大中華實業控股有限公司*

GREATER CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 431)

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

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2006

SUMMARY OF RESULTS

The Board of Directors (the "Directors") of Greater China Holdings Limited (the "Company") announced the audited financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006, together with the figures for the year ended 2005 are as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	NOTES	**2006** **HK$'000**	2005 HK$'000
Revenue	6	**13,576**	38,679
Rental outgoings		**(2,055)**	(592)
Cost of sales		**(2,366)**	(23,117)
Gross profit		**9,155**	14,970
Other income		**2,610**	176
Gain on change in fair value of investment properties		**121,400**	52,600
Selling and distribution costs		**(1,020)**	(1,406)
Administrative expenses		**(16,543)**	(11,193)
Impairment loss on goodwill		**(7,783)**	–
Impairment loss on prepayments		**(8,054)**	–
Finance costs	7	**(8,971)**	(5,950)
Profit before taxation		**90,794**	49,197
Income tax (credit) charge	8	**(6,040)**	6,040
Profit for the year		**96,834**	43,157
Attributable to:			
Equity holders of the Company		**98,422**	43,341
Minority interests		**(1,588)**	(184)
		96,834	43,157
Earnings per share	9		
– Basic		**34.41 cents**	17.32 cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2006

	2006 HK$'000	2005 HK$'000
Non-current assets		
Property, plant and equipment	**8,794**	5,447
Land lease prepayment	**30,460**	3,232
Investment properties	**–**	318,600
Available-for-sale investments	**3,000**	3,000
Deposit paid for acquisition of subsidiaries	**–**	11,590
Prepayments	**10,164**	–
Goodwill	**–**	–
	52,418	341,869
Current assets		
Inventories	**69**	533
Held-for-trading investment	**–**	48
Trade and other receivables	**22,525**	953
Land lease prepayment	**707**	72
Prepayments and deposits	**1,743**	1,142
Amount due from a minority shareholder of a subsidiary	**40,687**	–
Bank balances and cash	**57,361**	24,192
	123,092	26,940
Assets classified as held for sale	**440,000**	–
	563,092	26,940
Current liabilities		
Trade and other payables	**11,200**	8,012
Amount due to minority shareholders of subsidiaries	**65,475**	6,258
Rental deposits	**3,878**	3,107
Taxation	**14,687**	14,687
Bank loans	**181,471**	6,362
	276,711	38,426
Liability associated with assets classified as held for sale	**22,000**	–
	298,711	38,426
Net current assets (liabilities)	**264,381**	(11,486)
Total assets less current liabilities	**316,799**	330,383
Non-current liabilities		
Bank loans	**–**	123,350
Deferred taxation	**696**	6,709
	696	130,059
Total assets and liabilities	**316,103**	200,324
Capital and reserves		
Share capital	**1,430**	1,430
Reserves	**297,558**	198,894
Equity attributable to equity holders of the Company	**298,988**	200,324
Minority interests	**17,115**	–
Total equity	**316,103**	200,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is principally engaged in property investment, securities trading, production and sale of fertilizers and chemicals and industrial property development with focus on port infrastructure divisions.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) – Int 8	Scope of HKFRS 2[4]
HK(IFRIC) – Int 9	Reassessment of embedded derivatives[5]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC) – Int 11	HKFRS 2 - Group and Treasury Share Transactions[7]
HK(IFRIC) – Int 12	Service Concession Arrangements[8]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 March 2006.
4 Effective for annual periods beginning on or after 1 May 2006.
5 Effective for annual periods beginning on or after 1 June 2006.
6 Effective for annual periods beginning on or after 1 November 2006.
7 Effective for annual periods beginning on or after 1 March 2007.
8 Effective for annual periods beginning on or after 1 January 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under *HKFRS 3 Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with *HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill arising on acquisitions on or after 1 January 2005
Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet as an intangible asset.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

Rental income is recognised on a straight-line basis over the relevant lease term.

Sales of goods are recognised when goods are delivered and title has passed.

Sale proceeds on trading of securities are recognised on a trade date basis when the sale and purchase agreement becomes unconditional.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment, other than factory building under construction, are stated at cost less depreciation and amortisation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than factory building under construction, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Buildings	5%
Plant and machinery	10% – 20%
Furniture, fixtures and equipment	10% – 33%
Motor vehicles	20%

Factory buildings under construction are stated at cost less any impairment losses, and are not depreciated. They are reclassified to the appropriate category of property, plant and equipment when completed and ready to use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Leasehold land held for owner-occupied purpose

The leasehold land component is classified as a land lease prepayment and is amortised on a straight-line basis over the lease term.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in income statement for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Impairment of tangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

As lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in income statement in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in income statement in the period in which the foreign operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit scheme which are defined contribution scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as 'other income'.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income statement.

Financial assets

The Group's financial assets are mainly classified into financial assets at held-for-trading investments, loans and receivables or available for sale investments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each of the categories of the Group's financial assets are set out below:

– Held-for-trading investments

  At each balance sheet date subsequent to initial recognition, held-for-trading investments are measured at fair value, with changes in fair value recognised directly in income statement in the period in which they arise.

– Available-for-sale financial assets

  Available-for-sale financial assets include available-for-sale investments and are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. Available-for-sale financial assets with fair value that cannot be measured reliably, such equity investments are measured at cost less impairment. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods through income statement.

– Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, amount due from a minority shareholder of a subsidiary, and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

– Financial liabilities

  Financial liabilities include trade and other payables, amounts due to minority shareholders of subsidiaries and bank borrowings are subsequently measured at amortised cost, using the effective interest rate method.

– Equity instruments

  Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognised in income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income statement.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to carrying amount of the assets and liabilities within the next financial year, are discussed below.

Impairment loss on land lease prepayment and non-current prepayments

Determining whether land lease prepayment and non-current prepayments are impaired requires an estimation of the value in use of the cash-generating units to which the asset has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, bank balances and cash, deposits, trade and other payables, amount(s) due from/to minority shareholder(s) and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of fertilizers and chemicals, proceeds from securities trading and rental income. An analysis of the Group's revenue for the current and prior year is as follows:

	2006	2005
	HK$'000	*HK$'000*
Sales of goods	**3,298**	5,796
Proceeds from securities trading	**–**	23,326
Rental income	**10,278**	9,557
	13,576	38,679

Business segments

For management purposes, the Group is currently organised into fertilizers and chemicals, property investment, investment holding and industrial property development with focus on port infrastructure divisions, which are the basis on which the Group reports its primary segment information.

INCOME STATEMENT

For the year ended 31 December 2006

	Fertilizers and chemicals	**Property investment**	**Investment holding**	**Industrial property development**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
SEGMENT REVENUE	**3,298**	**10,278**	**–**	**–**	**13,576**
RESULTS					
Segment result	**(1,186)**	**129,831**	**1,578**	**(11,281)**	**118,942**
Unallocated corporate income					**3**
Unallocated corporate expenses					**(19,245)**
Unallocated finance costs					**(8,906)**
Profit before taxation					**90,794**
Income tax credit					**(6,040)**
Profit for the year					**96,834**

For the year ended 31 December 2005

	Fertilizers and chemicals *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	5,796	9,557	23,326	38,679
RESULTS				
Segment result	(495)	61,381	2,661	63,547
Unallocated corporate income				32
Unallocated corporate expenses				(8,491)
Unallocated finance costs				(5,891)
Profit before taxation				49,197
Income tax charge				6,040
Profit for the year				43,157

BALANCE SHEET
At 31 December 2006

	Fertilizers and chemicals ***HK$'000***	**Property investment** ***HK$'000***	**Investment holding** ***HK$'000***	**Industrial property development** ***HK$'000***	**Consolidated** ***HK$'000***
ASSETS					
Segment assets	**12,176**	**477,591**	**4,026**	**120,136**	**613,929**
Unallocated corporate assets					**1,581**
Consolidated total assets					**615,510**
LIABILITIES					
Segment liabilities	**10,108**	**30,701**	**–**	**59,295**	**100,104**
Unallocated corporate liabilities					**199,303**
Consolidated total liabilities					**299,407**

At 31 December 2005

	Fertilizers and chemicals *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Consolidated *HK$'000*
ASSETS				
Segment assets	5,168	339,590	14,601	359,359
Unallocated corporate assets				9,450
Consolidated total assets				368,809
LIABILITIES				
Segment liabilities	1,742	7,658	–	9,400
Unallocated corporate liabilities				159,085
Consolidated total liabilities				168,485

OTHER INFORMATION

For the year ended 31 December 2006

	Fertilizers and chemicals *HK$'000*	**Investment holding** *HK$'000*	**Property investment** *HK$'000*	**Industrial property development** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Capital additions						
Acquisition of subsidiaries	**–**	**–**	**–**	**28,949**	**–**	**28,949**
Other additions	**2,187**	**–**	**–**	**–**	**27**	**2,214**
Amortisation and depreciation	**518**	**–**	**–**	**255**	**93**	**866**
Impairment loss on goodwill	**–**	**–**	**–**	**7,783**	**–**	**7,783**
Impairment loss on prepayments	**–**	**–**	**–**	**8,054**	**–**	**8,054**

For the year ended 31 December 2005

	Fertilizers and chemicals *HK$'000*	Investment holding *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Capital additions	410	–	–	421	831
Amortisation and depreciation	491	–	–	43	534

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong	**10,278**	32,883
Other regions in the People's Republic of China (the "PRC")	**3,298**	5,796
	13,576	38,679

The following is an analysis of the carrying amount of total assets and additions to property, plant and equipment, land lease prepayment, and goodwill, analysed by geographical area in which the assets are located.

	Carrying amount of segment assets		**Additions to property, plant and equipment, land lease prepayment and goodwill**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**481,617**	354,191	**27**	421
Other regions in the PRC	**132,312**	5,168	**31,136**	410
	613,929	359,359	**31,163**	831

7. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**8,685**	5,721
Other advances	**286**	229
	8,971	5,950

8. INCOME TAX (CREDIT) CHARGE

The (credit) charge for the year is represented by changes in deferred tax.

No provision for taxation has been made in the financial statements as the subsidiaries operating in Hong Kong incurred tax loss for the both years.

Pursuant to the relevant laws and regulations in the PRC, subsidiaries in the PRC is entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation, followed by a 50% deduction for the next three years. No provision for PRC income tax has been made as the subsidiaries are not making profit in the year.

The income tax (credit) charge for the year can be reconciled to the profit before taxation per the income statement as follows:

	2006	2005
	HK$'000	*HK$'000*
Profit before taxation	**90,794**	49,197
Tax charge at Hong Kong profits tax rate of 17.5%	**15,889**	8,609
Tax effect of expenses not deductible for tax purpose	**3,608**	1,268
Tax effect of income not taxable for tax purpose	**(21,590)**	(1,340)
Overprovision of deferred taxation in prior year	**(6,132)**	–
Tax effect of tax losses not recognised	**2,188**	1,144
Tax effect of utilisation of tax assets not previously recognised	**–**	(3,648)
Others	**(3)**	7
Income tax (credit) charge for the year	**(6,040)**	6,040

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of HK$98,422,000 (2005: HK$43,341,000) and 285,989,000 shares (2005: weighted average of 250,300,000 shares) in issue during the year.

No diluted earnings per share has been presented because the Company has no potential ordinary shares issued in both years.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2006, turnover of the Group amounted to HK$13,576,000 (2005: HK$38,679,000). Net profit for the year attributable to the equity holders of the Company was HK$98,422,000 (2005: HK$43,341,000) and earnings per share was HK34.41 cents (2005: HK17.32 cents).

During the reporting period, revenue from production and sale of fertilizers amounted to HK$3,298,000 (2005: HK$5,796,000), representing approximately 24.3% of the Group's total revenue. Rental income from 1 Lyndhurst Tower amounted to HK$10,278,000 (2005: HK$9,557,000), representing approximately 75.7% of the Group's total revenue and over 80% of the total gross floor area was leased out.

Following the blossoming of the property market, the revaluation of the investment properties has contributed to a profit of HK$121,400,000, and the property investment business remains as the largest profit contributor to the Group.

Financial Review

Liquidity and Financial Resources

As at 31 December 2006, the Group has current ratio of approximately 1.89 compared to that of 0.70 as at 31 December 2005 and the gearing ratio was 0.83 compared to that of 0.68 as at 31 December 2005. The calculation of gearing ratio was based on the total borrowings of HK$246,946,000 (2005: HK$135,970,000), and the net assets of HK$298,988,000 as at 31 December 2006 (2005: HK$200,324,000).

There were no significant capital commitments as at 31 December 2006 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.

Charges on Assets

As at 31 December 2006, all the Group's investment properties and the issued shares of a wholly owned subsidiary of the Company are pledged and the rental income in respect of the investment properties under operating leases are assigned to banks against bank loans granted to the Group.

Property, plant and equipment of HK$7,005,000 (2005: HK$7,063,000) are pledged against a bank loan granted to the Group.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2006.

Employees and Remuneration Policies

As at 31 December 2006, the Group has approximately 51 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned 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

This year is a turning point of the Group. 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 holds the investment properties (the "Disposal"). The selling price represented a premium of over 30% as compared to that of the valuation of the investment properties on June 2006. The Disposal was completed on March 2007, while it released the pressure of the high debt ratio of the Group.

After the completion of the Disposal, the Board considers that the Group is in a strong position to capture any valuable investment opportunity should it arise as the Group will have adequate cash resources on hand. 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 year 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

During the year 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 (the "Listing Rules") 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 separate 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 conductive 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.

– Code E.1.2 stipulates that the chairman of the board should attend the annual general meeting.

  The Chairman, Ms. Ma Xiaoling, did not attend the 2005 annual general meeting which was held on 2 June 2006 due to her personal reason. Nevertheless, all other directors, including all independent non-executive directors, attended the annual general meeting and the board has endeavoured to maintain an on-going dialogue with shareholders and to provide effective communication with shareholders.

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 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. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2006.

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 review and determine the remuneration of all executive directors and senior management member(s) with reference to the Company's objectives from time to time.

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

Hong Kong, 20 April 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 Ruei-min and Mr. Shu Wa Tung Laurence as independent non-executive Directors.