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 2009

SUMMARY OF RESULTS

The board of directors (the "Board") 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 2009, together with the figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	5	**5,273**	4,458
Cost of sales		**(4,179)**	(3,747)
Gross profit		**1,094**	711
Other income	6	**1,123**	2,981
Selling and distribution costs		**(449)**	(270)
Administrative and other operating expenses		**(42,682)**	(39,937)
Finance costs	7	**(3,418)**	(453)
Loss before tax		**(44,332)**	(36,968)
Income tax credit	8	**—**	1,225
Loss for the year		**(44,332)**	(35,743)
Other comprehensive income:			
Exchange differences on translation of foreign operation		**—**	14,363
Total comprehensive loss for the year		**(44,332)**	(21,380)

* *For identification purpose only*

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(44,129)**	(35,458)
Minority interests		**(203)**	(285)
		(44,332)	(35,743)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(44,129)**	(21,129)
Minority interests		**(203)**	(251)
		(44,332)	(21,380)
Loss per share — basic	*9*	**(14.72 cents)**	(11.83 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**116,172**	69,954
Prepaid lease payments		**98,661**	89,076
Available-for-sale investments		**—**	—
Prepayments for project development		**—**	14,318
Deposits for acquisition of land and buildings		**33,171**	49,364
Goodwill		**—**	—
		248,004	222,712
Current assets			
Inventories		**29**	40
Trade and other receivables	*10*	**1,623**	1,617
Prepaid lease payments		**2,128**	1,935
Prepayments and deposits		**595**	573
Pledged bank deposit		**6,818**	—
Bank balances and cash		**45,216**	58,109
		56,409	62,274
Current liabilities			
Other payables		**6,791**	15,525
Amounts due to a minority shareholder of subsidiaries		**8,327**	7,879
Bank loans		**11,818**	2,273
		26,936	25,677
Net current assets		**29,473**	36,597
Total assets less current liabilities		**277,477**	259,309
Non-current liabilities			
Deferred tax liabilities		**—**	—
Bank loans		**62,500**	—
		214,977	259,309
Capital and reserves			
Share capital		**1,499**	1,499
Reserves		**398,631**	398,631
Accumulated losses		**(185,798)**	(141,669)
Equity attributable to owners of the Company		**214,332**	258,461
Minority interests		**645**	848
Total equity		**214,977**	259,309

1. BASIS OF PRESENTATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operates. As the Company is a listed entity on the Stock Exchange, the financial statements are presented in Hong Kong dollars for the convenience of the readers.

The Group is principally engaged in investment holding, production and sale of fertilisers and chemicals and industrial property development with focus on port infrastructure and warehouse projects.

2. APPLICATION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of new and revised Standards, Amendment to Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Hong Kong Accounting Standards ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Hong Kong (International Financial Reporting Interpretations Committee) — Interpretations ("HK(IFRIC)") — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of new and revised HKFRSs had no material effect on the financial statements of the Company for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs when they were incurred, including those that were directly attributable to the acquisition, construction or production of a qualifying asset. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the new accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). This change in accounting policy has not had any impact on the results and financial position of the Group for the current and prior accounting periods.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 5) and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

The adoption of the new and revised 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 and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosure[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

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

The directors of the Company anticipate that the application of the other new or revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs 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 Limited 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 Group 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 statement of comprehensive income from the effective date of acquisition and 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 into 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 business 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.

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 profit or loss.

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.

Acquisition of additional interest in subsidiaries

Goodwill arising on acquisition of additional interest in subsidiaries represents the excess of the cost of the acquisition over the carrying amount of the net assets attributable to the additional interest in the subsidiaries.

Goodwill

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position and is carried at cost less accumulated impairment loss.

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 profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, 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 sold in the normal course of business, net of discounts and sales related taxes.

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

Revenue from sales of goods is recognised when goods are delivered and title has passed.

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 on initial recognition.

Property, plant and equipment

Property, plant and equipment including building held for use in the production, or for administrative purpose, other than warehouse under construction, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than warehouse under construction, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Warehouse under construction are carried at cost less any recognised impairment losses, and are not depreciated. They are reclassified to the appropriate category of property, plant and equipment when completed and ready for intended 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 profit or loss in the period in which the item is derecognised.

Leasehold land held for owner-occupied purpose

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

Impairment losses on tangible assets other than goodwill (see the accounting policies in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss in the consolidated statement of comprehensive income.

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.

The Group as lessor

Rental income from operating leases is recognised in profit or loss 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.

The Group as lessee

Operating lease payments are recognised as an expense 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 the respective 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, 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 in other comprehensive income and accumulated in equity (the translation reserve).

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 consolidated statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 the end of the reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly classified into financial assets as loans and receivables and 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 category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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 the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets 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.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities include other payables, amounts due to a minority shareholder of subsidiaries and bank loans are subsequently measured at amortised cost, using the effective interest 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 receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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 or payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Impairment loss on property, plant and equipment and prepaid lease payments

Included in property, plant and equipment mainly represented warehouse under construction. Determining whether warehouse under construction is impaired requires an estimation of future expected cash flows from the warehouse project and a suitable discount rate. The carrying amount of property, plant and equipment is HK$116,172,000 (2008: HK$69,954,000). The carrying amount of warehouse under construction is HK$102,326,000 (2008: HK$56,312,000).

Determining whether prepaid lease payments are impaired requires an estimation of the fair value of the prepaid lease payments less cost to sell and the future expected cash flows from the prepaid lease payments. The carrying amount of prepaid lease payments is HK$100,789,000 (2008: HK$91,011,000).

For the years ended 31 December 2009 and 2008, no impairment loss has been recognised for property, plant and equipment and prepaid lease payments.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of fertilizers and chemicals. An analysis of the Group's revenue for the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Sales of goods	**5,273**	4,458

Business segments

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), the chairman of the Company, for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. In the past, the Group had three business segments including fertilizers and chemicals, industrial property development and investment holding. However, for resource allocation and performance assessment purposes, the Group's operating segments include only fertilizers and chemicals segment and industrial property development segment. In addition, in prior periods, bank interest income and finance cost of the subsidiaries operating in segment activities were not included in segment results. Further, information reported to the CODM are based on the post-tax results of the subsidiaries engaged in the respective segment activities and bank interest income earned by and finance costs received by those subsidiaries are included in the measure of segment results.

Information regarding these segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

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

For the year ended 31 December 2009

	Fertilizers and chemicals *HK$'000*	**Industrial property development** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE	**5,273**	**—**	**5,273**
Segment results	**(1,104)**	**(35,616)**	**(36,720)**
Unallocated other income			**929**
Unallocated bank interest income			**89**
Central administration costs			**(8,327)**
Interest expenses paid to a minority shareholder of subsidiaries			**(303)**
Loss for the year			**(44,332)**

For the year ended 31 December 2008

	Fertilizers and chemicals *HK$'000*	Industrial property development *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	4,458	—	4,458
Segment results	915	(27,373)	(26,458)
Unallocated other income			40
Unallocated bank interest income			404
Central administration costs			(9,426)
Interest expenses paid to a minority shareholder of subsidiaries			(303)
Loss for the year			(35,743)

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

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

Segment assets and liabilities

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

At 31 December 2009

	Fertilizers and chemicals *HK$'000*	**Industrial property development** *HK$'000*	**Consolidated** *HK$'000*
ASSETS			
Segment assets	**14,201**	**253,125**	**267,326**
Unallocated bank balances and cash			**35,988**
Unallocated property, plant and equipment			**520**
Unallocated other receivables, prepayments and deposits			**579**
Consolidated total assets			**304,413**
LIABILITIES			
Segment liabilities	**3,890**	**76,931**	**80,821**
Unallocated other payables			**1,007**
Unallocated amounts due to a minority shareholder of subsidiaries			**7,608**
Consolidated total liabilities			**89,436**

At 31 December 2008

	Fertilizers and chemicals *HK$'000*	Industrial property development *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	15,645	223,838	239,483
Unallocated bank balances and cash			44,172
Unallocated property, plant and equipment			765
Unallocated other receivables, prepayments and deposits			566
Consolidated total assets			284,986
LIABILITIES			
Segment liabilities	4,431	12,034	16,465
Unallocated other payables			1,906
Unallocated amounts due to a minority shareholder of subsidiaries			7,306
Consolidated total liabilities			25,677

Other information

For the year ended 31 December 2009

	Fertilizers and chemicals *HK$'000*	**Industrial property development** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Information included in respect results/segment assets:				
Capital additions	**171**	**64,111**	**—**	**64,282**
Amortisation and depreciation	**964**	**4,082**	**245**	**5,291**
Interest income	**6**	**37**	**89**	**132**
Finance costs	**120**	**2,995**	**303**	**3,418**
Write off of projects development costs (included in administrative and other operating expenses)	**—**	**2,798**	**—**	**2,798**
Impairment loss on prepayments for project development (included in administrative and other operating expenses)	**—**	**14,318**	**—**	**14,318**

For the year ended 31 December 2008

	Fertilizers and chemicals *HK$'000*	Industrial property development *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Information included in respect results/segment assets:				
Capital additions	363	118,641	3	119,007
Deposits for acquisition of land and buildings	—	49,364	—	49,364
Amortisation and depreciation	899	2,218	244	3,361
Interest income	8	1,237	404	1,649
Finance costs	150	—	303	453
Write off of projects development costs (included in administrative and other operating expenses)	—	4,240	—	4,240

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers Year ended		Non-current assets	
	31/12/2009	31/12/2008	**31/12/2009**	31/12/2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**—**	—	**520**	764
PRC	**5,273**	4,458	**247,484**	221,948
	5,273	4,458	**248,004**	222,712

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended	
	31/12/2009	31/12/2008
	HK$'000	*HK$'000*
Customer A	**1,257**	N/A[1]
Customer B	**1,006**	N/A[1]
Customer C	**908**	N/A[1]
Customer D	**592**	897
Customer E	**N/A[1]**	599
Customer F	**N/A[1]**	490

[1] The corresponding revenue did not contribute over 10% of the total sales of the group.

6. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Bank interest income	**132**	1,649
Sundry income	**930**	868
Government grant	**61**	98
Investment income	**—**	366
	1,123	2,981

7. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**3,115**	150
Other borrowings	**303**	303
	3,418	453

8. INCOME TAX CREDIT

	2009	2008
	HK$'000	*HK$'000*
Deferred tax credit		
Current year	**—**	—
Overprovision in prior year	**—**	1,225
	—	1,225

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are exempted from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation, followed by a 50% deduction for the next three years. A subsidiary established in Zhuhai, the PRC, is under 50% deduction in tax rate for both years.

With effect from 1 January 2008, the tax rate was unified for both domestic and foreign investment enterprises at the rate of 25%. In addition, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate of the subsidiary established in Zhuhai Special Administrative Region from 15% to 18%, 20%, 22%, 24% and 25% for the year ending 31 December 2008, 2009, 2010, 2011, 2012 respectively for the subsidiary of the Company. The applicable tax rate for the subsidiary of the Company during the year is 20% (2008: 18%).

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

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before tax	**(44,332)**	(36,968)
Tax credit at domestic tax rate of 25% (2008: 25%)	**(11,083)**	(9,242)
Tax effect of expenses not deductible for tax purpose	**4,819**	1,657
Tax effect of income not taxable for tax purpose	**(177)**	(533)
Tax effect of tax losses not recognised as deferred tax asset	**5,823**	7,294
Tax effect of tax exemption granted to PRC subsidiaries	**—**	64
Overprovision for deferred tax liabilities in prior year	**—**	(1,225)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**618**	760
Income tax credit for the year	**—**	(1,225)

9. LOSS PER SHARE — BASIC

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of HK$44,129,000 (2008: HK$35,458,000) and 299,847,000 shares (2008: 299,847,000 shares) in issue during the year.

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

10. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**415**	334
Other receivables	**1,208**	1,283
	1,623	1,617

The Group allows an average credit period of 30 days. The following is an aged analysis of trade receivables based on invoice date of the Group at the end of reporting period:

	2009	2008
	HK$'000	*HK$'000*
0-60 days	**415**	242
61-90 days	**—**	92
	415	334

Before accepting any new customer, the Group has assessed the credit quality of each potential customer. In addition, the Group has reviewed repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

Included in the Group's trade recoverable are debtors with aggregate carrying amount of HK$22,000 (2008: HK$96,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 31 days (2008: 31 days).

Aging of trade receivables which are past due but not impaired

	2009	2008
	HK$'000	*HK$'000*
0-30 days	**—**	4
31-60 days	**22**	92
	22	96

The trade receivables were subsequently settled after the end of the reporting period.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2009, turnover of the Group amounted to HK$5,273,000 (2008: HK$4,458,000) and loss for the year amounted to HK$44,332,000 (2008: HK$35,743,000). Despite of competitive business environment and the global financial difficulty, the management strived to maintain the operations of the Group and continued to control the costs and carry on the construction of the depot facilities in the PRC.

During the year under review, a segment loss of HK$1,104,000 was resulted for the production and sale of fertilizers and chemical segment (2008: a segment gain HK$915,000). The loss is due to the keen competition in the industry and the slow down of the economic environment in the PRC which led to a reduction in both the sales and the profit margin of the operation. The management will monitor the operation closely and explore various opportunities to widen the customer base and improve the profit margin in the coming year.

For the industrial property development business, the construction of the depot facilities was completed in early 2010 and would commence operation in the second quarter of 2010.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2009, the Group has current ratio of approximately 2.09 compared to that of 2.43 as at 31 December 2008 and the gearing ratio was 0.39 compared to that of 0.04 as at 31 December 2008. The calculation of gearing ratio was based on the total borrowings as at 31 December 2009 of HK$82,645,000 (2008: HK$10,152,000) and the equity attributable to equity holders at 31 December 2009 of HK$214,332,000 (2008: HK$258,461,000).

Capital commitment in respect of the acquisition and construction of property, plant and equipment amounted to HK$132,824,000 (2008: HK$147,401,000).

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

PROSPECTS

With the commencement of operation of the depot facilities in the PRC in 2010, it is expected that the revenue of the Group as a whole would be improved and the cash flows generated from the operation would strengthen the overall financial position of the Group.

The Group would focus on the business development of the depot facilities operation in the years to come with the objective to develop the segment as our major operation in terms of turnover as well as profitability. At the same time, the management will continue to explore business opportunity to maximize the returns to the shareholders.

CHARGES ON ASSETS

As at 31 December 2009, property, plant and equipment of HK$83,875,000 (2008: HK$9,675,000) and bank deposits of HK$6,818,000 (2008: Nil) are pledged against bank loans granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group has approximately 60 employees. Remuneration is determined by reference to their respective qualifications and experience 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.

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 ("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 calibre individuals and meets regularly to discuss issues affecting the 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 of the Company 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.

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 fulfil 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. Ching"), Mr Lin Ruei Min ("Mr. Lin") and Mr. Shu Wa Tung, Laurence ("Mr. Shu"). 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 2009.

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.

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

Hong Kong, 26 April 2010

As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Ms. Chan Siu Mun as executive directors, Mr. Chan Sze Hon as non-executive director; and Mr. Ching Men Ky Carl, Mr. Lin Ruei-min and Mr. Shu Wa Tung Laurence as independent non-executive directors.