



大中華實業控股有限公司

GREATER CHINA HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

Stock Code: 431



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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 Ruei Min
Mr. Shu Wa Tung, Laurence

Company Secretary

Ms. Chan Siu Mun

Auditor

HLM CPA Limited
Certified Public Accountants

Principal Bankers

Bank of China
Shanghai Pudong Development Bank
Company Limited
Taicang Rural Commercial Bank

Legal Advisors

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

Head Office and Principal Place of Business

Rooms 1013 & 15, 10/F.
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Share Registrars and Transfer Office

Butterfield Fulcrum Group
(Bermuda) Limited
26 Burnaby Street
Hamilton HM11
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>



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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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 condensed consolidated financial statements set out on pages 5 to 26, which comprise the condensed consolidated statement of financial position of Greater China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2013 and the related condensed consolidated statement of profit or loss and other 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to note 1 in the condensed consolidated financial statements which indicates that the Group incurred a net loss of HK\$15,786,000 during the six-month period ended 30 June 2013 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$73,364,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

HLM CPA Limited

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number: P05215

Hong Kong

29 August 2013



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	NOTES	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	3	26,809	36,795
Cost of sales		(21,400)	(33,029)
Gross profit		5,409	3,766
Other income, gains and losses	5	2,311	407
Selling and distribution costs		(654)	(106)
Administrative and other operating expenses		(15,560)	(15,911)
Finance costs	6	(7,292)	(8,169)
Loss for the period	8	(15,786)	(20,013)
Other comprehensive income:			
Exchange differences on translation of foreign operations that may be reclassified to profit or loss		2,478	1,079
Total comprehensive expense for the period		(13,308)	(18,934)
Loss for the period attributable to:			
Owners of the Company		(15,746)	(19,954)
Non-controlling interests		(40)	(59)
		(15,786)	(20,013)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	NOTE	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(13,272)	(18,877)
Non-controlling interests		(36)	(57)
		(13,308)	(18,934)
		HK cents	HK cents
Loss per share	10		
– Basic		(5.25)	(6.65)
– Diluted		(5.25)	(6.65)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

	NOTES	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	147,847	152,255
Prepaid lease payments	12	97,136	96,616
Deposits for acquisition of leasehold land	13	36,602	35,988
		281,585	284,859
Current assets			
Trade and other receivables	14	7,205	25,542
Prepaid lease payments	12	2,255	2,217
Prepayments and deposits	15	755	3,388
Pledged bank deposits	16	106,608	44,902
Bank balances and cash		12,034	8,046
		128,857	84,095
Current liabilities			
Trade payables	17	58	91
Other payables and accruals	18	8,731	10,523
Bills payables		–	87,967
Bank loans	19	185,266	104,765
Tax payables		8,166	8,029
		202,221	211,375
Net current liabilities		(73,364)	(127,280)
Total assets less current liabilities		208,221	157,579



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

	NOTES	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Non-current liability			
Bank loans	19	63,950	–
		144,271	157,579
Capital and reserves			
Share capital	20	1,499	1,499
Reserves		142,539	155,811
Equity attributable to owners of the Company		144,038	157,310
Non-controlling interests		233	269
Total equity		144,271	157,579

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	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 2012 (audited)	1,499	379,281	32,103	(213,236)	199,647	356	200,003
Exchange differences on translation of foreign operations	-	-	1,077	-	1,077	2	1,079
Loss for the period	-	-	-	(19,954)	(19,954)	(59)	(20,013)
Total comprehensive income (expense) for the period	-	-	1,077	(19,954)	(18,877)	(57)	(18,934)
At 30 June 2012 (unaudited)	1,499	379,281	33,180	(233,190)	180,770	299	181,069
Exchange differences on translation of foreign operations	-	-	403	-	403	1	404
Loss for the period	-	-	-	(23,863)	(23,863)	(31)	(23,894)
Total comprehensive income (expense) for the period	-	-	403	(23,863)	(23,460)	(30)	(23,490)
At 31 December 2012 and 1 January 2013 (audited)	1,499	379,281	33,583	(257,053)	157,310	269	157,579
Exchange differences on translation of foreign operations	-	-	2,474	-	2,474	4	2,478
Loss for the period	-	-	-	(15,746)	(15,746)	(40)	(15,786)
Total comprehensive income (expense) for the period	-	-	2,474	(15,746)	(13,272)	(36)	(13,308)
At 30 June 2013 (unaudited)	1,499	379,281	36,057	(272,799)	144,038	233	144,271

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Net cash used in operating activities	(78,180)	(84,921)
Investing activities		
Increase of pledged bank deposits	(61,706)	(62,221)
Purchase of property, plant and equipment	–	(423)
Other investing activities	458	403
Net cash used in investing activities	(61,248)	(62,241)
Financing activities		
Bank loans raised	235,726	218,996
Repayment of bank loans	(94,197)	(69,828)
Net cash generated from financing activities	141,529	149,168
Net increase in cash and cash equivalents	2,101	2,006
Cash and cash equivalents at 1 January	8,046	35,077
Effect of foreign exchange rate changes	1,887	(36)
Cash and cash equivalents at 30 June, represented by bank balances and cash	12,034	37,047

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the (“HKICPA”) as well as 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”).

In preparing the condensed consolidated financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group’s loss of approximately HK\$15,786,000 for the six-month period ended 30 June 2013 and net current liabilities of approximately HK\$73,364,000 as at 30 June 2013. 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 of the following:

- (i) the undrawn banking facilities of HK\$5,643,000 (equivalent to RMB4,500,000) from Industrial and Commercial Bank of China, Shanghai Municipal Branch (the “ICBCSH”) which is available until 31 January 2015;
- (ii) the directors of the Company had negotiated with the ICBCSH and ICBCSH had initially consented to grant a new banking facilities of HK\$100,313,000 (equivalent to RMB80,000,000) to the Group, in which of HK\$75,235,000 will use to settle the existing bank loans from Shanghai Pudong Development Bank in full and the balance of HK\$25,078,000 will use to support the Group’s working capital requirements;
- (iii) the ultimate holding company and substantial shareholder, Keenlead Holdings Limited, agreed to provide continuous financial support to the extent of HK\$48,000,000 to the Group to meet its working capital requirements;
- (iv) the Group intends to dispose of the building situated at Units 501 and 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the People’s Republic of China (the “PRC”), with the carrying amounts included in the property, plant and equipment of HK\$2,197,000 and prepaid lease payments of HK\$13,913,000. The market value of the property was approximately HK\$21,150,000 as valued by an independent appraisal firm at 31 December 2012; and

- (v) the Group is continuously negotiating with the China Taicang Port Development Zone (“TPDZ”) and potential purchasers for the disposal of a parcel of land located in Taicang City and a refund of deposit paid for acquiring another piece of land in Taicang, the PRC (the “Transaction”) with the carrying values of HK\$55,762,000 and HK\$36,602,000 respectively and target to complete the Transaction within the next twelve months.

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 – 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidation Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The following new and revised HKFRSs are relevant to the Group's condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim condensed consolidated financial statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement requirements prospectively. The Group has provided these disclosures in note 22. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The application of other new and 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 2012 were authorised for issuance and are not yet effective:

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKFRS 9	Financial Instruments ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-financial Assets ¹
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

The potential impacts on the applications of the above new and revised HKFRSs are disclosed in the Group's annual financial statements for the year ended 31 December 2012.

3. REVENUE

Revenue represents revenue arising on sales of goods and warehouse storage income.

4. SEGMENT INFORMATION

The Group's operations are organised into industrial property development business and trading business. Information reported to the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group's reportable and operating segments comprise industrial property development and general trading.

- Industrial property development segment represented the operation of warehouse in Taicang, the PRC and also the development of industrial property.
- General trading segment included trading of fuels, metal materials and electronic parts. Currently, the Group's general trading activities are carried out in the PRC.

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segments.

For the six months ended 30 June 2013 (unaudited)

	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
SEGMENT REVENUE	5,530	21,279	26,809
SEGMENT RESULTS	(10,216)	(2,098)	(12,314)
Unallocated corporate income			-
Unallocated corporate expenses			(3,472)
Loss before tax			(15,786)
Income tax			-
Loss for the period			(15,786)

For the six months ended 30 June 2012 (unaudited)

	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
SEGMENT REVENUE	3,956	32,839	36,795
SEGMENT RESULTS	(9,426)	(6,987)	(16,413)
Unallocated corporate income			4
Unallocated corporate expenses			(3,604)
Loss before tax			(20,013)
Income tax			-
Loss for the period			(20,013)

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

SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 30 June 2013 (unaudited)

	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
ASSETS			
Segment assets	379,451	27,901	407,352
Unallocated bank balances and cash			2,356
Unallocated property, plant and equipment			277
Unallocated other receivables, prepayments and deposits			457
Consolidated total assets			410,442
LIABILITIES			
Segment liabilities	228,747	37,362	266,109
Unallocated other payables			62
Consolidated total liabilities			266,171

At 31 December 2012 (audited)

	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
ASSETS			
Segment assets	300,122	61,726	361,848
Unallocated bank balances and cash			6,167
Unallocated property, plant and equipment			314
Unallocated other receivables, prepayments and deposits			625
Consolidated total assets			368,954
LIABILITIES			
Segment liabilities	59,526	151,244	210,770
Unallocated other payables			605
Consolidated total liabilities			211,375

5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment	283	–
Interest income	1,998	403
Sundry income	30	4
	2,311	407

6. FINANCE COSTS

	For the six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Interest on bank loans and other borrowing wholly repayable within five years	7,292	8,169

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. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	For the six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Amortisation of prepaid lease payments	1,118	1,107
Depreciation of property, plant and equipment	4,393	5,201
Staff costs including directors' emoluments	3,575	3,700

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

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

	For the six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(15,746)	(19,954)
Number of shares	'000	'000
Number of ordinary shares for the purpose of basic loss per share	299,847	299,847

No adjustment has been made to the basic loss per share amounts presented for the six-month periods ended 30 June 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of approximately HK\$2,551,000 for proceeds of approximately HK\$2,834,000, resulting in a gain on disposal of approximately HK\$283,000 (six months ended 30 June 2012: Nil).

In addition, during the current interim period, the Group incurred additions to property, plant and equipment amounting to approximately HK\$Nil (year ended 31 December 2012: approximately HK\$422,000).

12. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent payment for land use rights in the PRC and are charged to the profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Cost		
Balance at beginning of the period/year	110,157	109,241
Exchange realignment	1,879	916
Balance at end of the period/year	112,036	110,157
Accumulated amortisation		
Balance at beginning of the period/year	11,324	9,032
Exchange realignment	203	80
Amortisation for the period/year	1,118	2,212
Balance at end of the period/year	12,645	11,324
Carrying value		
Balance at end of the period/year	99,391	98,833
Analysed for reporting purposes as:		
Current assets	2,255	2,217
Non-current assets	97,136	96,616
	99,391	98,833

13. DEPOSITS FOR ACQUISITION OF LEASEHOLD LAND

At 30 June 2013, the amount represented deposits paid for acquiring the land use rights in Taicang, the PRC, in the sum of approximately HK\$36,602,000 (year ended 31 December 2012: approximately HK\$35,988,000) (equivalent to RMB29,190,000 in both periods) for industrial development project of the Group. Due to certain environmental issues, the land use rights acquired will not be able to serve the proposed usage of the land. In the opinion of the directors, the management is negotiating with the TPDZ in relation to the refund of deposit. Based on the negotiation, the directors are of the opinion that the Group would not suffer any loss on the deposit made.

14. TRADE AND OTHER RECEIVABLES

Included in the balance are trade receivables of approximately HK\$1,283,000 (year ended 31 December 2012: approximately HK\$1,330,000). The Group allows an average credit period of 90 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:

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
0 – 30 days	964	597
31 – 60 days	319	372
61 – 90 days	–	361
Over 90 days	–	–
	1,283	1,330

Included in the balance are other receivables of approximately HK\$5,922,000 (year ended 31 December 2012: HK\$24,212,000) which mainly consist of the refund on purchase of inventory paid and refund on cost of construction of warehouse of approximately HK\$2,652,000 and HK\$1,501,000 (year ended 31 December 2012: approximately HK\$13,845,000 and HK\$6,155,000) respectively.

15. PREPAYMENTS AND DEPOSITS

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Prepayments	173	2,883
Less: impairment loss recognised	–	(76)
Rental and utilities deposits	173 582	2,807 581
Total prepayments and deposits	755	3,388

16. PLEDGED BANK DEPOSITS

The pledged bank deposits carried fixed interest rate of 3.08% to 4.25% (year ended 31 December 2012: 3.05% to 3.3%) per annum. It will be released upon the settlement of relevant short-term bank borrowings.

17. TRADE PAYABLES

The average credit period on purchases of certain goods is 3 months.

The following is an analysis of trade payables by age based on the invoice date.

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	58	91
	58	91

18. OTHER PAYABLES AND ACCRUALS

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Accrued expenses	1,689	2,165
Deposits received	7,022	6,904
Other payables	20	1,454
	8,731	10,523

19. BANK LOANS

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Carrying amount of bank loans repayable:		
Within one year	185,266	104,765
More than one year, but not exceeding two years	30,094	–
More than two years, but not more than five years	33,856	–
More than five years	–	–
	249,216	104,765

During the six months ended 30 June 2013, the Group repaid bank loans of approximately HK\$94,197,000 (equivalent to RMB75,725,000) and raised bank borrowings of approximately HK\$235,726,000 (equivalent to RMB189,500,000). All bank loans are denominated in Renminbi and secured by pledge of warehouse with an aggregate carrying amount of approximately HK\$145,111,000, prepaid lease payments with aggregate carrying amount of approximately HK\$85,478,000 and bank deposits amounting to approximately HK\$106,608,000. The loans carry an effective interest at fixed rates ranging from 5.60% to 8.20% per annum.

20. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each		
At 1 January 2012, 31 December 2012, 1 January 2013 and 30 June 2013	421,978,000	2,109,890
Preference shares of HK\$0.005 each		
At 1 January 2012, 31 December 2012, 1 January 2013 and 30 June 2013	22,000	110
Issued and fully paid:		
Ordinary shares of HK\$0.005 each		
At 1 January 2012, 31 December 2012, 1 January 2013 and 30 June 2013	299,847	1,499

21. CAPITAL COMMITMENTS

	30.6.2013 HK\$'000 (unaudited)	31.12.2012 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	2,861	2,813

22. FAIR VALUE MEASUREMENT

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

23. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of directors and other members of key management during the period is approximately HK\$1,957,000 (six months ended 30 June 2012: approximately HK\$1,755,000).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2013, turnover of the Group amounted to HK\$26,809,000 (2012: HK\$36,795,000) which comprised of revenue from general trading segment of HK\$21,279,000 (six months ended 30 June 2012: HK\$32,839,000) and revenue from industrial property development segment of HK\$5,530,000 (six months ended 30 June 2012: HK\$3,956,000).

Due to the slow growth in the PRC market, the demand for raw materials such as fuel, metal materials, electronic parts, etc. continued to drop which led to a decrease in the revenue from trading by HK\$11,560,000. The management strived to reduce the overall costs of trading and the segment loss is thus slightly improved from HK\$6,987,000 for the six months ended 30 June 2012 to HK\$2,098,000 in the current period.

For the industrial property development segment, revenue and segment results remained stable and no significant change is resulted in the current period. Segment revenue and segment loss amounted to HK\$5,530,000 (six months ended 30 June 2012: HK\$3,956,000) and HK\$10,216,000 (six months ended 30 June 2012: HK\$9,426,000) respectively.

Financial Review

Liquidity and Financial Resources

As at 30 June 2013, the Group has current ratio of approximately 0.64 (31 December 2012: 0.40) and the gearing ratio of the Group was 1.73 (31 December 2012: 1.23). The calculation of gearing ratio was based on the total borrowings of HK\$249,216,000 (31 December 2012: HK\$192,732,000) and the equity attributable to equity holders of HK\$144,038,000 (31 December 2012: HK\$157,310,000).

Capital commitment in respect of the acquisition and construction of property, plant and equipment as at 30 June 2013 was HK\$2,861,000 (31 December 2012: HK\$2,813,000).

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 2013, prepaid lease payments and warehouse with the aggregate carrying amounts of HK\$85,478,000 (31 December 2012: HK\$85,038,000) and HK\$145,111,000 (31 December 2012: HK\$149,362,000) respectively were pledged against bank loans granted to the Group.

The Group has also pledged bank deposits of HK\$106,608,000 to secure certain bank loans granted to the Group as at 30 June 2013 (31 December 2012: HK\$44,902,000).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2013.

Employees and Remuneration Policies

As at 30 June 2013, 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

The management continues to negotiate actively in the disposal of a parcel of land with total site area of approximately 200,000 square meters in Taicang City, Jiangsu Province, the PRC owned by the Group and targets to conclude a formal deal at the earliest possible time. The proceeds from such possible disposal, if completed, will be used to reduce the existing bank borrowings of the Group to improve the financial position of the Group.

For the general trading segment, the Group is downsizing the operation given the current economic situation and the slim margin.

For the industrial property development segment, it remains stable and the management is focusing on introducing additional services to the existing customers to broaden the income stream and further improve the profitability.

In all, the Group will continue to seek opportunity to increase the income stream and minimize the overall costs. At the same time, the Board will explore different investment opportunities which consider viable and suitable for the Group with the objective to maximize the returns to the shareholders as a whole.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2013, 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 2013.

Save as disclosed above, as at 30 June 2013, 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 2013, 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:

1. 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 2013.

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 appointed for specific terms and subject to re-election.

The Non-Executive Director and 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.

- Code A.5 stipulates that a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of directors.

The Board as a whole is responsible for the appointment of its own members. The Board does not establish a nomination committee and is not considering to establish the same in view of the small size of the Board. The chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidate recommended by the chairman and make recommendation the appointment, re-election and retirement of the directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company.

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 2013 have been reviewed by our auditors, HLM CPA Limited 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. The remuneration committee, currently comprising executive directors, Ms. Ma and Ms. Chan Siu Mun, non-executive director, Mr. Chan Sze Hon, and independent non-executive directors, Mr. Ching, Mr. Lin and Mr. Shu, is responsible for advising the Board on the remuneration policy and framework of the Company’s directors and senior management members, as well as review and determine 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, 29 August 2013