

Interim Report 2011



大中華實業控股有限公司

GREATER CHINA HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

Stock Code: 431



CONTENTS

	<i>Pages</i>
CORPORATE INFORMATION	2
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
INTERIM DIVIDEND	19
MANAGEMENT DISCUSSION AND ANALYSIS	19
PROSPECTS	21
DIRECTORS' INTEREST IN SHARES	21
SHARE OPTIONS	22
INTERESTS OF SUBSTANTIAL SHAREHOLDERS	23
PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY	23
CORPORATE GOVERNANCE	24
MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS	25
AUDIT COMMITTEE	25
REMUNERATION COMMITTEE	25
APPRECIATION	26



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 Rwei 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

Head Office and Principal Place of Business

Room 1301
1 Lyndhurst Tower
1 Lyndhurst Terrace
Central
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

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
28 Queen's Road East
Wanchai
Hong Kong

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 2011

	NOTES	Six months ended	
		30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited) (restated)
Continuing operations			
Revenue	3	3,727	—
Other income, gains and losses	5	35,717	325
Administrative and other operating expenses		(20,188)	(11,627)
Finance costs	6	(5,860)	(2,388)
Profit (loss) for the period from continuing operations	9	13,396	(13,690)
Discontinued operation			
Profit (loss) for the period from discontinued operation	8	1,137	(1,339)
Profit (loss) for the period		14,533	(15,029)
Other comprehensive income:			
Exchange differences on translation of foreign operation		3,483	—
Total comprehensive income (expense) for the period		18,016	(15,029)
Profit (loss) for the period attributable to:			
Owners of the Company		14,607	(14,944)
Non-controlling interests		(74)	(85)
		14,533	(15,029)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		18,084	(14,944)
Non-controlling interests		(68)	(85)
		18,016	(15,029)
Earnings (loss) per share — basic	11	HK cents	HK cents
From continuing and discontinued operations		4.87	(4.98)
From continuing operations		4.49	(4.54)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	NOTES	30.6.2011 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	12	156,895	165,917
Prepaid lease payments		96,558	99,940
Deposits for acquisition of leasehold land	13	34,750	34,341
		288,203	300,198
Current assets			
Inventories		—	671
Trade and other receivables	14	5,024	3,344
Prepaid lease payments		2,141	2,203
Prepayments and deposits	16	21,355	564
Pledged bank deposits	15	65,476	—
Bank balances and cash		54,038	18,344
		148,034	25,126
Current liabilities			
Other payables and accruals	17	36,600	58,910
Amount due to a non-controlling shareholder of subsidiaries	21(a)	—	10,563
Bank loans	18	190,476	64,706
		227,076	134,179
Net current liabilities		(79,042)	(109,053)
Net assets		209,161	191,145
Capital and reserves			
Share capital	19	1,499	1,499
Reserves		406,430	404,920
Accumulated losses		(199,168)	(215,742)
Equity attributable to owners of the Company		208,761	190,677
Non-controlling interests		400	468
Total equity		209,161	191,145

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2010 (audited)	1,499	379,281	19,350	(185,798)	214,332	645	214,977
Loss for the period and total comprehensive expense 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
Exchange differences on translation of foreign operations	—	—	6,289	—	6,289	9	6,298
Loss for the period	—	—	—	(15,000)	(15,000)	(101)	(15,101)
Total comprehensive income (expense) for the period	—	—	6,289	(15,000)	(8,711)	(92)	(8,803)
At 31 December 2010 and 1 January 2011 (audited)	1,499	379,281	25,639	(215,742)	190,677	468	191,145
Profit for the period	—	—	—	14,607	14,607	(74)	14,533
Exchange differences on translation of foreign operations	—	—	3,477	—	3,477	6	3,483
Total comprehensive income (expense) for the period	—	—	3,477	14,607	18,084	(68)	18,016
Reclassification adjustment on disposal of subsidiaries	—	—	(1,967)	1,967	—	—	—
At 30 June 2011 (unaudited)	1,499	379,281	27,149	(199,168)	208,761	400	209,161

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For The six months ended 30 June 2011

	NOTES	Six months ended	
		30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Net cash used in operating activities		(39,285)	(12,608)
Investing activities			
Net cash outflow on disposal of subsidiaries	8	(567)	—
Placement of pledged bank deposits		(65,476)	—
Purchase of property, plant and equipment		(258)	(6,765)
Proceeds from disposal of port infrastructure project	5	35,714	—
Other investing activities		(20,824)	12,099
Net cash (used in) from investing activities		(51,411)	5,334
Financing activities			
Bank loans raised		190,476	—
Repayment of bank loans		(64,706)	(5,682)
Other financing activities		—	1,403
Net cash from (used in) financing activities		125,770	(4,279)
Net increase (decrease) in cash and cash equivalents		35,074	(11,553)
Cash and cash equivalents at 1 January		18,344	45,216
Effect of foreign exchange rate changes		620	—
Cash and cash equivalents at 30 June, represented by bank balances and cash		54,038	33,663

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For The six months ended 30 June 2011

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 assessed the liquidity and going concern assumption of the Group in light of the fact that the Group had net current liabilities of approximately HK\$79,042,000 as at 30 June 2011. 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 renewal of existing bank loans to finance repayment of its financial obligations. In addition, the Group is actively identifying potential buyers to dispose entire/part of the industrial property development project that the Group is temporarily suspended (see note 13) to obtain cashflow to finance the operation of the Group. A bank facility amounting to RMB200,000,000 (equivalent to HK\$238,000,000) has been obtained for the development of this project if the project is resumed. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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 for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

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



The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹

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

² Effective for annual periods beginning on or after 1 July 2012

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

3. REVENUE

Revenue represents revenue arising on warehouse storage income.

4. SEGMENT INFORMATION

The Group's reportable and operating segments comprise fertilizers and chemicals and industrial property development.

- Fertilizers and chemicals segment represented the production and sale of fertilizers and chemicals in Zhuhai, the People's Republic of China (the "PRC").
- Industrial property development segment represented the operation of warehouse in Taicang, the PRC and also the development of industrial property.

In the current period, there is a change of business plan regarding the fertilizers and chemicals segment. During the period, the Group disposed of its entire 51% equity interest in Lucky Green Limited and its subsidiary (“Lucky Green”). Lucky Green is principally engaged in the production and sale of fertilizers and chemicals (see note 8). Since the Group’s production and sale of fertilizers and chemicals operation is treated as discontinued operation, no segment information is disclosed with only one segment on industrial property development.

5. OTHER INCOME, GAINS AND LOSSES

Included in other income, gains and losses was a gain on disposal of port infrastructure project included in the industrial property development segment amounting to RMB30,000,000 (equivalent to HK\$35,714,000). In December 2010, the Group entered into an agreement with Chinanet Development Limited (“Chinanet”), a third party to the Group, to dispose of the port infrastructure project for a cash consideration of RMB30,000,000 (equivalent to HK\$35,294,000). The transaction was completed in January 2011. All expenditures amounting to HK\$17,800,000 (RMB15,000,000) incurred by the Group in relation to this project were expensed in profit or loss when they were incurred in prior periods and hence, no assets or liabilities were recognised for this project. Accordingly, a gain of HK\$35,714,000 (RMB30,000,000) is recognised in the current period.

6. FINANCE COSTS

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Continuing operations		
Interest on bank loans wholly repayable within five years	5,860	2,388

7. INCOME TAX EXPENSE

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

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



8. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATION)

On 1 June 2011, the Company entered into a sale agreement with Greenice Group Limited, a third party to the Group, to dispose of its entire 51% equity interest in Lucky Green, which is principally engaged in the production and sale of fertilizers and chemicals in Zhuhai, the PRC, for a cash consideration of RMB300,000. The disposal was completed on 9 June 2011, on which date the Group lost control of Lucky Green. Since then Lucky Green ceased to be a subsidiary of the Group and the Group's production and sale of fertilizers and chemicals operation is treated as a discontinued operation. The results of the Group's production and sales of fertilizers and chemicals operation for the current and prior periods is analysed as follows:

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Revenue	907	949
Cost of sales	(877)	(886)
Other income	—	57
Selling and distribution costs	(214)	(622)
Administrative expenses	(498)	(686)
Finance costs — Interest expenses paid to a non-controlling shareholder of subsidiaries	(151)	(151)
Loss for the period	(833)	(1,339)
Gain on disposal of subsidiaries	1,970	—
Profit (loss) for the period from discontinued operation	1,137	(1,339)

Loss for the period from discontinued operation was arrived at after charging the following items:

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Amortisation of prepaid lease payments	44	42
Depreciation of property, plant and equipment	319	501

The net liabilities of Lucky Green at the date of disposal were as follows:

	HK\$'000
Net liabilities disposed of:	
Property, plant and equipment	5,880
Prepaid lease payments	3,645
Inventory	600
Trade and other receivables	420
Bank balances and cash	867
Other payables and accruals	(2,336)
Amounts due to a minority shareholder of subsidiaries	(10,746)
	(1,670)
Gain on disposal of subsidiaries	1,970
Total consideration	300
Satisfied by:	
Cash	300
Net cash (outflow) arising on disposal:	
Total cash consideration received	300
Bank balances and cash disposed of	(867)
	(567)



9. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging the following items:

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Continuing operations		
Amortisation of prepaid lease payments	1,070	1,022
Depreciation of property, plant and equipment	5,028	1,048

10. 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.

11. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Earnings (loss)		
Profits (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	14,607	(14,944)
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings (loss) per share	299,847	299,847



From continuing operations

The calculation of basic earnings (loss) per share from continuing operations is based on the following data:

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited) (restated)
Profit (loss) for the period attributable to owners of the Company	14,607	(14,944)
Less: Profit (loss) for the period from discontinued operation	1,137	(1,339)
Profit (loss) for the purpose of basic earnings (loss) per share from continuing operations	13,470	(13,605)

The denominators used are the same as those detailed above for basic earnings (loss) per share.

From discontinued operation

Basic earnings per share from discontinued operation is HK0.38 cents per share (restated basic loss per share for six months ended 30.06.2010: HK0.44 cents per share), based on the profit for the period from discontinued operation of HK\$1,137,000 (restated loss for six months ended 30.06.2010: HK\$1,339,000) and the denominators detailed above for basic loss per share.

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

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred additions to property, plant and equipment amounting to approximately HK\$258,000 (six months ended 30.06.2010 approximately HK\$51,104,000).

13. DEPOSITS FOR ACQUISITION OF LEASEHOLD LAND

The balance represents deposits paid for acquiring land use rights on a piece of land located in Taicang, the PRC, for the use of industrial development project of the Group. The directors are of the opinion that the land use rights will be obtained if the Group eventually secure the acquisition of the land use rights from the PRC government. The industrial development project has been temporarily suspended due to management decision. The directors of the Company are of the opinion that the Group can obtain the land use right from the PRC government when the project is resumed in the foreseeable future.

14. TRADE AND OTHER RECEIVABLES

Included in the balance are trade receivables of HK\$3,871,000 (31.12.2010: HK\$1,495,000). 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:

	30.6.2011 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (audited)
0 — 60 days	1,324	642
61 — 91 days	546	321
Over 90 days	2,001	532
	3,871	1,495

15. PLEDGED BANK DEPOSITS

The pledged bank deposits carried fixed interest rate of 2.8% per annum. It will be released upon the settlement of relevant short-term bank borrowings (see note 18).

16. PREPAYMENTS AND DEPOSITS

Included in the balance are prepayments and deposits of HK\$17,146,000 (31.12.2010: Nil) paid to independent third party suppliers for purchasing of various products mainly construction materials for the development of trading business. Certain deposits of HK\$12,500,000 were subsequently refunded to the Group. The Group is negotiating with third party customers to complete the remaining transactions.



17. OTHER PAYABLES AND ACCRUALS

Included in the balance are payables for the cost of construction of warehouse of HK\$25,166,000 (31.12.2010: HK\$45,446,000). The construction of warehouse was completed in July 2010. The directors are of the opinion that the payables would be settled after negotiation on the settlement price has been made with the constructors.

Also included in the balance is a deposit of HK\$5,932,000 (31.12.2010: 5,882,000) received from a third party constructor for potential participation of the development of port infrastructure project of the Group. With the disposal of port infrastructure project (see note 5), the deposit was subsequently repaid to the third party.

18. BANK LOANS

During the six months ended 30 June 2011, the Group repaid bank loans of approximately HK\$64,706,000 (RMB55,000,000). All bank loans are denominated in Renminbi and secured by pledge of prepaid lease payments with an aggregate carrying amount of approximately HK\$84,939,000. The loans carry effective interest at fixed rates of 6.48% per annum.

The Group also raised short-term bank borrowings of approximately HK\$190,476,000 (RMB160,000,000). All bank loans are denominated in Renminbi and secured by pledge of property, plant and equipment with an aggregate carrying amount of approximately HK\$121,565,000, prepaid lease payments with an aggregate carrying amount of approximately HK\$67,232,000 and bank deposits amounting to HK\$65,476,000 (see note 15). The loans carry an effective interest at fixed rates ranging from 6.06% to 8.82% per annum and are repayable within one year. The proceeds were used to finance projects development and the operation of the Group.

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 were 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 carried effective interest at fixed rates ranged from 5.31% to 6.48% per annum and were repayable within one year.

19. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each		
At 1 January 2010, 30 June 2010, 31 December 2010 and 30 June 2011	421,978,000	2,109,890
Preference shares of HK\$0.005 each		
At 1 January 2010, 30 June 2010, 31 December 2010 and 30 June 2011	22,000	110
Issued and fully paid:		
Ordinary shares of HK\$0.005 each		
At 1 January 2010, 30 June 2010, 31 December 2010 and 30 June 2011	299,847	1,499

20. CAPITAL COMMITMENTS

	30.6.2011 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (audited)
Commitments in respect of the acquisition and construction of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	61,883	77,366



21. RELATED PARTY DISCLOSURES

- (a) The amount due to a non-controlling shareholder of subsidiaries included a balance of nil (31.12.2010: HK\$6,684,000) which was 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 months ended 30.6.2010: HK\$151,000). The remaining balance was 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\$2,144,000 (six months ended 30.6.2010: HK\$1,966,000).



INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2011, turnover of the Group from the industry property development segment amounted to HK\$3,727,000 (30 June 2010: nil). The industry property development segment commenced operation during the third quarter of 2010 and became the core operating business segment following the disposal of the fertilizers and chemical segment during the period under review. Turnover from the fertilizers and chemical segment for the current period prior to the disposal amounted to HK\$907,000 (30 June 2010: HK\$949,000). Given the severe operating environment of the fertilizers and chemical segment, the board of directors (the “Board”) considered that the disposal would streamline the operation and enhance the efficiency of the use in working capital of the Group.

During the period under review, the port infrastructure co-operative agreement entered into by the Group in December 2010 was completed pursuant to which all the economic benefits arising from a port infrastructure project as well as all the liabilities, taxes, costs and expenses to be incurred in the port infrastructure project would be transferred to the counterpart of the agreement at a consideration of Rmb30,000,000 (equivalent to HK\$35,714,000). Accordingly, a gain of HK\$35,714,000 was recorded. As a result of the gain, the Group’s results from continuing operation was significantly improved from a loss for period ended 30 June 2010 of HK\$13,690,000 to a profit of HK\$13,396,000 for the six months ended 30 June 2011.

As a consequence of the disposal of the fertilizers and chemical segment, a profit of HK\$1,137,000 was recorded from the discontinued operation (30 June 2010: loss of HK\$1,339,000). For the Group as a whole, a profit of HK\$14,533,000 was resulted (30 June 2011: loss of HK\$15,029,000).



Financial Review

Liquidity and Financial Resources

As at 30 June 2011, the gearing ratio of the Group was 0.91 (31 December 2010: 0.39). The calculation of gearing ratio was based on the total borrowings of HK\$190,476,000 (31 December 2010: HK\$75,269,000) and the equity attributable to equity holders of HK\$208,761,000 (31 December 2010: HK\$190,677,000).

Capital commitment in respect of the acquisition and construction of property, plant and equipment as at 30 June 2010 was HK\$61,883,000 (31 December 2010: HK\$77,366,000).

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 2011, property, plant and equipment with an aggregate carrying amount of HK\$121,565,000 (31 December 2010: Nil) and prepaid lease payments of HK\$67,232,000 (31 December 2010: HK\$84,939,000) are pledged against bank loans granted to the Group.

The Group has also pledged bank deposits of HK\$65,476,000 to secure certain bank loans granted to the Group as at 30 June 2011 (31 December 2010: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2011.

Employees and Remuneration Policies

As at 30 June 2011, the Group has approximately 40 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

Following the disposal of the fertilizers and chemical segment, the industrial property development segment became the core business segment of the Group. The Group will strive to improve the profitability and utilization of the segment despite the competitive business environment.

The Group is also actively exploring opportunity in the trading business including but not limited to domestic and export trading with the aim to bring in new source of income to the Group.

In addition, the Board is negotiating with potential investors in respect of the disposal of the port infrastructure development project which was inactive at the moment with the aim to maximize the asset value of the Group and the return to the shareholders.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2011, 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 2011.

Save as disclosed above, as at 30 June 2011, 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 2011, 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%

Notes:

- The entire issued share capital of Keenlead Holdings Limited is wholly and beneficially owned by Ms. Ma.

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 2011.

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 2011 have been reviewed by 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, 30 August 2011