shall be satisfied by the issue and allotment of the new shares of the Company

(the “Acquisition”). Given the growth potential of the import and export trading in the People’s Republic of China (the “PRC”) and the future earning potential upon the commencement of the operations of the logistics services by mid-2008, the Board is of the view that the Acquisition is in line with the business strategy of the Group and will enable the Group to further increase its exposure in the industrial property development with focus on depot infrastructure.

On the other hand, the Board has entered into a non-legally binding memorandum of understanding dated 4 June 2007 with an independent third party (the “Vendor”) in relation to a possible acquisition of a commercial property in Wuhan, the PRC for investment purpose (the “Possible Acquisition”). However, since the Board was unable to agree with the Vendor the terms of the Possible Acquisition, the Possible Acquisition was terminated and the deposit paid was refunded and received.

The Board will continue to look for investments with reasonable return by investing on quality property projects in Hong Kong or the PRC, and the Board continues to commit to achieve this objective and is optimistic of its success.

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 and has steered its development and protected the interests of its shareholders in an enlightened and open manner.

During the period under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the following deviations:

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

Ms. Ma Xiaoling 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 appointed 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 2007 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. Lin Ruei Min and Mr. Shu Wa Tung, Laurence.

REMUNERATION COMMITTEE

The Board has established a remuneration committee. The remuneration committee, currently comprising Executive Directors, Ms. Ma Xiaoling and Mr. Chan Sze Hon, and Independent Non-Executive Directors, Mr. Ching Men Ky, Carl, Mr. Lin Ruei Min and Mr. Shu Wa Tung, Laurence, is responsible for advising the Board on the remuneration policy and framework of the Company's Directors and senior management member(s), as well as reviewing and determining the remuneration of all Executive Directors and senior management member(s) 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 all of our dedicated staff for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

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

Hong Kong, 21 September 2007

As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Mr.Chan Sze Hon as Executive Directors; and Mr. Ching Men Ky Carl, Mr. Lin Rwei-min and Mr. Shu Wa Tung Laurence as Independent Non-Executive Directors.

** For identification purpose only*