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 ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013, together with the figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	*4*	**32,963**	118,337
Cost of sales		**(21,544)**	(108,924)
Gross profit		**11,419**	9,413
Other income	*5*	**3,977**	1,656
Other gains and losses		**285**	(1,649)
Selling and distribution costs		**(659)**	(106)
Administrative and other operating expenses		**(29,416)**	(33,002)
Finance costs	*6*	**(15,731)**	(20,219)
Loss before tax		**(30,125)**	(43,907)
Income tax expense	*7*	**–**	–
Loss for the year		**(30,125)**	(43,907)
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**3,645**	1,483
Total comprehensive expense for the year		**(26,480)**	(42,424)

* *For identification purposes only*

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(30,045)**	(43,817)
Non-controlling interests		**(80)**	(90)
		(30,125)	(43,907)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(26,407)**	(42,337)
Non-controlling interests		**(73)**	(87)
		(26,480)	(42,424)
		HK cents	HK cents
Loss per share	*8*		
basic and diluted		**(10.02)**	(14.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**145,103**	152,255
Prepaid lease payments		**97,092**	96,616
Deposits for acquisition of land use rights		**37,015**	35,988
		279,210	284,859
Current assets			
Trade and other receivables	9	**8,327**	25,542
Prepaid lease payments		**2,280**	2,217
Prepayments and deposits		**811**	3,388
Pledged bank deposits		**88,765**	44,902
Bank balances and cash		**9,106**	8,046
		109,289	84,095
Current liabilities			
Trade payables	10	**59**	91
Other payables and accruals	10	**18,928**	10,523
Bills payables		**–**	87,967
Bank loans		**173,092**	104,765
Tax payables		**8,258**	8,029
		200,337	211,375
Net current liabilities		**(91,048)**	(127,280)
Total assets less current liabilities		**188,162**	157,579
Non-current liability			
Bank loans		**57,063**	–
Net assets		**131,099**	157,579
Capital and reserves			
Share capital		**1,499**	1,499
Reserves		**129,404**	155,811
Equity attributable to owners of the Company		**130,903**	157,310
Non-controlling interests		**196**	269
Total equity		**131,099**	157,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

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. Its parent and ultimate holding company is Keenlead Holdings Limited, a company incorporated in the British Virgin Islands. Its ultimate controlling party is Ms. Ma Xiaoling, who is also the chairman and executive director of the Company. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is located at Rooms 1013 and 15, 10th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

The Group is principally engaged in investment holding, industrial property development and general trading included trading of metal materials.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. BASIS OF PREPARATION

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that:

(i) the Group's current liabilities exceeded its current assets by HK$91,048,000 as at 31 December 2013 and the Group incurred a loss of HK$30,125,000 and had net cash outflows from operating activities of HK$82,497,000 for the year ended 31 December 2013; and

(ii) amongst the total bank borrowings of HK$230,155,000 as at 31 December 2013, bank borrowings of HK$173,092,000 as at 31 December 2013 are due for repayment within one year from 31 December 2013.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration of the followings:

(i) the directors of the Company had negotiated with Industrial and Commercial Bank of China (the "ICBC") and obtained written confirmation from the ICBC confirming new banking facilities of HK$101,446,000 (equivalent to RMB80,000,000) secured by the warehouse of HK$142,475,000 to be granted to the Group, of which of HK$72,280,000 will be used to settle the existing bank loans from Shanghai Pudong Development Bank in full and the remaining amount of HK$29,166,000 will be used for the Group's working capital requirements;

(ii) the Group is continuously negotiating with the China Taicang Port Development Zone ("TPDZ") for the disposal of a parcel of land located in Taicang City (the "Land") with a valuation of RMB66,000,000 prepared by an independent qualified professional valuer and a refund of deposits of HK$37,015,000 paid for acquiring another piece of land in Taicang City, the PRC (the "Deposits");

Subsequent to the reporting date, the Group entered into a non-legally binding letter of intent (the "LOI") with a potential buyer in relation to the possible disposal of an indirect wholly-owned subsidiary which owns the Land and the Deposits. Pursuant to the LOI, the Group and the potential buyer shall use their best endeavours to negotiate on the terms and conditions and enter into a legally-binding agreement in relation to the possible disposal within six months from the date of signing of the LOI. The directors of the Company expect that the consideration of the possible disposal is expected to be not less than RMB60,000,000. A deposit of RMB10,000,000 had been received after signing the LOI on 21 January 2014;

(iii) subsequent to the reporting date, the Group successfully renewed bank loans of HK$53,259,000 and settled bank borrowings of HK$39,944,000 according to the terms and schedules of the respective loan agreements and maintained good credit history. The directors of the Company are confident that the Group will be able to roll over its outstanding bank loans when they are due for repayment in year 2014 and will continue to put efforts to arrange additional bank financing to meet the funding requirement of the Group;

(iv) the directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring daily operating expenses and arrange with bankers to convert certain short term loans into long term loans whenever possible;

(v) the Group intends to dispose of the office building situated at Units 501 and 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the PRC, with the carrying amounts included in the property, plant and equipment of HK$2,158,000 and prepaid lease payments of HK$13,952,000 as a source of providing liquidity. At the end of the reporting period, the fair value of these assets was HK$22,700,000 based on a valuation prepared by an independent qualified professional valuer; and

(vi) the ultimate holding company, Keenlead Holdings Limited, agreed to provide continuous financial support to the Group to meet its financial obligations.

In view of the foregoing and after having considered the validity of the Group's ability to generate operating profits and positive cash flows, to renew its current banking facilities upon expiry and to dispose of certain of its assets, the directors believe that the Group will have adequate financial resources for its working capital requirements for the ensuing year. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the consolidated financial statements to write down the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not yet been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

3.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

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

Except for as described below, the application of the above new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors are of the opinion that the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

3.2 New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HK (IFRIC) – Int 21	Levies[1]

[1] *Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted*

[2] *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised*

[4] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

[5] *Effective for annual periods beginning on or after 1 January 2016*

The directors of the Company anticipate that the application of the above new or revised HKFRSs have been issued but are not yet effective will have no material impact on the results and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of goods and warehouse storage income. An analysis of the Group's revenue for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of goods	**21,434**	108,667
Warehouse storage income	**11,529**	9,670
	32,963	118,337

Business Segments

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

– Industrial property development segment represents the operation of warehouse in Taicang city, the PRC.

– General trading segment includes trading of metal materials. Currently, the Group's general trading activities are carried out in the PRC.

Segment revenue and results

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

For the year ended 31 December 2013

	Industrial property development	**General trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
SEGMENT REVENUE	**11,529**	**21,434**	**32,963**
SEGMENT RESULTS	**(20,061)**	**(2,636)**	**(22,697)**
Unallocated corporate expenses			**(7,428)**
Loss before tax			**(30,125)**
Income tax			**–**
Loss for the year			**(30,125)**

For the year ended 31 December 2012

	Industrial property development *HK$'000*	General trading *HK$'000*	Total *HK$'000*
SEGMENT REVENUE	9,670	108,667	118,337
SEGMENT RESULTS	(13,691)	(22,595)	(36,286)
Unallocated corporate income			4
Unallocated corporate expenses			(7,625)
Loss before tax			(43,907)
Income tax			–
Loss for the year			(43,907)

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

Segment result represents the post-tax loss of the subsidiaries engaged in the respective segment activities without allocation of some sundry income and central administrative costs which are not earned by or incurred by those subsidiaries. This is the measure reported to the Group's CODM for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities

At 31 December 2013

	Industrial property development ***HK$'000***	**General trading** ***HK$'000***	**Total** ***HK$'000***
ASSETS			
Segment assets	**382,600**	**2,840**	**385,440**
Unallocated bank balances and cash			**2,349**
Unallocated property, plant and equipment			**240**
Unallocated other receivables, prepayments and deposits			**470**
Consolidated total assets			**388,499**
LIABILITIES			
Segment liabilities	**237,084**	**19,714**	**256,798**
Unallocated other payables			**602**
Consolidated total liabilities			**257,400**

At 31 December 2012

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

Other information

For the year ended 31 December 2013

	Industrial property development *HK$'000*	**General trading** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Information included in segment results/segment assets:				
Amortisation and depreciation	**10,961**	**–**	**75**	**11,036**
Interest income	**(2,913)**	**(1,057)**	**–**	**(3,970)**
Finance costs	**13,623**	**2,108**	**–**	**15,731**
Gain on disposal of property, plant and equipment	**(285)**	**–**	**–**	**(285)**

For the year ended 31 December 2012

	Industrial property development *HK$'000*	General trading *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Information included in segment results/segment assets:				
Additions to property, plant and equipment	63	–	359	422
Amortisation and depreciation	10,784	–	183	10,967
Interest income	(698)	(954)	–	(1,652)
Finance costs	3,492	16,727	–	20,219
Impairment loss on trade and other receivables	3,691	1,986	–	5,677
Impairment loss on prepayments and deposits	–	76	–	76
Gain on disposal of property, plant and equipment	(1,225)	–	–	(1,225)
Written back of projects development costs	(2,879)	–	–	(2,879)

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 based on the locations of operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	31.12.2013 ***HK$'000***	31.12.2012 *HK$'000*	**31.12.2013** ***HK$'000***	31.12.2012 *HK$'000*
Hong Kong	**–**	–	**240**	314
PRC	**32,963**	118,337	**278,970**	284,545
	32,963	118,337	**279,210**	284,859

Information about major customers

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

	31.12.2013	31.12.2012
	HK$'000	*HK$'000*
Customer A[1]	**–**	32,721
Customer B[1]	**–**	62,199
Customer C[1]	**21,434**	–
Customer D[2]	**3,574**	3,418
Customer E[2]	**7,955**	5,376

[1] *Revenue from sale of goods.*

[2] *Revenue from warehouse storage income.*

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**3,970**	1,652
Sundry income	**7**	4
	3,977	1,656

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings wholly repayable within five years	**15,731**	20,219

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the years ended 31 December 2013 and 2012.

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits for the year (2012: Nil).

PRC enterprise income tax ("EIT") is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiary of the Group with certain tax concession, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to the enterprise income tax rules and regulations of the PRC, the applicable PRC EIT rate of the Group's PRC subsidiary is 25%.

No provision for the PRC EIT has been made during the year as the subsidiaries operated in the PRC had no assessable profits for the year (2012: Nil).

The income tax expense for the year can be reconciled to the loss before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss before tax	**(30,125)**	(43,907)
Tax credit at domestic tax rate of 25% (2012: 25%)	**(7,531)**	(10,976)
Tax effect of expenses not deductible for tax purpose	**1,232**	2,802
Tax effect of income not taxable for tax purpose	**(2,187)**	(1,662)
Tax effect of tax losses not recognised as deferred tax asset	**7,855**	9,188
Effect of different tax rates of subsidiaries operating in other jurisdictions	**631**	648
Income tax expense for the year	**–**	–

At the end of reporting period, the Group has unused tax losses subject to the agreement of tax authorities of HK$193,257,000 (2012: HK$187,019,000), available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unutilised tax losses of HK$95,794,000 (2012: HK$77,383,000) can be carried forward for a period of five years. Other unrecognised tax losses may be carried forward indefinitely.

8. LOSS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(30,045)**	(43,817)
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	**299,847**	299,847

The amounts of diluted loss per share are the same as basic loss per share because the Company has no potential ordinary shares outstanding for both periods.

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**1,349**	1,505
Less: impairment loss recognised	**(179)**	(175)
	1,170	1,330
Other receivables (Note a)	**12,829**	29,726
Less: impairment loss recognised	**(5,672)**	(5,514)
	7,157	24,212
Total trade and other receivables	**8,327**	25,542

Note:

(a) As at 31 December 2013, the balance of other receivables after accumulated impairment loss mainly consists of the refund of purchase money on inventory and refund on overpayment of cost of construction of the Group's warehouse of HK$2,682,000 (2012:HK$13,845,000) and HK$1,523,000 (2012: HK$6,155,000) respectively.

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables net of impairment loss based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**1,170**	597
31 – 60 days	**–**	372
61 – 90 days	**–**	361
Over 90 days	**–**	–
	1,170	1,330

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

The movements in impairment loss of trade receivables are as follows:

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**175**	–
Recognised during the year	**–**	174
Exchange realignment	**4**	1
Balance at end of the year	**179**	175

The movements in impairment loss of other receivables are as follows:

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**5,514**	–
Recognised during the year	**–**	5,503
Exchange realignment	**158**	11
Balance at end of the year	**5,672**	5,514

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**59**	91
Accrued expenses	**2,371**	2,165
Deposits received *(Note a)*	**7,945**	6,904
Other payables *(Note a)*	**8,612**	1,454
Total other payables and accruals	**18,928**	10,523
Total trade and other payables and accruals	**18,987**	10,614

Note:

(a) Included in deposits received are receipts in advance from customers and refundable deposits. Included in other payables are the amounts advanced from the staff and the other creditors, which are unsecured, non-interest-bearing and are expected to be settled within one year.

The following is an analysis of trade payables by age based on the invoice date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**–**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**59**	91
	59	91

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

EXTRACT OF THE AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2013:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which indicates that the Group's current liabilities exceeded its current assets by HK$91,048,000 and the Group incurred a loss of HK$30,125,000 and had net cash outflow from operating activities of HK$82,497,000 for the year ended 31 December 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2 to the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to generate operating profits and positive cash flows, to renew its current banking facilities upon expiry, to dispose of certain of its assets, to obtain further financial support to be provided by its ultimate holding company to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. These consolidated financial statements do not include any adjustments that would result from the failure to achieve any of these actions.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: nil).

BUSINESS REVIEW

For the year ended 31 December 2013, turnover of the Group amounted to HK$32,963,000 (2012: HK$118,337,000) which comprised of revenue from general trading segment of HK$21,434,000 (2012: HK$108,667,000) and revenue from industrial property development segment of HK$11,529,000 (2012: HK$9,670,000).

At the same time, the loss for the year was reduced from HK$43,907,000 for the year ended 31 December 2012 to HK$30,125,000 for the year ended 31 December 2013. Such reduction in loss is due to the decrease in operating loss of the general trading business and a decrease in the overall expenses of the Group as a result of the cost control measures taken place during the year.

The significant decrease in revenue from general trading segment is a combined result of the continued decrease in demand for raw materials such as electronic parts, metal materials, etc. and a temporary suspension of the general trading business within the Group. With the aim to improve the operating loss situation in the general trading operation, the management has stopped the existing operation in the second half of 2013 and re-directed the resources to identify solutions to improve the profitability in future.

The industrial property development operation, on the other hand, remained stable with slight increase due to the upward adjustment in the rate as a result of the renewal of service contracts with certain customers during the year.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2013, the Group has current ratio of approximately 0.55 (2012: 0.40) and the gearing ratio of the Group was 1.76 (2012: 1.23). The calculation of gearing ratio was based on the total borrowings of HK$230,155,000 (2012: HK$192,732,000) and the equity attributable to equity holders of HK$130,903,000 (2012: HK$157,310,000).

Capital commitment in respect of the acquisition and construction of property, plant and equipment amounted to HK$2,893,000 (2012: HK$2,813,000).

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

PROSPECTS

As mentioned before, the general trading business is temporarily suspended in order to re-direct resources to identify solutions to improve the profitability in the coming year including but not limited to actively negotiate with our bankers for better terms in trade finance and broaden our existing client base to improve the profit margin. The management will continue to closely monitor the operation and work on improving the profitability in the years to come.

Meanwhile, the management remains optimistic on the industrial property development segment which mainly involves the warehouse rental and management service. The warehouse is currently 100% utilised and the customers are very stable.

In January 2014, the Group has announced the signing of the Letter of Intent (the "LOI") with an investor to dispose of the 85% equity interest of a subsidiary at Taicang and a deposit of RMB 10,000,000 was received. The negotiation of this transaction is still undergoing and the management targeted to finalise the terms and enter into a formal sale and purchase agreement in this year. If the transaction is completed, the financial position of the Group will be improved and the indebtedness will be reduced as a whole.

CHARGES ON ASSETS

As at 31 December 2013, prepaid lease payments, warehouse and bank deposits with the aggregate carrying amounts of HK$85,420,000 (2012: HK$85,038,000), HK$142,475,000 (2012: HK$149,362,000) and HK$88,765,000 (2012: HK$44,902,000) respectively were pledged against bank loans and bills payables granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2013.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group has approximately 40 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.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES

During the year, 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 ("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.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors whether the directors have complied with the required standard set out in the Model Code regarding directors' securities transactions and all directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to 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 2013.

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.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary announcement.

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

Hong Kong, 28 March 2014

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.