THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Greater China Holdings Limited (the "Company"), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

VERY SUBSTANTIAL DISPOSAL TRANSACTION
DISPOSAL OF PROPERTY

Financial adviser to the Company

博大資本國際有限公司

Partners Capital International Limited

A letter from the board of directors of the Company is set out on pages 4 to 14 of this circular.

A notice convening the special general meeting of the Company to be held at Plaza I to III, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 22 February 2007 at 2:00 p.m. is set out on pages 108 to 109 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting should you so wish.

31 January 2007

* *For identification purpose only*

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In this circular, the following expressions have the following meanings, unless the context otherwise requires:–

"BVI"	the British Virgin Islands
"Company"	Greater China Holdings Limited, a company incorporated in Bermuda, the shares of which are currently listed on and dealt in the Stock Exchange
"Completion Date"	within twenty two (22) business days upon receipt of written notice by the Purchaser of the fulfillment of the condition as mentioned in the section headed "Condition and Completion" in this circular and in any event completion shall take place on or before 30 April 2007
"Consideration"	HK$440,000,000 to be paid by the Purchaser to the Vendor pursuant to the terms of the Provisional Agreement
"Controlling Shareholder"	Keenlead Holdings Limited, a company incorporated in the BVI with limited liability and beneficially owned by Ms. Ma Xiaoling, the Chairman of the Company and the controlling Shareholder holding approximately 42.03% of the existing issued share capital of the Company
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Property by the Vendor to the Purchaser as stipulated by the Provisional Agreement
"Formal Agreement"	a formal agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal
"Grantor"	Sharp Star Investment Corporation, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	29 January 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Option"	an option granted by the Grantor to the Purchaser to purchase the Relevant Shares
"Option Notice"	a written notice from the Purchaser to the Grantor to exercise the Option
"PRC"	the People's Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
"Property"	Store Room on Ground floor, Shops 4 and 5 on Ground Floor, Commercial Premises on 1st, 2nd and 3rd Floors, Offices 1, 2, 3 and 4 on 4th to 7th Floors, Offices 1 and 4 on 8th Floor, Offices 1, 2, 3 and 4 on 9th to 18th Floors, Offices 1, 2, 3 and 4 on 20th to 22nd Floors, Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor, No. 1 Lyndhurst Terrace and No. 78 Wellington Street, Central, Hong Kong
"Provisional Agreement"	the conditional sale and purchase agreement dated 15 December 2006 as amended by the Supplemental Agreement among the Company, the Vendor, the Grantor and the Purchaser
"Purchaser"	GC Acquisition III Limited, a company incorporated in BVI with limited liability
"Relevant Shares"	the entire issued share capital of the Vendor (together with the shareholders' loan(s), if any)
"Remaining Group"	the Group immediately after completion of the transactions contemplated under the Provisional Agreement or the Formal Agreement or the Share Agreement (as the case may be)
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"SGM"	a special general meeting to be held at Plaza I to III, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 22 February 2007 at 2:00 p.m. by the Company for the Shareholders to consider and approve the Provisional Agreement and the transactions contemplated thereunder
"Share(s)"	share(s) of HK$0.005 each in the share capital of the Company

"Share Agreement"	the conditional sale and purchase agreement may be entered among the Company, the Vendor, the Grantor and the Purchaser in relation to the sale and purchase of the Relevant Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	a supplemental agreement dated 22 January 2007 among the Company, the Vendor, the Grantor and the Purchaser to provide for, inter alia, the extension of the period under which the Purchaser can exercise the Option and also the making certain provisions to supplement the terms and conditions of the Provisional Agreement
"Vendor" or "China Faith"	China Faith Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Executive Directors:
Ms. Ma Xiaoling *(Chairman)*
Mr. Chan Sze Hon

Independent Non-Executive Directors:
Mr. Ching Men Ky Carl
Mr. Lin Ruei-min
Mr. Shu Wa Tung Laurence

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business:
Room 1301
1 Lyndhurst Tower
1 Lyndhurst Terrace
Central
Hong Kong

31 January 2007

To the Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL TRANSACTION
DISPOSAL OF PROPERTY

INTRODUCTION

On 19 December 2006, the Board announced that on 15 December 2006, the Company, the Grantor (being the beneficially owner of the Vendor and a wholly-owned subsidiary of the Company) and the Vendor (being an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property for a consideration of HK$440,000,000.

In view of the need to carry out further due diligence in respect of the Property and the Relevant Shares so as to decide whether to exercise the Option, at the request of the Purchaser, on 22 January 2007, the Company, the Grantor and the Vendor entered into the Supplemental Agreement with the Purchaser to provide for, inter alia, the extension of the period under which the Purchaser can exercise the Option and also the making certain provisions to supplement the terms and conditions of the Provisional Agreement.

* *For identification purpose only*

As the applicable percentage ratio for the Disposal under the Listing Rules is more than 75%, the Disposal constitutes a very substantial disposal transaction for the Company under Rule 14.08 of the Listing Rules and must be made conditional on approval by the Shareholders. No Shareholder is required to abstain from voting in the SGM for approving the Provisional Agreement and the transactions contemplated thereunder.

The Company has applied for a waiver from strict compliance with (i) Rule 14.68(2)(b)(i) (in the case of disposal of the Property) and (ii) Rule 4.06(1)(a) (in the case of disposal of the Vendor) and seek the consent from the Stock Exchange to incorporate (i) the profit and loss statement of the Property and the accountants' report of the Company (as the case may be) for each of the three years ended 31 December 2005 and for the nine months ended 30 September 2005 (unaudited) and for the nine months ended 30 September 2006; and (ii) the valuation of the Property as at each of the three years ended 31 December 2005 and as at 30 November 2006 in this circular.

The Directors confirm that they have performed sufficient due diligence on the Group to ensure that, up to the date of this circular, there is no material adverse change in the financial position of the Group since 30 September 2006, and that there is no event since 30 September 2006 which would materially affect the accuracy of the information in the accountants' report of the Company and the profit and loss statement of the Property as contained in this circular.

The purpose of this circular is to give you details of the Disposal and the notice of the SGM at which the necessary resolution will be proposed to consider and, if thought fit, approve the Provisional Agreement and the transactions contemplated thereunder.

THE PROVISIONAL AGREEMENT DATED 15 DECEMBER 2006 (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT)

Parties

Vendor: China Faith Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

Grantor: Sharp Star Investment Corporation, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company

Company: Greater China Holdings Limited, a company incorporated in Bermuda, the shares of which are currently listed on and dealt in the Stock Exchange

Purchaser: GC Acquisitions III Limited, a company incorporated in BVI with limited liability, which is principally engaged in property and investment holding

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Assets to be disposed

Store Room on Ground Floor, Shops 4 and 5 on Ground Floor, Commercial Premises on 1st, 2nd and 3rd Floors, Offices 1, 2, 3 and 4 on 4th to 7th Floors, Offices 1 and 4 on 8th Floor, Offices 1, 2, 3 and 4 on 9th to 18th Floors, Offices 1, 2, 3 and 4 on 20th to 22nd Floors, Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor, No. 1 Lyndhurst Terrace and No. 78 Wellington Street, Central, Hong Kong.

The Property is to be sold on "as is" basis and subject to the existing tenancies as of 30 November 2006. After the date of signing of the Provisional Agreement, the Vendor shall not enter into any agreements which will impact the Property or the Purchaser after the Completion Date or create any new tenancies or licences or encumbrances over or against the Property or any parts thereof or otherwise vary the terms of the tenancies unless with the prior written consent of the Purchaser, which consent can be given or withheld at its sole discretion. It is a condition of the Provisional Agreement that the Vendor shall deliver vacant possession of those parts of the Property which are not subject to the existing tenancies as of 30 November 2006 upon completion of the Property.

The Formal Agreement, the Option Notice and Share Agreement

The Formal Agreement shall be signed by the Purchaser and the Vendor within five (5) business days upon receipt of written notice by the Purchaser of the fulfillment of the condition precedent of the Provisional Agreement. Pending the signing of the Formal Agreement or the parties to the Provisional Agreement failing to enter into the Formal Agreement, the parties to the Provisional Agreement agree that the Provisional Agreement shall continue to be binding and have full legal effects.

Possession and rents will be retained and all outgoings discharged by the Vendor up to but exclusive of the actual day of completion and as from and inclusive of that day possession and rents will belong to and all outgoings discharged by the Purchaser. All current outgoings and rents shall (if necessary) be apportioned between the Vendor and the Purchaser on completion.

In consideration of the Purchaser entering into this Provisional Agreement with the Vendor, the Grantor, the beneficial owner owning the entire issued share capital of the Vendor, hereby agrees to grant the Option to the Purchaser or its nominee to purchase the Relevant Shares at the Consideration with the same payment terms as those for sale of the Property. The Option shall be exercisable only once by the Purchaser by delivery to the Grantor of the Option Notice within two (2) business days from the receipt of the written notice from the Vendor confirming that the condition precedent has been satisfied. Upon serving on the Grantor the Option Notice, the parties shall enter into the Share Agreement within ten (10) business days from the date of service of the Option Notice and completion shall take place within twenty (20) business days from the date of service of the Option Notice. In such event, the Vendor's obligation to sell the Property to the Purchaser shall cease and any part(s) of the Consideration paid by the Purchaser to the Vendor up to the date of service of the Option Notice shall be transferred from the Vendor to the Grantor or its nominee under the Share Agreement. In the event that no Option Notice is served by the Purchaser to the Grantor, the Vendor and the Purchaser shall enter into the Formal Agreement.

In addition to the terms of the Provisional Agreement, the parties also agree that the Share Agreement shall contain, inter alia, the following provisions:

(a) the Purchaser shall have the option to either (i) purchase the existing shareholder's loan of the Vendor to the effect that the total consideration of HK$440,000,000.00 shall comprise of the share consideration and the shareholder's loan consideration and subject to adjustment of rental income, rental deposits, outgoings, etc., the only asset of the Vendor shall be the Property at completion which should be free from encumbrances; or (ii) procure a new loan to be made available to the Vendor on completion to repay the existing shareholder's loan and bank loans; and

(b) part of the consideration in the sum of HK$5,000,000.00 shall be stakeheld by the Purchaser's solicitors as stakeholder pending the final court judgement or settlement of the litigation between the Vendor and Jones Lang LaSalle Limited, details of which set out in the paragraph headed "Litigation" in Appendix VI to this circular.

In the event that the Purchaser procures a new loan to be made available to the Vendor on completion to repay the existing shareholder's loan and bank loans, the consideration payable by the Purchaser shall be equal to HK$440,000,000.00 less the amounts of the existing shareholder's loan and bank loans.

Consideration

The Consideration of HK$440,000,000 was arrived at after arm's length negotiations between the Purchaser and the Vendor. The Directors considered the Consideration is fair and reasonable with reference to the current property market condition and after taking into account that the Consideration represents (i) a premium of approximately 30.53% over the market value of the Property of HK$337,100,000 as at 30 November 2006 as appraised by LCH (Asia-Pacific) Surveyors Limited, an independent qualified property surveyor appointed by the Company and (ii) a premium of approximately 36.62% over the sum of (a) the net asset value of the Vendor of approximately HK$59,792,000 as at 30 June 2006, (b) the amount due from the Vendor to the group companies of approximately HK$96,208,000 as at 30 June 2006 and (c) bank loans of approximately HK$166,065,000 as at 30 June 2006 totalling to approximately HK$322,065,000.

The Consideration of HK$440,000,000 shall be paid by the Purchaser in the following manner:–

(a) HK$22,000,000 as initial deposit (the "Initial Deposit") equivalent to 5% of the Consideration to the Vendor upon signing of the Provisional Agreement;

(b) HK$44,000,000 as further deposit (the "Further Deposit") equivalent to 10% of the Consideration to the Vendor shall be paid by the Purchaser to the Purchaser's solicitors as stakeholder upon signing of the Supplemental Agreement. The Purchaser's solicitors shall deposit the Further Deposit into an interest bearing account and shall only be entitled to release the Further Deposit to the Vendor and/or the Grantor upon completion of the Provisional Agreement; and

(c) HK$374,000,000 being the balance of the Consideration equivalent to 85% of the Consideration to the Vendor on the Completion Date.

Up to the Latest Practicable Date, the Initial Deposit and the Further Deposit have been paid by the Purchaser according to the terms of the Provisional Agreement.

Condition and Completion

Completion of the sale and purchase of the Property or the Relevant Shares (if applicable) shall be conditional upon the passing at the SGM of a resolution approving the transactions contemplated herein in accordance with the terms and conditions under the Provisional Agreement pursuant to the Listing Rules.

Subject to the Extended Completion Date as defined below, completion of the sale and purchase of the Property shall take place on the Completion Date. At completion, the Property shall be conveyed to the Purchaser free from encumbrances.

In the event that the transaction cannot be completed by the Completion Date because of a non-fulfilment of the condition precedent, the Purchaser (or its nominee) shall be entitled (but not obliged) to extend the Completion Date by three (3) more months to on or before 31 July 2007 (the "Extended Completion Date") by serving a written notice on the Vendor on or before the original Completion Date. In such event, any references to "Completion Date" in the Provisional Agreement, the Formal Agreement or the Share Agreement shall be deemed to be referring to the "Extended Completion Date" instead.

In the event that the condition precedent shall not have been fulfilled on or before 10 April 2007 or the Extended Completion Date on 31 July 2007 other than due to any breach of the Provisional Agreement by or due to the fault of the Vendor and/or the Company and/or the Grantor, the Vendor shall refund and shall instruct the Purchaser's solicitors to refund all Initial Deposit and Further Deposit paid hereunder to the Purchaser forthwith together with interest at the best lending rate quoted by the Hong Kong and Shanghai Banking Corporation Limited from time to time calculated from the date of receipt of such Initial Deposit and Further Deposit (as the case may be) to the date of refund. Subject to receipt of the said monies by the Purchaser, the Provisional Agreement and/or the Formal Agreement and/or the Share Agreement shall be absolutely determined and of no further effect. For the avoidance of doubt, the Purchaser hereby acknowledges that the Purchaser shall not be entitled to seek reimbursement from the Vendor for the costs or expenses in conducting the due diligence as provided herein or otherwise.

Pursuant to a deed of undertaking from the Controlling Shareholder and Ms. Ma Xiaoling (being the Chairman of the Company and the beneficial owner of the Controlling Shareholder), Ms. Ma Xiaoling has unconditionally and irrevocably undertake to procure the Controlling Shareholder, and the Controlling Shareholder, to exercise all of its voting rights in its capacity as a Shareholder to vote in favour of the resolution of Shareholders approving the transactions contemplated in the Provisional Agreement in accordance with the terms and conditions under the Provisional Agreement and pursuant to the Listing Rules.

Information of the Property and the Vendor

The Property was acquired by the Group in 2002. For the year ended 31 December 2004 and 2005, the rental income of the Property were approximately HK$8,235,000 and HK$9,557,000 respectively. The unaudited net profit attributable to the Property for the year ended 31 December 2004 and 2005 were approximately HK$4,350,000 and HK$3,302,000 respectively. The Property was recorded in the Company's accounts as investment property as at 31 December 2005. The audited book value of the Property was HK$318,600,000 as at 31 December 2005 and the valuation of the Property was HK$337,100,000 as at 30 November 2006, the valuation report of the Property sets out in Appendix V to this circular.

The Vendor is a company incorporated in Hong Kong on 21 August 2000 and became a wholly owned subsidiary of the Grantor in 2002. The sole asset of the Vendor is its interests in the Property. The Vendor is a subsidiary of the Company and its accounts is consolidated into that of the Company. In the event that the Grantor and the Purchaser enter into the Share Agreement, upon completion of the disposal of the Vendor, the Vendor will cease to be a subsidiary of the Group. The audited net profit of the Vendor after extraordinary items and (i) before and (ii) after taxation for the year ended 31 December 2005 were approximately (i) HK$55,382,000 and (ii) HK$49,342,000 respectively. The audited net profit of the Vendor after extraordinary items and (i) before and (ii) after taxation for the year ended 31 December 2004 were approximately (i) HK$15,078,000 and (ii) HK$15,078,000 respectively. The audited net asset value of the Vendor was approximately HK$55,850,000 as at 31 December 2005 and the audited net asset value of the Vendor was approximately HK$63,291,000 as at 30 September 2006.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property investment, investment holding, production and sale of organic fertilizers and industrial property development with focus on depot infrastructure.

Based on the unaudited pro forma income statement of the Group upon completion of the disposal of the Property, it is estimate that a gain of around HK$94,874,000 (subject to audit and after associated costs and other expenses), being the sum of the change in fair value of the investment properties of HK$111,600,000 and the administrative expenses of HK$16,726,000, will arise on the disposal of the Property.

Based on the unaudited pro forma income statement of the Remaining Group upon completion of the disposal of China Faith, it is estimate that a gain of around HK$100,914,000 (subject to audit and after associated costs and other expenses), being the sum of the change in fair value of the investment properties of HK$111,600,000 and the loss on disposal of subsidiary of HK$10,686,000, will arise on the disposal of China Faith.

Taking into account the substantial gain on the Disposal and having considered the rental yield, the high level of interest rate and the current property market condition in Hong Kong, the Directors considers that the Disposal represents a good opportunity for the Company to realise the investment in the Property at a substantial gain. As such, the Directors (including the independent non-executive Directors) consider that the Provisional Agreement is on normal commercial terms and the terms of the Provisional Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

Based on the audited accounts of the Vendor for the year ended 31 December 2005, revenue and net profit before taxation attributable to the Property are approximately HK$9,557,000 and HK$55,382,000 respectively which in turn represent approximately 24.71% and 112.57% of the revenue and net profit before taxation of the Group for the same financial year. However, the profit attributable to the Property primarily arose as a result of the gain in revaluation of the Property which amounts to approximately HK$52,600,000. Although the Group continued to record a gain on revaluation of the Property amounting to approximately HK$5,070,000 for the six months ended 30 June 2006, the Group could only recorded a loss after taxation of approximately HK$1,372,000 as a result of the continuous increase in the interest rate. As the Property was unable to contribute profit before taking into account the gain on revaluation of the Property for the Group and given that the Consideration represents a premium of approximately 30.53% over the market value of the Property as at 30 November 2006, the Directors consider that the Disposal will not have any material adverse impact on the financial position of the Group.

USE OF NET PROCEEDS

The net proceeds of the Disposal, after repayment of the relevant bank loans and deduction of the relevant expenses, are estimated at approximately HK$245 million which are intended to be used for future investments as detailed below and general working capital purpose.

On 20 September 2006, the Company has completed the acquisition of 51% equity interest of Keycharm Investments Limited. The sole asset of Keycharm Investments Limited is its approximately 85.71% equity interest in 太倉中化國際興業石化開發建設有限公司 (Taicang Sinochem International Xingye Petrochemical Development Company Limited) which scope of business includes construction of port infrastructure, development of petrochemical industry projects and operation and development of transportation related logistic facilities (subject to granting of relevant operating permits). The depot infrastructure will be constructed in two phases and construction of phase one is expected to be completed in late 2007 and the business operation will commence thereafter. Upon completion of the Disposal, the Company will have adequate cash resources and the Directors may consider to increase the equity interest of the Company in this project. However, no negotiation has been initiated at this stage.

In addition, the Directors are assessing the feasibility of acquiring a residential property project in the PRC for investment purpose. The Company is currently in the process of collecting the relevant information regarding the project and no negotiation has been initiated at this stage.

Notwithstanding that the above investment opportunities may or may not materialise, the Directors consider that the Group is in a strong position to capture any valuable investment opportunity should it arises as the Group will have adequate cash resources on hand after completion of the Disposal.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2005, turnover of the Group amounted to HK$38,679,000 (2004: HK$15,207,000). Net profit for the year attributable to the equity holders of the Company was HK$43,341,000 (2004: HK$12,709,000) and earnings per share was HK17.32 cents (2004: HK5.74 cents). During the reporting period, revenue from production and sale of fertilizers amounted to HK$5,796,000 (2004: HK$6,420,000), representing approximately 14.98% of the Group's total revenue. Investment in securities shared approximately 60.31% of the Group's total revenue resulting from the disposal of all the Company's equity investments listed in Hong Kong. Rental income from 1 Lyndhurst Tower amounted to HK$9,557,000 (2004: HK$8,235,000), representing approximately 24.71% of the Group's total revenue and over 90% of the total gross floor area was leased out. Following the blossoming of the property market, the revaluation of the investment properties has contributed to a profit of HK$52,600,000, and the property investment business remains as the largest profit contributor to the Group.

For the six months ended 30 June 2006, turnover of the Group amounted to HK$6,224,000 (30 June 2005: HK$31,134,000). Net loss for the period was HK$1,372,000 (30 June 2005: net profit of HK$38,877,000) and loss per share was HK0.48 cents (30 June 2005: earnings per share of HK16.3 cents). Rental income from 1 Lyndhurst Tower amounted to HK$4,937,000, representing approximately 79.3% of the Group's total revenue. Following the exciting year of 2005, the blooming of property market continues in the first half of 2006. Rental income has been mostly exhibiting a gradual uptrend. The Group's investment properties, 1 Lyndhurst Tower, have also benefited from the growth and contributed to a profit of HK$5,070,000 from the revaluation, representing a growth of nearly 1.6% in their aggregate valuation, while over 80% of the total gross floor areas were leased out. At the same time, some tenancy agreements of the Group's investment properties were renewed with a double digit rise in the corresponding rental income. Although the interest rate is standing at a high level, we believe that this favourable condition will carry over into the second half of 2006. On the other hand, during the reporting period, revenue from production and sale of fertilizers amounted to HK$1,287,000, representing approximately 20.7% of the Group's total revenue. Due to keen competition, the operating results were not as good as what we expected, and the management is developing other new markets in the PRC to broaden its customer base.

FINANCIAL REVIEW OF THE REMAINING GROUP

Financial review upon disposal of the Property

Liquidity and Financial Resources

Upon disposal of the Property, the Group has current ratio of approximately 3.79 and the gearing ratio is 0.21. The calculation of gearing ratio is based on the total borrowings of HK$65,857,000 and the net assets of HK$310,674,000.

Apart from the acquisition of 51% of the issued capital of a company incorporated in BVI and the sole asset of which is a sino-foreign equity joint-venture incorporated in the PRC (the "Investment"), there were no other significant capital commitments upon disposal of the Property which would require a substantial use of the Group's present cash resources or external funding.

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

Charge on Assets

Upon disposal of the Property, property, plant and equipment of HK$7,025,000 are pledged against a bank loan granted to the Group.

Contingent Liabilities

The Group did not have any material contingent liabilities upon disposal of the Property.

Employees and Remuneration Policies

Upon disposal of the Property, the Group has approximately 46 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

Financial review upon disposal of China Faith

Liquidity and Financial Resources

Upon disposal of China Faith, the Remaining Group has current ratio of approximately 4.02 and the gearing ratio is 0.21. The calculation of gearing ratio is based on the total borrowings of HK$65,857,000 and the net assets of HK$313,528,000.

Apart from the Investment, there were no other significant capital commitments upon disposal of China Faith which would require a substantial use of the Remaining Group's present cash resources or external funding.

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

Charge on Assets

Upon disposal of China Faith, property, plant and equipment of HK$7,025,000 are pledged against a bank loan granted to the Remaining Group.

Contingent Liabilities

The Remaining Group did not have any material contingent liabilities upon disposal of China Faith.

Employees and Remuneration Policies

Upon disposal of China Faith, the Remaining Group has approximately 46 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Based on the unaudited pro forma income statement of the Group upon completion of the disposal of the Property, it is estimate that a gain of around HK$94,874,000 (subject to audit and after associated costs and other expenses), being the sum of the change in fair value of the investment properties of HK$111,600,000 and the administrative expenses of HK$16,726,000, will arise on the Disposal. As at 30 September 2006, the audited total assets of the Group amounted to approximately HK$493,578,000 and the audited total liabilities of the Group amounted to HK$282,505,000. Based on the unaudited pro forma net asset statement of the Group upon disposing the Property as set out in Appendix IV to this circular, the unaudited pro forma adjusted consolidated total assets of the Group is HK$401,596,000 and the unaudited pro forma adjusted consolidated total liabilities of the Group is HK$90,922,000.

Based on the unaudited pro forma income statement of the Remaining Group upon completion of the disposal of China Faith, it is estimate that a gain of around HK$100,914,000 (subject to audit and after associated costs and other expenses), being the sum of the change in fair value of the investment properties of HK$111,600,000 and the loss on disposal of subsidiary of HK$10,686,000, will arise on the disposal of China Faith. As at 30 September 2006, the audited total assets of the Group amounted to approximately HK$493,578,000 and the audited total liabilities of the Group amounted to HK$282,505,000. Based on the unaudited pro forma balance sheet of the Remaining Group upon disposing China Faith as set out in Appendix IV to this circular, the unaudited pro forma adjusted consolidated total assets of the Remaining Group is HK$398,725,000 and the unaudited pro forma adjusted consolidated total liabilities of the Remaining Group is HK$85,197,000.

The difference between the gain on disposal of the Property and the gain on disposal of China Faith of approximately HK$6,040,000 is mainly due to the calculation of the gain on disposal of China Faith has to take into account the adjustment on deferred taxation of HK$6,040,000.

The difference between the pro forma net assets of the Group on disposal of the Property and the pro forma net assets of the Remaining Group on disposal of China Faith of approximately HK$2,854,000 is mainly due to the tax effect upon disposal of the Property resulting from the reversal of commercial building allowance claimed in previous years.

SGM

A notice convening the SGM at which resolutions will be proposed to consider, and if thought fit, to approve the Provisional Agreement and the transactions contemplated thereunder to be held at Plaza I to III, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 22 February 2007 at 2:00 p.m. is set out on pages 108 to 109 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting should you so wish.

PROCEDURES TO DEMAND A POLL

Pursuant to Bye-law 69 of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

(i) the chairman;

(ii) at least 3 members present in person or by proxy or representative for the time being entitled to vote at the meeting;

(iii) any members or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or

(iv) any member or members present in person or by proxy or representative and holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RECOMMENDATION

The Board believes that the terms of the Provisional Agreement are fair and reasonable and the Disposal is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders vote in favour of the resolution in relation to the Provisional Agreement and the transactions contemplated thereunder to be proposed in the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

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

I. UNAUDITED PROFIT AND LOSS STATEMENT OF THE PROPERTY

		Year ended 31 December			Nine months ended 30 September	
		2003	**2004**	**2005**	**2005**	**2006**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Rental income	*1*	7,529	8,235	9,557	7,376	7,527
Interest expenses		(4,024)	(2,529)	(5,663)	(4,068)	(6,477)
Other operating expenses	*2*	(1,944)	(1,356)	(592)	(637)	(1,582)
Net income (loss)		1,561	4,350	3,302	2,671	(532)

Notes:

1. Majority of the Property was rented out under operating lease agreements to earn rental income for each of the three years ended 31 December 2003, 2004 and 2005 and the nine months ended 30 September 2005 and 2006.

2. Other operating expenses mainly comprised building management fees and other direct outgoings.

Profit and loss statement of the Property set out above has been prepared by the Directors based on information shown in the underlying books and records of the Group.

II. VALUATION OF THE PROPERTY

	HK$'000
As at:	
31 December 2003	255,000
31 December 2004	266,000
31 December 2005	318,600
30 November 2006	337,100

Note: The valuations of the Property have been arrived at on the basis of valuations carried out by LCH (Asia – Pacific) Surveyors Limited, a firm of qualified professional valuers. The valuers of LCH (Asia – Pacific) Surveyors Limited who carry out the valuations are Registered Professional Surveyor, and valuers on the "List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers" published by Hong Kong Institute of Surveyors ("HKIS"), and has appropriate qualifications and recent experiences in the valuation of similar properties in Hong Kong. The valuations, which conform to HKIS Valuation Standards, were arrived at by reference to market evidence of recent transaction prices for similar properties.

Procedures have been carried out by Deloitte Touche Tohmatsu, the reporting accountants of the Company, on the unaudited profit and loss statement of the Property and valuation of the Property as shown in the above tables in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants to ensure that such information has been properly compiled and derived from the underlying books and records of the Group or the valuation reports prepared by the LCH (Asia – Pacific) Surveyors Limited. Deloitte Touche Tohmatsu, the reporting accountants of the Company, reported that they found that such information has been properly compiled and derived from the underlying books and records of the Group or the valuation reports prepared by the LCH (Asia – Pacific) Surveyors Limited.

ACCOUNTANTS' REPORT OF THE COMPANY FOR THE THREE YEARS ENDED 31 DECEMBER 2005 AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

The following is a text of the accountants' report from Deloitte Touche Tohmatsu, the auditors and reporting accountants of the Company for each of the three years ended 31 December 2003, 2004 and 2005 and for the nine months ended 30 September 2006, prepared for the purpose of incorporation in this circular.

Deloitte.
德勤

31 January 2007

The Directors
Greater China Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Greater China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2003, 2004 and 2005 and the nine months ended 30 September 2006 (the "Relevant Periods") for inclusion in the circular issued by the Company dated 31 January 2007 (the "Circular") in connection with a very substantial disposal transaction, whereby the Group will dispose of the Store Room on Ground Floor, Shops 4 and 5 on Ground Floor, Commercial Premises on 1st, 2nd and 3rd Floors, Offices 1, 2, 3 and 4 on 4th to 7th Floors, Offices 1 and 4 on 8th Floor, Offices 1, 2, 3 and 4 on 9th to 18th Floors, Offices 1, 2, 3 and 4 on 20th to 22nd Floors, Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor, No. 1 Lyndhurst Terrace and No. 78 Wellington Street, Central, Hong Kong (the "Property") with an option granted to GC Acquisitions III Limited (the "Purchaser"), a company incorporated in BVI with limited liability to purchase the entire issued share capital of China Faith Limited ("China Faith") through its wholly owned subsidiary, Sharp Star Investment Corporation (the "Grantor"), pursuant to an agreement dated 15 December 2006 (the "Provisional Agreement") and a supplemental agreement dated 22 January 2007 (the "Supplemental Agreement") entered into between the Vendor and Purchaser.

The Company was incorporated in Bermuda on 23 June 1992. The Company is an investment holding company.

As at the date of this report, the Company has the following subsidiaries, which all are private companies with limited liability:

Name	Place and date of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Bornwise Technology Limited *(note 1)*	British Virgin Islands 10 May 2000	Ordinary US$1	100%	–	Investment holding
Champion Well Limited *(note 1)*	Hong Kong 4 May 2001	Ordinary HK$10,000	–	100%	Inactive
China Faith Limited *(note 1)*	Hong Kong 21 August 2000	Ordinary HK$10,000	–	100%	Property investment
Delight Link Enterprises Limited *(note 1)*	Hong Kong 22 August 2001	Ordinary HK$2	100%	–	Provision of administrative services to group companies
Everstate Investment Limited *(note 1)*	British Virgin Islands 8 April 2004	Ordinary US$100	100%	–	Investment holding
Greater China Corporate Services Limited *(note 1)*	Hong Kong 26 June 2002	Ordinary HK$1,000	100%	–	Provision of nominee and corporate services
Greatfield Corporation Limited *(note 1)*	Hong Kong 21 January 2004	Ordinary HK$2	100%	–	Investment holding
Lucky Green Limited *(note 1)*	British Virgin Islands 9 September 2002	Ordinary US$100	–	51%	Investment holding
Megayield Investment Limited *(note 1)*	Hong Kong 4 May 2001	Ordinary HK$10,000	–	100%	Inactive
Mention International Limited *(note 1)*	British Virgin Islands 6 July 2001	Ordinary US$1	–	100%	Investment holding
Password Finance Limited *(note 1)*	British Virgin Islands 24 April 2001	Ordinary US$1	100%	–	Investment holding

Name	Place and date of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Profit Capital Limited *(note 1)*	British Virgin Islands 10 September 2001	Ordinary US$1	100%	–	Investment holing
Sharp Star Investment Corporation *(note 1)*	British Virgin Islands 22 January 2002	Ordinary US$1	100%	–	Investment holing
Southern Pearl Investment Limited *(note 1)*	British Virgin Islands 8 November 1999	Ordinary US$5	–	100%	Investment holding
Zing World Enterprises Limited *(note 1)*	British Virgin Islands 7 November 2002	Ordinary US$100	100%	–	Investment holding
珠海經濟特區瑞農植保技術有限公司 Zhuhai S.E.Z. Rui Nong Plant Protection Technology Co. Ltd. ("Zhuhai Rui Nong") *(note 2)*	The People's Republic of China ("PRC") 10 December 1998	Registered capital RMB8,000,324	–	51%	Production and sale of fertilizers and chemicals
Keycharm Investments Limited ("Keycharm") *(note 3)*	British Virgin Islands ("BVI") 8 July 2005	Ordinary US$100	–	51%	Investment holding
太倉中化國際興業石化開發建設有限公司 Taicang Sinochem International Xingye Petrochemical Development Company Limited ("Taicang") *(note 3)*	PRC 12 August 2004	Registered capital RMB140,000,000	–	44%	Industrial property development with focus on port infrastructure

Notes:

1. We have acted as auditors of these companies for each of the three years ended 31 December 2003, 2004 and 2005.

2. The statutory financial statements of Zhuhai Rui Nong for each of the three years ended 31 December 2003, 2004 and 2005 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and were audited by 珠海德鴻會計師事務所.

3. These companies were acquired during the nine months ended 30 September 2006. Taicang is accounted for as a subsidiary since the Group has control on the board of directors and operation of Taicang.

We have acted as auditors of the Company for each of the three years ended 31 December 2003, 2004 and 2005. Audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong for each of the three years ended 31 December 2003, 2004 and 2005. For the purpose of this report, we have carried out an independent audit in accordance with the Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") on the consolidated financial statements of the Group for the nine months ended 30 September 2006, which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

The Financial Information set out in this report has been prepared from the consolidated financial statements of the Group of the Relevant Period ("Underlying Financial Statements") after making adjustments as we consider appropriate for the purpose of preparing our report for inclusion in the Circular. We have examined the Financial Information in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by HKICPA.

The Underlying Financial Statements are the responsibility of the directors of the Company who approve their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2003, 2004 and 2005 and 30 September 2006 and of the consolidated results and cash flows of the Group for the Relevant Periods.

The comparative consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the nine months ended 30 September 2005, together with the notes thereto have been extracted from the Group's financial information for the same period (the "30 September 2005 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 September 2005 Financial Information in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by HKICPA. Our review consisted principally of making enquiries of management and applying analytical procedures to the 30 September 2005 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 30 September 2005 Financial Information. On the basis of our review which does not constitute an audit, we are not aware of any material modification that should be made to the 30 September 2005 Financial Information.

I. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

		Year ended 31 December			Nine months ended 30 September	
		2003	2004	2005	2005	2006
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*8*	25,287	15,207	38,679	33,953	9,606
Rental outgoings		(1,944)	(1,356)	(592)	(637)	(1,582)
Cost of sales		(31,427)	(7,195)	(23,117)	(22,207)	(1,592)
Gross (loss) profit		(8,084)	6,656	14,970	11,109	6,432
Other income		89	71	176	213	796
(Loss) gain on change in fair value of investment properties		(45,000)	11,000	52,600	37,380	9,800
Unrealised holding (loss) gain of other investments		(5,620)	4,709	–	–	–
Selling and distribution costs		–	(49)	(1,406)	(407)	(464)
Administrative expenses		(7,530)	(5,822)	(11,193)	(8,148)	(8,272)
Amortisation of goodwill on acquisition of subsidiaries		–	(820)	–	–	–
Impairment loss on buildings		–	(813)	–	–	–
Impairment loss on goodwill		–	–	–	–	(7,783)
Reversal of accrued charges in respect of financial restructuring of the Group in prior years		5,102	–	–	–	–
Realised loss on surrender of other investments to discharge borrowings	*9*	(46,620)	–	–	–	–
Finance costs	*10*	(8,712)	(2,984)	(5,950)	(4,276)	(6,705)
(Loss) profit before taxation	*11*	(116,375)	11,948	49,197	35,871	(6,196)
Income tax (credit) charge	*14*	(8,584)	(113)	6,040	3,325	1,541
(Loss) profit for the year/period		(107,791)	12,061	43,157	32,546	(7,737)
Attributable to:						
Equity holders of the Company		(107,791)	12,709	43,341	32,730	(7,737)
Minority interests		–	(648)	(184)	(184)	–
		(107,791)	12,061	43,157	32,546	(7,737)
(Loss) earnings per share	*15*					
– basic		(73 HK cents)	5.74 HK cents	17.32 HK cents	13.65 HK cents	(2.71 HK cents)
– diluted		(73 HK cents)	N/A	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEETS

			As at 31 December		As at 30 September
		2003	2004	2005	2006
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*16*	34	4,796	5,447	8,432
Land lease prepayment	*17*	–	3,438	3,232	30,036
Investment properties	*18*	255,000	266,000	318,600	328,400
Investments in securities	*19*	–	3,000	–	–
Available-for-sale investments	*20*	–	–	3,000	3,000
Deposits paid for acquisition of subsidiaries	*21*	–	–	11,590	–
Prepayments	*22*	–	–	–	17,700
Goodwill	*23*	–	–	–	–
		255,034	277,234	341,869	387,568
CURRENT ASSETS					
Inventories	*24*	–	227	533	295
Investments in securities	*19*	14,695	19,214	–	–
Held-for-trading investment	*25*	–	–	48	–
Trade receivables	*26*	320	1,342	953	888
Land lease prepayment	*17*	–	72	72	693
Prepayments and deposits	*27*	1,014	1,389	1,142	2,832
Amount due from a minority shareholder of a subsidiary	*39*	–	–	–	58,826
Bank balances and cash		875	4,080	24,192	42,476
		16,904	26,324	26,940	106,010
CURRENT LIABILITIES					
Trade and other payables	*28*	8,445	9,986	8,012	8,265
Consideration payable for acquisition of subsidiaries	*29*	–	4,000	–	–
Amounts due to directors	*39*	1,868	3,268	–	600
Amounts due to minority shareholders of subsidiaries	*39*	–	3,583	6,258	64,288
Rental deposits		2,837	3,241	3,107	3,854
Taxation		14,687	14,687	14,687	14,687
Borrowings	*30*	11,953	130,443	6,362	28,083
		39,790	169,208	38,426	119,777
NET CURRENT LIABILITIES		(22,886)	(142,884)	(11,486)	(13,767)
TOTAL ASSETS LESS CURRENT LIABILITIES		232,148	134,350	330,383	373,801
NON-CURRENT LIABILITIES					
Borrowings	*30*	130,500	–	123,350	154,465
Deferred taxation	*33*	–	657	6,709	8,263
		130,500	657	130,059	162,728
TOTAL ASSETS AND LIABILITIES		101,648	133,693	200,324	211,073
CAPITAL AND RESERVES					
Share capital	*31*	828	1,192	1,430	1,430
Reserves		100,820	132,317	198,894	191,307
Equity attributable to equity holders of the Company		101,648	133,509	200,324	192,737
Minority interest		–	184	–	18,336
TOTAL EQUITY		101,648	133,693	200,324	211,073

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Deficit *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2003	689,956	323,342	–	(809,958)	203,340	–	203,340
Loss for the year and total recognised income and expense for the year	–	–	–	(107,791)	(107,791)	–	(107,791)
Reduction of the nominal value of share capital of HK$0.10 each to HK$0.0001 each	(689,266)	–	–	689,266	–	–	–
Issue of ordinary shares	138	5,961	–	–	6,099	–	6,099
At 31 December 2003 and 1 January 2004	828	329,303	–	(228,483)	101,648	–	101,648
Profit (loss) for the year and total recognised income and expense for the year	–	–	–	12,709	12,709	(648)	12,061
Issue of ordinary shares arising on acquisition of subsidiaries	364	18,788	–	–	19,152	–	19,152
Arising on acquisition of subsidiaries	–	–	–	–	–	832	832
At 31 December 2004 and 1 January 2005	1,192	348,091	–	(215,774)	133,509	184	133,693
Exchange differences arising on translation of operations outside Hong Kong	–	–	153	–	153	–	153
Profit for the year	–	–	–	43,341	43,341	(184)	43,157
Total recognised income and expense for the year	–	–	153	43,341	43,494	(184)	43,310
Issue of ordinary shares	238	23,083	–	–	23,321	–	23,321

	Attributable to equity holders of the Company						
	Share capital	Share premium	Translation reserve	Deficit	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2005 and 1 January 2006	1,430	371,174	153	(172,433)	200,324	–	200,324
Exchange differences arising on translation of operations outside Hong Kong	–	–	150	–	150	–	150
Loss for the period	–	–	–	(7,737)	(7,737)	–	(7,737)
Total recognised income and expense for the period	–	–	150	(7,737)	(7,587)	–	(7,587)
Arising on acquisition of subsidiaries	–	–	–	–	–	18,336	18,336
At 30 September 2006	1,430	371,174	303	(180,170)	192,737	18,336	211,073
At 1 January 2005	1,192	348,091	–	(215,774)	133,509	184	133,693
Profit (loss) for the period and total recognised income and expense for the period (unaudited)	–	–	–	32,730	32,730	(184)	32,546
Issue of ordinary shares	238	23,083	–	–	23,321	–	23,321
At 30 September 2005 (unaudited)	1,430	371,174	–	(183,044)	189,560	–	189,560

CONSOLIDATED CASH FLOW STATEMENTS

		Year ended 31 December			Nine months ended 30 September	
		2003	**2004**	**2005**	**2005**	**2006**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
OPERATING ACTIVITIES						
(Loss) profit before taxation		(116,375)	11,948	49,197	35,871	(6,196)
Adjustments for:						
Amortisation and depreciation		42	1,193	534	436	470
Impairment loss on buildings		–	813	–	–	–
Impairment loss on goodwill		–	–	–	–	7,783
Loss on disposal of property, plant and equipment		42	–	11	11	–
Changes in fair value of investment properties		45,000	(11,000)	(52,600)	(37,380)	(9,800)
Unrealised holding loss (gain) of investments in securities		5,620	(4,709)	–	–	–
Finance costs		8,712	2,984	5,950	4,276	6,705
Reversal of accrued charges in respect of financial restructuring of the Group in prior years		(5,102)	–	–	–	–
Realised loss on surrender of other investments to discharge borrowings		46,620	–	–	–	–
Operating cash flows before movements in working capital		(15,441)	1,229	3,092	3,214	(1,038)
(Increase) decrease in inventories		–	(169)	(306)	(498)	238
Decrease in held-for-trading investments/investments in securities		27,230	190	19,166	19,166	48
Decrease (increase) in trade receivables		479	(858)	389	(565)	65
Decrease (increase) in prepayments and deposits		89	(97)	247	195	(1,590)
(Decrease) increase in trade and other payables		(940)	1,322	(1,986)	(1,563)	63
Increase (decrease) in rental deposits		182	404	(134)	25	747
Cash from (used in) operations		11,599	2,021	20,468	19,974	(1,467)
Interest paid		(8,790)	(2,765)	(5,950)	(4,276)	(6,705)
Finance charges on finance lease paid		(6)	–	–	–	–
Hong Kong Profits Tax paid		(59)	–	–	–	–
NET CASH FROM (USED IN) OPERATING ACTIVITIES		2,744	(744)	14,518	15,698	(8,172)

		Year ended 31 December			Nine months ended 30 September	
		2003	**2004**	**2005**	**2005**	**2006**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
INVESTING ACTIVITIES						
Proceeds on disposal of property, plant and equipment		350	–	–	–	–
Purchase of investment securities		–	(3,000)	–	–	–
Net cash (outflow) inflow arising from acquisition of subsidiaries	*34*	–	(666)	(4,000)	(4,000)	(25,468)
Deposit paid for acquisition of subsidiaries	*21*	–	–	(11,590)	(11,590)	–
Purchase of property, plant and equipment		–	(624)	(831)	(631)	(1,768)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		350	(4,290)	(16,421)	(16,221)	(27,236)
FINANCING ACTIVITIES						
Bank loans raised		8,000	–	131,963	131,943	74,569
Proceeds from issue of shares		6,099	19,152	23,321	23,321	–
Advance from (repayment to) directors		1,868	1,400	(3,268)	(3,268)	600
Repayment of other short term borrowings		(9,896)	(2,403)	–	–	–
Repayment of bank loans		(9,100)	(10,550)	(132,676)	(131,343)	(21,733)
Repayment of loans from directors		(314)	–	–	–	–
Repayment of obligations under a finance lease		(143)	–	–	–	–
Advance from a minority shareholder of a subsidiary		–	640	2,675	2,578	256
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(3,486)	8,239	22,015	23,231	53,692
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(392)	3,205	20,112	22,708	18,284
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		1,267	875	4,080	4,080	24,192
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balances and cash		875	4,080	24,192	26,788	42,476

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in Bermuda on 23 June 1992 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the address of the principal place of business of the Company is Room 1301, No. 1 Lyndhurst Terrace and No. 78 Wellington Street, Central, Hong Kong.

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

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

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

In preparing the consolidated financial statements of the Group for the nine months ended 30 September 2006, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of HK$13,767,000 at 30 September 2006. After taking into account of the internally generated funds and available banking facilities of the Group, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the Financial Information has been prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES/APPLICATION OF NEW AND REVISED OF HONG KONG FINANCIAL REPORTING STANDARDS

From 1 January 2005 onwards, the Group applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as "2005 new HKFRSs") issued by HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the 2005 new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interest has been changed, which has been applied retrospectively. The adoption of the 2005 new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the Relevant Periods and nine months ended 30 September 2005 (unaudited) are prepared and presented:

Owner-occupied leasehold interest in land

Under HKAS 17 Leases, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to land lease prepayment under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see note 4 for the financial impact).

Financial Instruments

In 2005, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the Group's financial statements. HKAS 39 generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the Group classified and measured its investments in equity securities in accordance with the benchmark treatment of the Statement of Standard Accounting Practice 24 Investments in securities ("SSAP 24"). Under the benchmark treatment of SSAP 24, investments in equity securities are classified as "investment securities" or "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. From 1 January 2005 onwards, the Group classifies and measures its investment in equity securities in accordance with HKAS 39. Financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets" or "loans and receivables". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably carried. Such equity investments are measured at cost less impairment. "Loans and receivables" are measured at amortised cost using the effective interest method.

This change has been applied prospectively and has no effect to the Group's deficit as at 1 January 2005 (See Note 4 for the financial impact).

Investment properties

In 2005, the Group has applied HKAS 40 Investment Property. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the year in which they arise. In previous years, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 January 2005 onwards. This change has had no effect on the Group's deficit at 1 January 2005 as the Group had no investment property revaluation reserve as at that date.

Deferred taxes related to investment properties

In 2005, the Group has applied HKAS Interpretation 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets ("HKAS INT 21") which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that will follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS INT 21, this change in accounting policy has been applied retrospectively (See Note 4 for the financial impact).

Business Combinations

In 2005, the Group has applied HKFRS 3 Business Combinations. In previous periods, goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1 January 2005 onwards and goodwill will be tested for impairment at least annually and in the financial period in which the acquisition takes place. Goodwill arising on acquisitions after 1 January 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. This change has had no effect on the Group's deficit as at 1 January 2005.

From 1 January 2006, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("2006 new HKFRSs") issued by HKICPA, which are effective for accounting periods beginning on or after 1 December 2005 and 1 January 2006. The adoption of the 2006 new HKFRSs had no material effect on how the results for the Relevant Periods and nine months ended 30 September 2005 (unaudited) have been prepared and presented. Accordingly, no prior period adjustment has been required.

4. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 3 on the results for the Relevant Periods and for the nine months ended 30 September 2005 (unaudited) are as follows:

(i) On results

		Year ended 31 December		**Nine months ended 30 September**	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Decrease) increase in deferred taxes relating to investment properties	–	(447)	6,040	3,325	1,541

(ii) On income statement line item

	Year ended 31 December			Nine months ended 30 September	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Decrease (increase) in income tax expenses	–	447	(6,040)	3,325	1,541

The cumulative effects of the 2005 new HKFRSs as at 31 December 2004 are summarised below:

	As at 31 December 2004 (originally stated)	**HKAS 1**	**HKAS 17**	**HKAS INT 21**	**As at 31 December 2004 (restated)**	**HKAS 39**	**As at 1 January 2005 (restated)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 3)	*(Note 3)*	*(Note 3)*	*(Note 3)*	*(Note 3)*	
Balance sheet							
Property, plant and equipment	8,306	–	(3,510)	–	4,796	–	4,796
Land lease prepayment	–	–	3,510	–	3,510	–	3,510
Investments in securities	22,214	–	–	–	22,214	(22,214)	–
Available-for-sale investments	–	–	–	–	–	3,000	3,000
Financial assets at fair value through profit or loss	–	–	–	–	–	19,214	19,214
Deferred taxation	(1,104)	–	–	447	(657)	–	(657)
Minority interests	(184)	184	–	–	–	–	–
Other assets and liabilities	103,830	–	–	–	103,830	–	103,830
Total effects on assets and liabilities	133,062	184	–	447	133,693	–	133,693
Share capital	1,192	–	–	–	1,192	–	1,192
Share premium	348,091	–	–	–	348,091	–	348,091
Deficit	(216,221)	–	–	447	(215,774)	–	(215,774)
Total effects on:							
Equity attributable to equity holders of the Company	133,062	–	–	447	133,509	–	133,509
Minority interests	–	184	–	–	184	–	184
	133,062	184	–	447	133,693	–	133,693

The application of the 2005 new HKFRSs does not have financial effects to the Group's equity as at 1 January 2003 and 31 December 2003.

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the consolidated financial information of the Group to be prepared and presented.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[5]

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Information has been prepared in accordance with HKFRSs issued by HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

Business combinations

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

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

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of subsidiaries for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiaries at the date of acquisition.

Prior to 1 January 2005, goodwill was capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on acquisition of subsidiaries in 2004 has been fully amortised.

Goodwill arising on acquisitions on or after 1 January 2005

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

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

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

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

Revenue recognition

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

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

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

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

Property, plant and equipment

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

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

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

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

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

Leasehold land held for owner-occupied purpose

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

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model.

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

Impairment of tangible assets excluding goodwill

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

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

Leasing

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

As lessor

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

As lessee

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

Foreign currencies

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

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

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

Taxation

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

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

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

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

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit scheme are charged as an expense as they fall due.

Financial instruments

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

Financial assets

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

– Held-for-trading investments

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

– Available-for-sale financial assets

Available-for-sale financial assets include available-for-sale investments and are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Where fair value cannot be measured reliably, such equity investments are measured at cost less impairment. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods through profit or loss.

– Loans and receivables

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

Financial liabilities and equity

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

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

– Financial liabilities

Financial liabilities include trade and other payables, amount due to directors, amounts due to minority shareholders of subsidiaries, rental deposits and bank borrowings 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 directly in equity 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 and payable is recognised in profit or loss.

6. KEY SOURCE OF ESTIMATION UNCERTAINTY

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

Impairment loss on land lease prepayment and non-current prepayments

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

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Market risk

(i) Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings (see note 30 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

(ii) Price risk

The Group's held-for-trading investments are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 September 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

Liquidity risk

The Group managed the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs. Management comprising executive directors monitored the liquidity position of the Group on an ongoing basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources.

After taking into account of the internally generated funds and available banking facilities of the Group, the directors of the Company are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future.

8. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of fertilizers and chemicals, proceeds from securities trading and rental income for the Relevant Periods and for the nine months ended 30 September 2005. An analysis of the Group's revenue for the Relevant Periods and for the nine months ended 30 September 2005, is as follows:

	Year ended 31 December			**Nine months ended 30 September**	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Sales of goods	–	6,420	5,796	3,251	2,079
Proceeds from securities trading	17,758	552	23,326	23,326	–
Rental income	7,529	8,235	9,557	7,376	7,527
	25,287	15,207	38,679	33,953	9,606

Business segments

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

INCOME STATEMENT

For the year ended 31 December 2003

	Investment holding *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	17,758	7,529	25,287
RESULTS			
Segment result	(66,422)	(39,949)	(106,371)
Unallocated corporate income			89
Reversal of accrued charges in respect of financial restructuring of the Group in prior years			5,102
Unallocated corporate expenses			(6,483)
Finance costs			(8,712)
Loss before taxation			(116,375)
Income tax credit			(8,584)
Loss for the year			(107,791)

BALANCE SHEET

At 31 December 2003

	Investment holding *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	14,705	256,155	270,860
Unallocated corporate assets			1,078
Consolidated total assets			271,938
LIABILITIES			
Segment liabilities	330	7,884	8,214
Unallocated corporate liabilities			162,076
Consolidated total liabilities			170,290

OTHER INFORMATION

For the year ended 31 December 2003

	Investment holding *HK$'000*	Property investment *HK$'000*
Loss on change in fair value of investment properties	–	45,000
Realised loss on surrender of other investments to discharge borrowings	46,620	–
Unrealised holding loss of other investments	5,620	–

INCOME STATEMENT

For the year ended 31 December 2004

	Fertilizers and chemicals *HK$'000*	Investment holding *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	6,420	552	8,235	15,207
RESULTS				
Segment result	(2,272)	4,399	17,607	19,734
Unallocated corporate expenses				(4,863)
Unallocated finance costs				(2,923)
Profit before taxation				11,948
Income tax credit				(113)
Profit for the year				12,061

BALANCE SHEET
At 31 December 2004

	Fertilizers and chemicals	Investment holding	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	9,995	22,214	267,323	299,532
Unallocated corporate assets				4,026
Consolidated total assets				303,558
LIABILITIES				
Segment liabilities	1,153	–	8,190	9,343
Unallocated corporate liabilities				160,522
Consolidated total liabilities				169,865

OTHER INFORMATION
For the year ended 31 December 2004

	Fertilizers and chemicals	Investment holding	Property investment
	HK$'000	*HK$'000*	*HK$'000*
Capital additions			
Acquisition of subsidiaries	8,834	–	–
Other additions	624	–	–
Amortisation and depreciation	1,193	–	–
Gain on charge in fair value of investment properties	–	–	11,000
Impairment loss on buildings	813	–	–
Unrealised holding gain of other investments	–	4,709	–

INCOME STATEMENT
For the year ended 31 December 2005

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

BALANCE SHEET
At 31 December 2005

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

OTHER INFORMATION
For the year ended 31 December 2005

	Fertilizers and chemicals *HK$'000*	Investment holding *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*
Capital additions	410	–	–	421
Amortisation and depreciation	491	–	–	43
Gain on change in fair value of investment properties	–	–	52,600	–

INCOME STATEMENT
For the nine months ended 30 September 2006

	Fertilizers and chemicals *HK$'000*	Investment holding *HK$'000*	Property investment *HK$'000*	Industrial property development *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	2,079	–	7,527	–	9,606
RESULTS					
Segment result	(1,160)	398	23,495	(7,783)	14,950
Unallocated corporate expenses					(14,669)
Unallocated finance costs					(6,477)
Loss before taxation					(6,196)
Income tax charge					1,541
Loss for the period					(7,737)

BALANCE SHEET
At 30 September 2006

	Fertilizers and chemicals	Investment holding	Property investment	Industrial property development	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	12,313	4,019	343,945	128,517	488,794
Unallocated corporate assets					4,784
Consolidated total assets					493,578
LIABILITIES					
Segment liabilities	10,088	110	9,470	57,964	77,632
Unallocated corporate liabilities					204,873
Consolidated total liabilities					282,505

OTHER INFORMATION
For the nine months ended 30 September 2006

	Fertilizers and chemicals	Investment holding	Property investment	Industrial property development	Others
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions					
Acquisition of subsidiaries	–	–	–	46,649	–
Other additions	1,741	–	–	–	27
Amortisation and depreciation	401	–	–	–	69
Gain on change in fair value of investment properties	–	–	9,800	–	–

INCOME STATEMENT

For the nine months ended 30 September 2005 (Unaudited)

	Fertilizers and chemicals *HK$'000*	Investment holding *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE	3,251	23,326	7,376	33,953
RESULTS				
Segment result	(450)	2,662	44,222	46,434
Unallocated corporate income				18
Unallocated corporate expenses				(6,434)
Unallocated finance costs				(4,147)
Profit before taxation				35,871
Income tax charge				3,325
Profit for the period				32,546

OTHER INFORMATION

For the nine months ended 30 September 2005 (Unaudited)

	Fertilizers and chemicals *HK$'000*	Investment holding *HK$'000*	Property investment *HK$'000*	Others *HK$'000*
Capital additions	220	–	–	411
Amortisation and depreciation	416	–	–	20
Gain on change in fair value of investment properties	–	–	37,380	–

Geographical segments

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

	Sales revenue by geographical market				
	Year ended 31 December			Nine months ended 30 September	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Hong Kong	25,287	8,787	32,883	30,702	7,527
Other regions in the PRC	–	6,420	5,796	3,251	2,079
	25,287	15,207	38,679	33,953	9,606

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

	Carrying amount of segment assets				Additions to property, plant and equipment, land lease prepayment and goodwill			
	As at 31 December			As at 30 September	As at 31 December			Nine months ended 30 September
	2003	**2004**	**2005**	**2006**	**2003**	**2004**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	271,938	293,515	363,641	352,748	–	–	421	27
Other regions in the PRC	–	10,043	5,168	140,830	–	8,834	410	1,741
	271,938	303,558	368,809	493,578	–	8,834	831	1,768

9. REALISED LOSS ON SURRENDER OF OTHER INVESTMENTS TO DISCHARGE BORROWINGS

During the year ended 31 December 2003, the Group surrendered 63 million shares of China Gas Holdings Limited ("China Gas") to certain lenders to discharge borrowings of HK$18,900,000 (note 35). At 1 January 2003, the carrying value of these shares was HK$65,520,000. At the dates when the Group agreed to surrender the shares, the market vale of these shares was HK$46,380,000. As a result, the Group realised losses of HK$46,620,000 from surrendering these shares, including losses of HK$27,480,000 which represent the shortfall between the market values at the dates when the Group agreed to surrender the shares, and the amount of borrowing discharged.

10. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2003	2004	2005	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on borrowing wholly repayable within five years:					
– Bank borrowings	4,024	2,575	5,721	4,111	5,066
– Other advances	4,682	190	229	165	227
– Consideration payable for acquisition of subsidiaries	–	219	–	–	–
– Finance leases	6	–	–	–	–
Interest on bank borrowings not wholly repayable within five years	–	–	–	–	1,412
	8,712	2,984	5,950	4,276	6,705

11. (LOSS) PROFIT BEFORE TAXATION

	Year ended 31 December			Nine months ended 30 September	
	2003	2004	2005	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) profit before taxation has been arrived at after charging (crediting):					
Amortisation of land lease payments	–	60	72	37	55
Amortisation of goodwill	–	820	–	–	–
Depreciation of property, plant and equipment	42	313	462	399	415
Amortisation and depreciation	42	1,193	534	436	470
Auditors' remuneration					
– current year	300	400	550	454	1,013
– underprovision in prior years	–	55	–	–	–
Loss on disposal of property, plant and equipment	42	–	11	11	–
Rental income less outgoings	(5,585)	(6,879)	(8,965)	(6,739)	(5,945)
Realised loss (gain) on sale of investments	13,669	40	(4,159)	–	–
Staff costs including directors' emoluments	3,182	3,407	5,669	4,214	3,999
Net foreign exchange gains	–	–	–	–	(422)

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 5, 7, 11, 11 (unaudited) and 5 directors for each of the three years ended 31 December 2003, 2004, 2005 and for each of the nine months ended 30 September 2005 and 2006, respectively, were as follows:

For the year ended 31 December 2003

	Xu Ying *HK$'000*	Liu Ming Hui *HK$'000*	Zhang Shuang *HK$'000*	Li Weibin *HK$'000*	Wang Xianjun *HK$'000*	Total *HK$'000*
Fees	–	–	120	170	170	460
Other emoluments						
Salaries and other benefits	960	960	–	–	–	1,920
Contribution to retirement benefits schemes	–	–	–	–	–	–
Total emoluments	960	960	120	170	170	2,380

For the year ended 31 December 2004

	Xu Ying *HK$'000*	Liu Ming Hui *HK$'000*	Zhang Shuang *HK$'000*	Li Weibin *HK$'000*	Wang Xianjun *HK$'000*	Lin Fengliang *HK$'000*	Terence, Wan Tze Fan *HK$'000*	Total *HK$'000*
Fees	–	–	120	90	120	30	30	390
Other emoluments								
Salaries and other benefits	960	960	–	–	–	–	–	1,920
Contribution to retirement benefits schemes	–	–	–	–	–	–	–	–
Total emoluments	960	960	120	90	120	30	30	2,310

For the year ended 31 December 2005

	Xu Ying	Liu Ming Hui	Ma Xiaoling	Chan Sze Hon	Zhang Shuang	Wang Xianjun	Terence, Wan Tze Fan	Liu Fengliang	Carl, Ching Men Ky	Lin Ruei Min	Laurence, Shu Wa Tung	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	–	–	10	72	72	73	100	100	100	527
Other emoluments												
Salaries and other benefits	1,074	1,074	662	273	–	–	–	–	–	–	–	3,083
Contribution to retirement benefits schemes	–	–	–	6	–	–	–	–	–	–	–	6
Total emoluments	1,074	1,074	662	279	10	72	72	73	100	100	100	3,616

For the nine months ended 30 September 2005 (unaudited)

	Xu Ying	Liu Ming Hui	Ma Xiaoling	Chan Sze Hon	Zhang Shuang	Wang Xianjun	Terence, Wan Tze Fan	Liu Fengliang	Carl, Ching Men Ky	Lin Ruei Min	Laurence, Shu Wa Tung	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	–	–	10	72	72	73	40	40	40	347
Other emoluments												
Salaries and other benefits	1,074	1,074	246	123	–	–	–	–	–	–	–	2,517
Contribution to retirement benefits schemes	–	–	–	3	–	–	–	–	–	–	–	3
Total emoluments	1,074	1,074	246	126	10	72	72	73	40	40	40	2,867

For the nine months ended 30 September 2006

	Ma Xiaoling	**Chan Sze Hon**	**Carl, Ching Men Ky**	**Lin Ruei Min**	**Laurence, Shu Wa Tung**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	180	180	180	540
Other emoluments						
Salaries and other benefits	1,466	560	–	–	–	2,026
Contribution to retirement benefits schemes	–	9	–	–	–	9
Total emoluments	1,466	569	180	180	180	2,575

No director waived any emoluments during the Relevant Periods and for the nine months ended 30 September 2005 (unaudited).

13. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals of the Group included three directors of the Company for the year ended 31 December 2003, two directors for the year ended 31 December 2004, three directors for the year ended 31 December 2005, three directors for nine months ended 30 September 2005 and five directors for nine months ended 30 September 2006, whose emoluments are included in note 12 above. The aggregate emoluments of the remaining individuals are as follows:

	Year ended 31 December			**Nine months ended 30 September**	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries and other benefits	390	586	885	624	–
Retirement benefit scheme contributions	18	28	9	12	–
	408	614	894	636	–

14. INCOME TAX (CREDIT) CHARGE

	Year ended 31 December			Nine months ended 30 September	
	2003	2004	2005	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Current tax:					
Hong Kong Profits Tax					
Underprovision in prior year	59	–	–	–	–
Deferred tax *(note 33)*:					
Current year/period	(9,453)	(113)	6,040	3,325	1,541
Attributable to a change in tax rate	810	–	–	–	–
	(8,643)	(113)	6,040	3,325	1,541
	(8,584)	(113)	6,040	3,325	1,541

The income tax (credit) charge for the Relevant Periods and for the nine months period ended 30 September 2005 (unaudited) can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	Year ended 31 December			Nine months ended 30 September	
	2003	2004	2005	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
(Loss) profit before taxation	(116,375)	11,948	49,197	35,871	(6,196)
Tax (credit) charge at Hong Kong profits tax rate of 17.5%	(20,366)	2,091	8,609	6,277	(1,084)
Tax effect of non-deductible expenses	9,101	943	1,268	165	1,571
Tax effect of non-taxable income	(757)	(1,561)	(1,340)	(490)	(104)
Tax effect of tax losses not recognised	2,884	298	1,144	1,021	1,158
Tax effect of utilisation of tax losses not previously recognised	–	(469)	–	–	–
Tax effect of utilisation of deferred tax assets not previously recognised	(315)	(1,350)	(3,648)	(3,648)	–
Effect of tax concession granted to a PRC subsidiary	–	(94)	–	–	–
Increase in opening deferred tax liability due to increase in tax rate	810	–	–	–	–
Underprovision in prior year	59	–	–	–	–
Others	–	29	7	–	–
Income tax (credit) charge for the year/period	(8,584)	(113)	6,040	3,325	1,541

No provision for Hong Kong Profits Tax has been made in the Financial Information for the Relevant Periods and the nine months ended 30 September 2005 (unaudited) as the subsidiaries operated in Hong Kong incurred tax loss for the year/period and the assessable profit of was wholly absorbed by tax losses brought forward.

Pursuant to the relevant laws and regulations in the PRC, subsidiaries in the PRC are entitled to exemption from PRC enterprise income tax for the first two years commencing from its first profit-making year of operation, followed by a 50% deduction for the next three years. No provision for PRC income tax has been made in the Financial Information as the subsidiaries are either enjoying tax holiday or not profit making in the Relevant Periods or for the nine months ended 30 September 2005 (unaudited).

15. (LOSS) EARNINGS PER SHARE

For each of the three years ended 31 December 2003, 2004 and 2005 and each of the nine months ended 30 September 2005 and 2006, the calculation of the basic (loss) earnings per share is based on the following data:

	Year ended 31 December			Nine months ended 30 September	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(Loss) profit attributable to the equity holders of the Company	(107,791)	12,709	43,341	32,730	(7,737)
	Number of shares	**Number of shares**	**Number of shares**	**Number of shares**	**Number of shares**
	'000	*'000*	*'000*	*'000* (Unaudited)	*'000*
Weighted average number of shares in issue during the year/period	146,686	221,341	250,300	239,784	285,989

The weighted average number of shares in issue during 2003 has been adjusted for the consolidation of the Company as explained in note 31.

The computation of diluted loss per share for the year ended 31 December 2003 had not assumed the exercise of the outstanding warrants because the exercise would result in a decrease in loss per share. The Company had no other potential ordinary shares in that year.

No diluted earnings per share had been presented for each of the years ended 31 December 2004 and 2005 and for each of the nine months ended 30 September 2005 (unaudited) and 2006 because the Company had no potential ordinary shares issued.

The following table summaries the impact on basic earnings per share as a result of the application of the 2005 new HKFRSs in the Relevant Periods and nine months ended 30 September 2005 (unaudited):

	Year ended 31 December			Nine months ended 30 September	
	2003	**2004**	**2005**	**2005**	**2006**
	HK cents	*HK cents*	*HK cents*	*HK cents*	*HK cents*
				(Unaudited)	
Adjustments arising from changes in accounting policies *(note 3)*	N/A	0.20	(2.42)	1.39	0.54

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	**Plant and machinery**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Factory building under construction**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2003	–	–	269	344	–	613
Disposals	–	–	(219)	(344)	–	(563)
At 31 December 2003	–	–	50	–	–	50
Acquisition of subsidiaries	4,213	898	39	114	–	5,264
Additions	558	26	40	–	–	624
At 31 December 2004 (restated)	4,771	924	129	114	–	5,938
Exchange difference	343	53	9	13	–	418
Additions	–	210	456	–	165	831
Disposals	–	–	(28)	–	–	(28)
At 31 December 2005	5,114	1,187	566	127	165	7,159
Exchange difference	101	23	2	3	3	132
Acquisition of subsidiaries	–	–	187	1,346	–	1,533
Additions	–	4	86	–	1,678	1,768
At 30 September 2006	5,215	1,214	841	1,476	1,846	10,592
DEPRECIATION AND IMPAIRMENT						
At 1 January 2003	–	–	93	52	–	145
Provided for the year	–	–	11	31	–	42
Eliminated on disposals	–	–	(88)	(83)	–	(171)
At 31 December 2003	–	–	16	–	–	16
Provided for the year	216	60	20	17	–	313
Impairment loss recognised in income statement	813	–	–	–	–	813

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Factory building Motor vehicles	under construction	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2004 (restated)	1,029	60	36	17	–	1,142
Exchange difference	70	36	7	12	–	125
Provided for the year	256	120	63	23	–	462
Eliminated on disposals	–	–	(17)	–	–	(17)
At 31 December 2005	1,355	216	89	52	–	1,712
Exchange difference	27	4	1	1	–	33
Provided for the period	166	141	91	17	–	415
At 30 September 2006	1,548	361	181	70	–	2,160
NET BOOK VALUES						
At 30 September 2006	3,667	853	660	1,406	1,846	8,432
At 31 December 2005	3,759	971	477	75	165	5,447
At 31 December 2004	3,742	864	93	97	–	4,796
At 31 December 2003	–	–	34	–	–	34

The buildings are situated on a piece of land in the PRC held under medium-term land use rights.

17. LAND LEASE PREPAYMENT

The Group's land lease prepayment represents payment for medium-term land use rights in the PRC and is charged to the income statement on a straight-line basis for the usage of land.

	As at 31 December			As at 30 September
	2003	**2004**	**2005**	**2006**
	HK$'000	*HK$'000* (restated)	*HK$'000*	*HK$'000*
Analysed as:				
Current assets	–	72	72	693
Non-current assets	–	3,438	3,232	30,036
	–	3,510	3,304	30,729

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2003	300,000
Decrease in fair value	(45,000)
At 31 December 2003 and 1 January 2004	255,000
Increase in fair value	11,000
At 31 December 2004 and 1 January 2005	266,000
Increase in fair value	52,600
At 31 December 2005 and 1 January 2006	318,600
Increase in fair value	9,800
At 30 September 2006	328,400

The fair values of the Group's investment property at the respective balance sheet dates have been arrived at on the basis of valuations carried out on the balance sheet dates by LCH (Asia – Pacific) Surveyors Limited, a firm of qualified professional valuers. The valuers of LCH (Asia – Pacific) Surveyors Limited who carry out the valuation are Registered Professional Surveyor, and valuers on the "List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers" published by Hong Kong Institute of Surveyors ("HKIS"), and has appropriate qualifications and recent experiences in the valuation of similar properties in Hong Kong. The valuation, which conforms to HKIS Valuation Standards, was arrived at by reference to market evidence of recent transaction prices for similar properties.

The Group's investment properties are situated in Hong Kong and are held under a long lease. They are rented out under operating leases to earn rentals or for capital appreciation purpose.

19. INVESTMENTS IN SECURITIES

Investments in securities as at 31 December 2003 and 2004 are set out below.

	2003	2004
	HK$'000	*HK$'000*
Investment securities:		
Unlisted equity investment, at cost	–	3,000
Other investments:		
Unlisted equity investments, at cost	37,010	37,010
Less: unrealised holding loss	(37,010)	(37,010)
	–	3,000
Equity investments listed in Hong Kong, at market value	14,695	19,166
Unit trust outside Hong Kong, at quoted value	–	48
	14,695	19,214
	14,695	22,214

Carrying amount analysed for reporting purpose as:

	2003	2004
Non-current	–	3,000
Current	14,695	19,214
	14,695	22,214

Upon the application of HKAS 39 on 1 January 2005, investments in securities were reclassified to available-for-sale investments (note 20) and held-for-trading investment (note 25) as appropriate.

20. AVAILABLE-FOR-SALE INVESTMENTS

At 31 December 2005 and 30 September 2006, the Group had unlisted equity interest in the following company:

Name of company	Country of incorporation/ operation	Class of capital held	Proportion of registered capital held directly by the Company	Nature of business
Hunan Zhongrong Real Estate Development Company Limited 湖南中榮房地產開發有限公司	PRC	Registered capital	18%	Property development

The above investment is measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. The directors of the Company have performed impairment review on these unlisted equity securities and no impairment loss is considered necessary.

21. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

The amount represents a payment for the acquisition of a 51% interest in Keycharm (note 35(b)).

22. PREPAYMENTS

Included in the prepayments of approximately HK$7,406,000 represents prepayments paid to various developers in connection with a potential port infrastructure project. In January 2006, Keycharm, which was acquired by the Group in September 2006, entered into an agreement with 江蘇省太倉港港口開發建設投資公司 ("港口開發"), a minority shareholder of a subsidiary, pursuant to which 港口開發 agreed to assist Keycharm in the procurement of the Government's granting of the land use rights for a port infrastructure project. In the event that the land use rights were not granted by October 2006 (the "Procurement Date"), 港口開發 would become liable to the costs that have Keycharm incurred. The directors are in the process of negotiating with 港口開發 to extend the Procurement Date and consider that the amount is recoverable in case the Procurement Date is not extended.

23. GOODWILL

	HK$'000
At 1 January 2004	–
Arising on acquisition of subsidiaries *(note 34(a))*	820
Amortisation for the year	(820)
At 31 December 2004 and 31 December 2005	–
Arising on acquisition of subsidiaries *(note 34(b))*	7,783
Impairment loss	(7,783)
At 30 September 2006	–

During the nine months ended 30 September 2006, the Group recognised an impairment loss of HK$7,783,000 in relation to the goodwill arising on acquisition of subsidiaries (note 34(b)).

Upon entering a conditional agreement to acquire the subsidiaries in February 2006, the management of Company anticipated that the underlying projects would be profitable and agreed to acquire the subsidiaries at a consideration of approximately HK$60,000,000. Goodwill of HK$7,783,000 arising from such acquisition was attributable to potential port infrastructure project. At 30 September 2006, the management of Company reassessed the status of the relevant projects and, except for an industrial depot project which land use right has been granted to the Group, were uncertain whether future cash inflows would arise from the potential port infrastructure projects. An impairment loss of HK$7,783,000 has been recognised in the income statement accordingly.

24. INVENTORIES

	As at 31 December			As at 30 September
	2003	2004	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials, at cost	–	63	174	227
Finished goods, at cost	–	164	359	68
	–	227	533	295

25. HELD-FOR-TRADING INVESTMENT

Held-for-trading investment represents unlisted unit trust outside Hong Kong. The fair value of the held-for-trading investment is determined based on the quoted prices available from the financial institution.

26. TRADE RECEIVABLES

Rentals receivable from tenants are payable on presentation of invoices. The Group allows an average credit period of 30 days to other trade customers.

The following is an aged analysis of trade receivables of the Group at respective balance sheet date:

	As at 31 December			As at 30 September
	2003	2004	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 60 days	204	936	298	840
61 – 90 days	26	262	647	48
Over 90 days	90	144	8	–
	320	1,342	953	888

The fair value of the Group's trade receivables at respective balance sheet dates approximated to the corresponding carrying amounts.

27. PREPAYMENTS AND DEPOSITS

The fair value of the Group's deposits at respective balance sheet dates approximated to the corresponding carrying amounts.

28. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade creditors at respective balance sheet dates:

	As at 31 December			As at 30 September
	2003	2004	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 60 days	1,413	–	59	1,126
61 – 90 days	575	–	–	–
Over 90 days	6,299	–	–	–
	8,287	–	59	1,126
Other payables	158	9,986	7,953	7,139
	8,445	9,986	8,012	8,265

The fair value of the Group's trade and other payables at respective balance sheet dates approximated to the corresponding carrying amounts.

29. CONSIDERATION PAYABLE FOR ACQUISITION OF SUBSIDIARIES

The amount represented the outstanding consideration for the acquisition of a 51% interest in Lucky Green Limited in 2004, which was interest bearing at 1% per annum and was repaid in 2005.

30. BORROWINGS

	As at 31 December			As at 30 September
	2003	2004	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans *(note a)*	138,300	128,693	129,712	182,548
Margin loans *(note a)*	2,653	1,750	–	–
Unsecured other loan *(note b)*	1,500	–	–	–
	142,453	130,443	129,712	182,548
The maturity of the borrowings is as follows:				
Repayable				
– on demand or within one year	11,953	130,443	6,362	28,083
– between one and two years	130,500	–	123,350	8,712
– between two and five years	–	–	–	125,113
– over five years	–	–	–	20,640
	142,453	130,443	129,712	182,548
Less: Amount due within one year shown under current liabilities	(11,953)	(130,443)	(6,362)	(28,083)
	130,500	–	123,350	154,465

Notes:

a. The range of effective interest rates on the Group's bank loans for variable-rate borrowings are 3.55%-3.8%, 3.1%-4.1%, 4%-4.9% and 4.74%-6.3% per annum for each of the years ended 31 December 2003, 2004, 2005 and for the nine months ended 30 September 2006, respectively.

b. Up to 30 July 2003, the lender charged interest at 18% per annum and since then, the loan was interest free and had been fully repaid in 2004.

The bank loans are secured by:

(a) Buildings and plant and land lease prepayment with an aggregate carrying amount of HK$7,252,000, HK$7,063,000 and HK$7,025,000 at 31 December 2004, 2005 and 30 September 2006, respectively,

(b) the Group's investment properties and the Company's investment in shares of China Faith Limited, a subsidiary, for the Relevant Periods and for the nine months ended 30 September 2006, and

(c) the assignment of rental income in respect of the investment properties under operating leases for the Relevant Periods.

The margin loans are secured by:

Other investments with carrying value of HK$14,695,000 and HK$19,166,000 at 31 December 2003 and 2004 respectively were pledged against margin loan facilities granted to the Group.

31. SHARE CAPITAL

	Number of shares *'000*	Nominal amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.10 each at 1 January 2003	20,000,000	2,000,000
Reduction of the nominal value of share capital of HK$0.10 each to HK$0.0001 each	–	(1,998,000)
Consolidation of every 50 shares of HK$0.0001 each to one share of HK$0.005 each	(19,600,000)	–
Increase in authorised share capital of HK$0.005 each	421,578,000	2,107,890
Ordinary shares of HK$0.005 each at 31 December 2003, 2004 and 2005 and 30 September 2006	421,978,000	2,109,890
Preference shares of HK$0.10 each at 1 January 2003	1,100,000	110,000
Reduction of the nominal value of share capital of HK$0.10 each to HK$0.0001 each	–	(109,890)
Consolidation of every 50 shares of HK$0.0001 each to one share of HK$0.005 each	(1,078,000)	–
Preference shares of HK$0.005 each at 31 December 2003, 2004 and 2005 and 30 September 2006	22,000	110
Issued and fully paid:		
Ordinary shares of HK$0.10 each at 1 January 2003	6,899,557	689,956
Reduction of the nominal value of share capital of HK$0.10 each to HK$0.0001 each	–	(689,266)
Consolidation of every 50 shares of HK$0.0001 each to one share of HK$0.005 each	(6,761,566)	–
Issue of shares	27,598	138
Ordinary shares of HK$0.005 each at 31 December 2003	165,589	828
Issue of shares	72,800	364
Ordinary shares of HK$0.005 each at 31 December 2004	238,389	1,192
Issue of shares	47,600	238
At 31 December 2005 and 30 September 2006	285,989	1,430

The new ordinary shares rank pari passu in all respects with the issued shares of the Company.

Pursuant to a special resolution at a special general meeting of the shareholders of the Company passed on 19 March 2003,

(i) The nominal value of the authorised share capital is reduced from HK$0.10 to HK$0.0001 such that the authorised share capital is reduced from HK$2,110,000,000 to HK$2,110,000 (the "Capital Reduction").

(ii) Every 50 ordinary shares are consolidated into one ordinary share of HK$0.005 each (the "Share Consolidation").

(iii) The authorised share capital of the Company, after the Capital Reduction and Share Consolidation, is restored back to HK$2,110,000,000 by the creation of an additional 421,578,000,000 new ordinary shares of HK$0.005 each.

The preference shares have the same right to dividend as the ordinary shares and rank in priority to the ordinary shares as to return of capital on a winding up. The preference shares are not redeemable by the Company but are convertible into new ordinary shares at the option of the holder at any time. Holders of the preference shares are not entitled to attend or vote at any general meetings of the Company, save in circumstances where a resolution is proposed to vary the rights of holders of the preference shares or to wind up the Company.

Issued share capital

In 31 December 2003, pursuant to a subscription agreement, 27,598,000 ordinary shares of HK$0.005 each were issued at HK$0.221 per share for cash.

In 2004, 33,100,000 and 39,700,000 ordinary shares of HK$0.005 each were issued for cash at HK$0.231 and HK$0.2898 per share, respectively, to provide additional working capital to the Group.

In 2005, 47,600,000 ordinary shares of HK$0.005 each were issued for cash at HK$0.5 per share pursuant to subscription agreements, to provide additional working capital to the Group.

Warrants

At 1 January 2003, the Company had outstanding 500,000,000 warrants which were exercisable at any time on or before 18 July 2003. As a result of the Share Consolidation, the warrantholder is entitled to convert the warrants into 10,000,000 new ordinary shares at a subscription price of HK$5.00 per share. All the warrants lapsed in 2003.

32. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at a special general meeting of shareholders held in 2002, the Company adopted a share option scheme (the "Scheme") which enables the directors of the Company to grant options to employees (including directors) of the Group in recognition of their contribution to the Group. The Scheme will expire on 21 April 2012.

No option has been granted under the Scheme since its adoption.

33. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised and movements thereon during the Relevant Periods are as follows:

	Property, plant and equipment	Investment properties	Unrealised holding gain on other investments	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2003	46	1,052	8,643	(1,098)	8,643
Charge (credit) to income statement					
Effect of change in tax rate	4	99	810	(103)	810
(Credit) charge to income statement	(44)	211	(8,881)	(739)	(9,453)
At 31 December 2003					
– as previously stated	6	1,362	572	(1,940)	–
– on adoption of HKAS INT 21	–	(1,362)	–	1,362	–
Acquisition of subsidiaries	770	–	–	–	770
(Credit) charge to income statement	(114)	–	801	(800)	(113)
At 31 December 2004 (restated)	662	–	1,373	(1,378)	657
Exchange difference	12	–	–	–	12
Charge (credit) to income statement	11	6,132	(1,373)	1,270	6,040
At 31 December 2005	685	6,132	–	(108)	6,709
Exchange difference	13	–	–	–	13
(Credit) charge to income statement	(4)	2,146	–	(601)	1,541
At 30 September 2006	694	8,278	–	(709)	8,263

At 31 December 2003 and 2004, the Group had other deductible temporary differences in respect of the investment properties revaluation of approximately HK$28,560,000 and HK$20,848,000 respectively. No deferred tax asset had been recognised in relation to such deductible temporary differences at the respective balance sheet date, as it was not probable that taxable profit would be available against which the deductible temporary differences could be utilised.

The Group has unused tax losses of approximately HK$95,569,000, HK$90,653,000, HK$89,922,000 and HK$99,480,000 at 31 December 2003, 2004 and 2005 and 30 September 2006 respectively available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$11,089,000, HK$7,878,000, HK$611,000 and HK$4,074,000 at 31 December 2003, 2004, 2005 and 30 September 2006 respectively of such losses. No deferred tax has been recognised in respect of the remaining HK$84,480,000, HK$82,775,000, HK$89,311,000 and HK$95,926,000 at 31 December 2003, 2004, 2005 and 30 September 2006 respectively due to the unpredictability of future profit streams. The losses can be carried forward indefinitely.

34. ACQUISITION OF A SUBSIDIARY

(a) For the year ended 31 December 2004

In March 2004, the Group acquired a 51% interest in Lucky Green Limited, which holds a 100% interest in the registered capital of Zhuhai Rui Nong, for a cash consideration of HK$30,000,000. In March 2005, the purchase consideration was revised from HK$30,000,000 to HK$5,000,000 in view of the business performance of Zhuhai Rui Nong during the year ended 31 December 2004. Zhuhai Rui Nong was established in the PRC and is principally engaged in the production and sale of fertilizers. This transaction had been accounted for using the purchase method of accounting.

	HK$'000
Net assets acquired	
Property, plant and equipment	5,264
Land lease prepayment	3,570
Inventories	58
Trade receivables	164
Prepayments and deposits	278
Bank balances and cash	334
Amount due to a shareholder	(2,943)
Bank loan	(943)
Deferred tax liability	(770)
Minority interests	(832)
	4,180
Goodwill arising on acquisition *(Note)*	820
Consideration	5,000
Less: deferred consideration *(note 29)* paid in 2005	(4,000)
Cash consideration paid in 2004	1,000
Net cash outflow arising on acquisition	
Cash consideration paid	(1,000)
Bank balances and cash acquired	334
	(666)

The subsidiaries acquired in 2004 contributed HK$6,420,000 to the Group's revenue and incurred a loss from operation of HK$1,391,000 for that year.

Note: Amount represents goodwill arising on acquisition after the effect of adjustment to consideration and being fully amortised in 2004.

(b) For the nine months ended 30 September 2006

In September 2006, the Group acquired a 51% interest in Keycharm, which holds a 85.71% interest in the registered capital of Taicang (collectively the "Keycharm Group"), for a total consideration of RMB61,200,001 (approximately HK$60,000,000). The consideration of RMB61,200,001 represents the acquisition of 51% equity interest in Keycharm for RMB1 and the settlement of shareholders' loans advanced to the Keycharm Group of RMB61,200,000. This transaction has been accounted for using the purchase method of accounting.

	Carrying amount and fair value
	HK$'000
Net assets acquired	
Property, plant and equipment	1,533
Land lease prepayment	27,416
Prepayments	17,700
Prepayments and deposits	100
Amount due from a minority shareholder of a subsidiary	58,826
Bank balances and cash	22,942
Other payables	(190)
Amounts due to shareholders	(57,774)
	70,553
Minority interests	(18,336)
Goodwill arising on acquisition	7,783
Consideration, satisfied by settlement of the shareholders' loans of HK$60,000,000	60,000
Net cash outflow arising on acquisition	
Cash consideration paid for shares	–
Settlement of shareholders' loans advanced to the Keycharm Group, amount paid in 2006 (HK$11,590,000 was paid in 2005)	(48,410)
Bank balances and cash acquired	22,942
	(25,468)

The subsidiaries acquired in September 2006 has not contributed any significant revenue and results to the Group in the nine months ended 30 September 2006.

If the acquisition had been completed on 1 January 2006, total Group's revenue for the period would have been HK$9,606,000, and loss for the period would have been HK$16,998,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2003, the Group surrendered certain shares of China Gas with an aggregate market value of HK$46,380,000 for the settlement of loans of HK$18,900,000.

There were no major non-cash transactions for each of the years ended 31 December 2004 and 2005 and each of the nine months ended 30 September 2005 and 2006.

36. OPERATING LEASE COMMITMENTS

As lessor

At the balance sheet date, investment properties were leased out for periods ranging from 1 to 3 years and some of the leases have renewal options given to the lessees. The future minimum lease payments receivable by the Group under non-cancellable operating leases are as follows:

		As at 31 December		As at 30 September
	2003	**2004**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	6,474	8,227	7,846	7,094
In second to fifth year inclusive	5,559	9,075	5,015	2,176
Total	12,033	17,302	12,861	9,270

As lessee

		As at 31 December		As at 30 September
	2003	**2004**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Minimum lease payments under operating leases in respect of office properties and motor vehicles	–	–	190	223

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		As at 31 December		As at 30 September
	2003	**2004**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	–	538	178
In second to fifth year inclusive	–	–	184	–
	–	–	722	178

Operating lease payments represent rentals payable by the Group for certain of its office properties and motor vehicles. Leases are negotiated for an average term of two years.

37. CAPITAL COMMITMENTS

	As at 31 December			As at 30 September
	2003	2004	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Commitments in respect of the acquisition of property, plant and equipment contracted for but not provided	–	–	1,544	8,555

38. RETIREMENT BENEFITS SCHEMES

The Group is required to participate in the MPF Scheme in respect of its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Both the Group and its employees contribute 5% of the relevant payroll costs to the MPF Scheme.

The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Contributions to the retirement benefit schemes for each of the three years ended 31 December 2003, 2004, 2005 and each of the nine months ended 30 September 2005 (unaudited) and 2006 are HK$35,000, HK$41,000, HK$71,000 and HK$33,000 and HK$45,000, respectively.

39. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the Relevant Periods and the nine months ended 30 September 2005 (unaudited), the Group had significant transactions with the following related parties, together with balances with them at the respective balance sheet date. Details are as follows:

(a) For the year ended and as at 31 December 2003

- The amounts due to directors were interest free, unsecured and repayable on demand.
- Compensation of key management personnel

The remuneration of directors and other members of key management in 2003 is disclosed in notes 12 and 13.

(b) For the year ended and as at 31 December 2004

- The amounts due to directors and a minority shareholder of a subsidiary were interest free, unsecured and repayable on demand.
- A minority shareholder of a subsidiary provides a guarantee, at no charge to the Group, to a bank for a bank loan of RMB1,000,000 (approximately HK$943,000) granted to a subsidiary.
- Compensation of key management personnel

The remuneration of directors and other members of key management in 2004 is disclosed in notes 12 and 13.

(c) For the year ended or as at 31 December 2005

- The amount due to a minority shareholder of a subsidiary is unsecured, interest-bearing at 6% per annum and is repayable on demand. The amount of interest paid was approximately HK$149,000.

- A minority shareholder of a subsidiary provided a guarantee, at no charge to the Group, to a bank for a bank loan of RMB1,000,000 (approximately HK$962,000) granted to a subsidiary.

- Compensation of key management personnel

The remuneration of directors and other members of key management in 2005 is disclosed in notes 12 and 13.

(d) For the nine months ended or as at 30 September 2005 (unaudited)

- The amount of interest paid to a minority shareholder of a subsidiary was approximately HK$85,000.

- A minority shareholder of a subsidiary provided a guarantee, at no charge to the Group, to a bank for a bank loan of RMB1,000,000 (approximately HK$943,000) granted to a subsidiary.

- Compensation of key management personnel

The remuneration of directors and other members of key management for the nine months ended 30 September 2005 is disclosed in notes 12 and 13.

(e) For the nine months ended 30 September 2006

- The amount due from a minority shareholder of a subsidiary is interest free, unsecured and repayable on demand.

- The amounts due to directors are interest free, unsecured and repayable on demand.

- Including in the amounts due to a minority shareholders of subsidiary of HK$57,773,660 is unsecured, interest free and repayable on demand. The remaining balance of HK$1,936,150 is interest-bearing at 6% per annum. The amount of interest paid is approximately HK$191,000.

- A minority shareholder of a subsidiary provided a guarantee, at no charge to the Group, to a bank for a bank loan of RMB1,600,000 (approximately HK$1,569,000) granted to a subsidiary.

- The Group entered into an agreement with a minority shareholder of a subsidiary relating to the procurement of land use rights for a port infrastructure project. Details of this are set out in note 22.

- Compensation of key management personnel

The remuneration of directors and other members of key management for the nine months ended 30 September 2006 is disclosed in notes 12 and 13.

40. SUBSEQUENT EVENTS

(a) In 2006 and 2007, the Grantor, being a party to the Provisional Agreement and Supplemental Agreement to dispose of the Property, granted an option to the Purchaser to purchase the entire share capital of China Faith for a consideration of HK$440,000,000 which comprise of the share consideration and the shareholder's loan and subject to adjustment of rented income, rental deposits, outgoings, etc. Details are set out in the letter from the board included in this Circular.

(i) Included in the consolidated balance sheets of the Group are the assets and liabilities attributable to China Faith as at respective balance sheet dates as follow:

	As at 31 December			As at 30 September
	2003	**2004**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSET				
Investment properties	255,000	266,000	318,600	328,400
CURRENT ASSETS				
Trade receivables	297	466	381	720
Prepayments and deposits	857	857	897	891
Amounts due from follow subsidiaries	–	–	–	49,830
Bank balances and cash	653	849	19,712	13,933
	1,807	2,172	20,990	65,374
CURRENT LIABILITIES				
Trade and other payables	5,047	4,949	4,578	4,894
Rental deposits	2,837	3,241	3,107	3,854
Amount due to ultimate holding company	–	–	21,825	21,772
Amount due to immediate holding company	110,403	110,403	110,403	110,403
Amounts due to fellow subsidiaries	8,790	15,321	9,037	1,000
Borrowings	7,800	127,750	5,400	26,514
	134,877	261,664	154,350	168,437
NET CURRENT LIABILITIES	(133,070)	(259,492)	(133,360)	(103,063)
TOTAL ASSETS LESS CURRENT LIABILITIES	121,930	6,508	185,240	225,337
NON-CURRENT LIABILITIES				
Borrowings	130,500	–	123,350	154,465
Deferred taxation	–	–	6,040	7,581
	130,500	–	129,390	162,046
TOTAL ASSETS AND LIABILITIES	(8,570)	6,508	55,850	63,291

According to the Provisional Agreement, the Vendor will cause China Faith to repay and discharge in full, if any and all inter-company balances and related company balances prior to the closing date as defined in the Circular.

(ii) Included in the consolidated income statements of the Group are the results attributable to China Faith during the Relevant Periods and for the nine months ended 30 September 2005 (unaudited) as follows:

	Year ended 31 December			Nine months ended 30 September	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	7,529	8,235	9,557	7,376	7,527
Rental outgoings	(1,944)	(1,356)	(592)	(637)	(1,582)
Gross profit	5,585	6,879	8,965	6,739	5,945
Other income	–	67	35	104	174
Changes in fair value of investment properties	(45,000)	11,000	52,600	37,380	9,800
Administrative expenses	(534)	(339)	(555)	(252)	(460)
Finance costs	(4,024)	(2,529)	(5,663)	(4,068)	(6,477)
(Loss) profit before taxation	(43,973)	15,078	55,382	39,903	8,982
Income tax charge	–	–	6,040	3,325	1,541
(Loss) profit for the year/period	(43,973)	15,078	49,342	36,578	7,441

(iii) Included in the consolidated cash flow statements of the Group are the cash flows attributable to China Faith during the Relevant Periods and for the nine months ended 30 September 2005 (unaudited) as follows:

	Year ended 31 December			**Nine months ended 30 September**	
	2003	**2004**	**2005**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before taxation	(43,973)	15,078	55,382	39,903	8,982
Adjustments for:					
Changes in fair value of investments properties	45,000	(11,000)	(52,600)	(37,380)	(9,800)
Finance costs	4,024	2,529	5,663	4,068	6,477
Operating cash flows before movements in working capital	5,051	6,607	8,445	6,591	5,659
(Increase) decrease in trade receivables	(179)	(169)	85	(288)	(339)
Decrease (increase) in prepayments and deposits	552	–	(40)	(59)	6
Increase (decrease) in trade and other payables	298	(98)	(371)	(564)	316
Increase (decrease) in rental deposits	182	404	(134)	25	747
Cash used in operations	5,904	6,744	7,985	5,705	6,389
Interest paid	(4,024)	(2,529)	(5,663)	(4,068)	(6,477)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,880	4,215	2,322	1,637	(88)
CASH FLOW (USED IN) INVESTING ACTIVITY					
Advance to fellow subsidiaries	–	–	–	–	(49,830)

	Year ended 31 December			Nine months ended 30 September	
	2003	2004	2005	2005	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
FINANCING ACTIVITIES					
Increase (decrease) in amounts due to fellow subsidiaries	7,470	6,531	(6,284)	18,674	(8,037)
Repayment from (advance to) ultimate holding company	–	–	21,825	–	(53)
Bank loans raised	–	–	131,000	131,000	73,000
Repayment of bank loans	(9,100)	(10,550)	(130,000)	(128,650)	(20,771)
Repayment of loans from directors	(213)	–	–	–	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,843)	(4,019)	16,541	21,024	44,139
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	37	196	18,863	22,661	(5,779)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	616	653	849	849	19,712
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balances and cash	653	849	19,712	23,510	13,933

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group or any of its subsidiaries have been prepared in respect of any period subsequent to 30 September 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

1. INDEBTEDNESS

As at the close of business on 30 November 2006, being the latest practicable date for this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$245,434,000, comprising a secured bank loan of approximately HK$181,147,000 and unsecured loans from the minority shareholders of subsidiaries of approximately HK$64,287,000. The secured bank loans were secured by property and plant and investment properties of the Group with a carrying amount of HK$7,010,000 and HK$337,100,000 respectively, and the rental income in respect of the investment properties under operating leases are assigned to the bank.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 November 2006 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

2. MATERIAL CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 30 September 2006, being the date to which the latest audited consolidated financial statements of the Group were made up.

3. WORKING CAPITAL

After taking into account the internally generated funds and available banking facilities of the Group, the Directors are of the opinion that the Group will, following the completion of the Disposal, have sufficient working capital to satisfy its present requirement for the next twelve months from the date of this circular.

After taking into account the internally generated funds and available banking facilities of the Remaining Group, the Directors are of the opinion that the Remaining Group will, following the completion of the disposal of the Group's 100% equity interest in China Faith to the Purchaser, have sufficient working capital to satisfy its present requirement for the next twelve months from the date of this circular.

1. UNAUDITED PRO FORMA NET ASSET STATEMENT OF THE GROUP UPON DISPOSING THE PROPERTY

(A) Introduction

The unaudited pro forma net asset statement of the Group has been prepared to illustrate the effect of disposing the Property.

The unaudited pro forma net asset statement of the Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of disposing the Property as if the disposal took place on 30 September 2006.

The unaudited pro forma net asset statement of the Group is based upon the audited consolidated balance sheet of the Group as at 30 September 2006, which has been extracted from the accountants' report of the Company set out in Appendix II to this circular, after making pro forma adjustments relating to the disposal of the Property that are (i) directly attributable to the transaction; and (ii) factually supportable.

The unaudited pro forma net asset statement of the Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma net asset statement of the Group does not purport to describe the actual financial position of the Group that would have been attained had the disposal of the Property been completed on 30 September 2006. The unaudited pro forma net asset statement of the Group does not purport to predict the future financial position of the Group.

The unaudited pro forma net asset statement of the Group should be read in conjunction with the historical financial information of the Group as set out in the accountants' report of the Company set out in Appendix II to this circular and other financial information included elsewhere in this circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Group following completion of the disposal of the Property.

(B) Unaudited pro forma net asset statement

	The Group as at 30 September 2006	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Subtotal	Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	*(Note 3)*		
Non-current Assets						
Property, plant and equipment	8,432					8,432
Land lease prepayment	30,036					30,036
Investment properties	328,400	(328,400)			(328,400)	–
Available-for-sale investments	3,000					3,000
Prepayments	17,700					17,700
	387,568					59,168
Current Assets						
Inventories	295					295
Trade receivables	888					888
Land lease prepayment	693					693
Prepayments and deposits	2,832					2,832
Amount due from a minority shareholder of a subsidiary	58,826					58,826
Bank balances and cash	42,476		(180,979)	417,397	236,418	278,894
	106,010					342,428
Current liabilities						
Trade and other payables	8,265			(2,023)	(2,023)	6,242
Amount due to directors	600					600
Amount due to minority shareholders of subsidiaries	64,288					64,288
Rental deposits	3,854			(3,854)	(3,854)	–
Taxation	14,687	2,854			2,854	17,541
Borrowings	28,083		(26,514)		(26,514)	1,569
	119,777					90,240
Net Current (Liabilities) Assets	(13,767)					252,188
Total Assets Less Current Liabilities	373,801					311,356
Non-current Liabilities						
Borrowings	154,465		(154,465)		(154,465)	–
Deferred taxation	8,263	(7,581)			(7,581)	682
	162,728					682
Net assets	211,073					310,674

Note:

1. The adjustment reflects the disposal of the Property and the corresponding tax effect.

2. This adjustment represents the repayment of bank loans secured by the Property in accordance with the Provisional Agreement.

3. The adjustment reflects the net consideration of the disposal of the Property after taking into consideration the following:

   (a) Agreed consideration of the Property of HK$440,000,000.

   (b) The estimated expenses to be incurred in connection with the disposal of the Property of approximately HK$16,726,000.

   (c) Accrued expenses of HK$2,023,000 to be settled to the property management company and rental deposits of HK$3,854,000 to be refunded to the tenants by the Group as agreed with the Purchaser.

2. UNAUDITED PRO FORMA INCOME STATEMENT OF THE GROUP UPON COMPLETION OF THE DISPOSAL OF THE PROPERTY

(A) Introduction

The unaudited pro forma income statement of the Group has been prepared to illustrate the effect of the disposal of the Property.

The unaudited pro forma income statement of the Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the disposal of the Property as if this had taken place at the beginning of the nine months ended 30 September 2006.

The unaudited pro forma income statement of the Group is based upon the audited consolidated income statement of the Group for the nine months ended 30 September 2006, which has been extracted from the accountants' report of the Company set out in Appendix II to this circular, after making pro forma adjustments relating to the disposal of the Property that are (i) directly attributable to the transaction and (ii) factually supportable.

The unaudited pro forma income statement of the Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma income statement of the Group does not purport to describe the actual results of the Group that would have been attained had the disposal of the Property been completed at the beginning of the nine months ended 30 September 2006 or to predict the future results of the Group.

The unaudited pro forma income statement of the Group should be read in conjunction with the financial information of the Group as set out in the accountants' report of the Company set out in Appendix II to this circular and other financial information included elsewhere in this circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of the results of the Group had the disposal of the Property actually occurred at the beginning of the nine months ended 30 September 2006 or for any future period.

(B) Unaudited pro forma income statement

	The Group for the period ended 30 September 2006	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Subtotal	Pro forma balances
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	*(Note 3)*		
Revenue	9,606		(7,527)		(7,527)	2,079
Rental outgoings	(1,582)		1,582		1,582	–
Cost of sales	(1,592)					(1,592)
Gross profit	6,432					487
Other income	796					796
Change in fair value of investment properties	9,800	111,600			111,600	121,400
Selling and distribution costs	(464)					(464)
Administrative expenses	(8,272)	(16,726)			(16,726)	(24,998)
Impairment loss on goodwill	(7,783)					(7,783)
Finance costs	(6,705)		6,477		6,477	(228)
(Loss) profit before taxation	(6,196)					89,210
Income tax charge (credit)	1,541		(7,581)	2,854	(4,727)	(3,186)
(Loss) profit for the period attributable to equity holders of the Company	(7,737)					92,396
(Loss) earnings per share						
Basic	(2.71 HK cents)				*(Note 4)*	32.31 HK cents
Diluted	N/A				*(Note 4)*	N/A

Notes:

1. The adjustment reflects the change in fair value of the Property upon disposal and estimated expenses to be incurred in connection with this of HK$16,726,000.

2. The adjustment reflects the exclusion of income and expenses attributable to the Property for the nine months ended 30 September 2006 as if the disposal of the Property had been completed on 1 January 2006. This adjustment has a continuing effect on the Group.

3. The adjustment reflects the tax effect upon disposal of the Property.

4. The calculation of pro forma basic earnings per Share at 30 September 2006 was based on the pro forma profit attributable to the equity holders of the parent of the Group of HK$92,396,000 and the weighted average number of Shares in issue for the nine months ended 30 September 2006 of 285,989,000.

3. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS IN RELATION TO THE DISPOSAL OF THE PROPERTY

The following is the text of a report from Deloitte Touche Tohmatsu, for inclusion in this circular, in respect of the unaudited pro forma financial information of the Group as set out in this appendix:

Deloitte.
德勤

We report on the unaudited pro forma financial information of Greater China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix IV (the "Unaudited Pro Forma Financial Information") of the circular dated 31 January 2007 (the "Circular") in connection with the very substantial disposal of investment properties, including Store Room on Ground Floor, Shops 4 and 5 on Ground Floor, Commercial Premises on 1st, 2nd and 3rd Floor, Offices 1, 2, 3 and 4 on 4th to 7th Floors, Offices 1 and 4 on 8th Floor, Offices 1, 2, 3 and 4 on 9th to 18th Floors, Offices 1, 2, 3 and 4 on 20th to 22nd Floors. Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor, No. 1 Lyndhurst Terrance and No. 78 Wellington Street, Central, Hong Kong (the "Property"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the disposal of the Property might have affected the financial information presented, for inclusion in Appendix IV of the Circular.

The basis of preparation of the unaudited pro forma financial information is set out on pages 76 to 80 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as require by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, and such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 September 2006 or at any future date; and

- the earnings per share and results of the Group for the nine months ended 30 September 2006 or any future period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 January 2007

4. UNAUDITED PRO FORMA BALANCE SHEET OF THE REMAINING GROUP UPON DISPOSING CHINA FAITH

(A) Introduction

The unaudited pro forma balance sheet of the Remaining Group has been prepared to illustrate the effect of disposing China Faith.

The unaudited pro forma balance sheet of the Remaining Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of disposing China Faith as if the disposal took place on 30 September 2006.

The unaudited pro forma balance sheet of the Remaining Group is based upon the audited consolidated balance sheet of the Group as at 30 September 2006, which has been extracted from the accountants' report of the Company set out in Appendix II to this circular, after making pro forma adjustments relating to the disposal of China Faith that are (i) directly attributable to the transaction; and (ii) factually supportable.

The unaudited pro forma balance sheet of the Remaining Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma balance sheet of the Remaining Group does not purport to describe the actual financial position of the Remaining Group that would have been attained had the disposal of China Faith been completed on 30 September 2006. The unaudited pro forma balance sheet of the Remaining Group does not purport to predict the future financial position of the Remaining Group.

The unaudited pro forma balance sheet of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in the accountants' report of the Company set out in Appendix II to this circular and other financial information included elsewhere in this circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Remaining Group following completion of the disposal of China Faith.

(B) Unaudited pro forma balance sheet

	The Group as at 30 September 2006 HK$'000	Pro forma adjustment HK$'000 (Note 1)	Pro forma adjustment HK$'000 (Note 2)	Pro forma adjustment HK$'000 (Note 3)	Subtotal HK$'000	Pro forma Remaining Group HK$'000
Non-current Assets						
Property, plant and equipment	8,432					8,432
Land lease prepayment	30,036					30,036
Investment properties	328,400	(328,400)			(328,400)	–
Available-for-sale investments	3,000					3,000
Prepayments	17,700					17,700
	387,568					59,168
Current Assets						
Inventories	295					295
Trade receivables	888	(720)			(720)	168
Land lease prepayment	693					693
Prepayments and deposits	2,832	(891)			(891)	1,941
Amount due from a minority shareholder of a subsidiary	58,826					58,826
Bank balances and cash	42,476	(13,933)	(180,979)	430,070	235,158	277,634
	106,010					339,557
Current liabilities						
Trade and other payables	8,265	(4,894)			(4,894)	3,371
Amount due to directors	600					600
Amount due to minority shareholders of subsidiaries	64,288					64,288
Rental deposits	3,854	(3,854)			(3,854)	–
Taxation	14,687					14,687
Borrowings	28,083		(26,514)		(26,514)	1,569
	119,777					84,515
Net Current (Liabilities) Assets	(13,767)					255,042
Total Assets Less Current Liabilities	373,801					314,210
Non-current Liabilities						
Borrowings	154,465		(154,465)		(154,465)	–
Deferred taxation	8,263	(7,581)			(7,581)	682
	162,728					682
Total Assets and Liabilities	211,073					313,528
Capital and Reserves						
Share capital	1,430					1,430
Reserves	191,307	102,455			102,455	293,762
Equity attributable to equity holders of the Company	192,737					295,192
Minority interests	18,336					18,336
Total Equity	211,073					313,528

Note:

1. The adjustment reflects the elimination of assets and liabilities of China Faith, excluding bank borrowings and inter-company balances, and the effect on disposal of China Faith of HK$102,455,000.

2. This adjustment represents the repayment of bank loans secured by the Property in accordance with the Provisional Agreement.

3. The adjustment reflects the net consideration of the disposal of China Faith after taking into consideration the following:

   (a) Agreed consideration of the Property of HK$440,000,000.

   (b) Consideration for the net assets of China Faith, excluding the Property, as at the Completion Date of approximately HK$6,796,000. The amount is calculated based on the net book value of current assets and liabilities of China Faith as at 30 September 2006, excluding borrowings and inter-company balances as agreed with the Purchaser.

   (c) The estimated expenses to be incurred in connection with the disposal of China Faith of approximately HK$16,726,000.

5. UNAUDITED PRO FORMA INCOME STATEMENT AND UNAUDITED PRO FORMA CASH FLOW STATEMENT OF THE REMAINING GROUP UPON COMPLETION OF THE DISPOSAL OF CHINA FAITH

(A) Introduction

The unaudited pro forma income statement and unaudited pro forma cash flow statement of the Remaining Group have been prepared to illustrate the effect of the disposal of China Faith.

The unaudited pro forma income statement and unaudited pro forma cash flow statement of the Remaining Group have been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the disposal of China Faith as if this had taken place at the beginning of the nine months ended 30 September 2006.

The unaudited pro forma income statement and unaudited pro forma cash flow statement of the Remaining Group are based upon the audited consolidated income statement and audited consolidated cash flow statement of the Group for the nine months ended 30 September 2006, which have been extracted from the accountants' report of the Company set out in Appendix II to this circular, after making pro forma adjustments relating to the disposal of China Faith that are (i) directly attributable to the transaction; and (ii) factually supportable.

The unaudited pro forma income statement and unaudited pro forma cash flow statement of the Remaining Group are based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma income statement and unaudited pro forma cash flow statement of the Remaining Group do not purport to describe the actual results and cash flow of the Remaining Group that would have been attained had the disposal of China Faith been completed at the beginning of the nine months ended 30 September 2006 or to predict the future results and cash flow of the Remaining Group.

The unaudited pro forma income statement and unaudited pro forma cash flow statement of the Remaining Group should be read in conjunction with the financial information of the Group as set out in the accountants' report of the Company set out in Appendix II to this circular and other financial information included elsewhere in this circular.

The statements have been prepared by the Directors for illustrative purposes only and because of their nature, they may not give a true picture of the results and cash flow of the Remaining Group had the disposal of China Faith actually occurred at the beginning of the nine months ended 30 September 2006 or for any future period.

(B) Unaudited pro forma income statement

	The Group for the period ended 30 September 2006	Pro forma adjustment	Pro forma adjustment	Subtotal	Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*		
Revenue	9,606		(7,527)	(7,527)	2,079
Rental outgoings	(1,582)		1,582	1,582	–
Cost of sales	(1,592)				(1,592)
Gross profit	6,432				487
Other income	796		(174)	(174)	622
Change in fair value of investment properties	9,800	111,600		111,600	121,400
Selling and distribution costs	(464)				(464)
Administrative expenses	(8,272)		460	460	(7,812)
Impairment loss on goodwill	(7,783)				(7,783)
Loss on disposal of subsidiary	–	(10,686)		(10,686)	(10,686)
Finance costs	(6,705)		6,477	6,477	(228)
(Loss) profit before taxation	(6,196)				95,536
Income tax charge	1,541		(1,541)	(1,541)	–
(Loss) profit for the period attributable to equity holders of the Company	(7,737)				95,536
(Loss) earnings per share					
Basic	(2.71 HK cents)			*(Note 3)*	33.41 HK cents
Diluted	N/A			*(Note 3)*	N/A

(C) Unaudited pro forma cash flow statement

	The Group as at 30 September 2006 *HK$'000*	Pro forma adjustment *HK$'000* *(Note 4a)*	Pro forma adjustment *HK$'000* *(Note 4b)*	Pro forma adjustment *HK$'000* *(Note 4c)*	Subtotal *HK$'000*	Pro forma Remaining Group *HK$'000*
OPERATING ACTIVITIES						
(Loss) profit before taxation	(6,196)	101,732			101,732	95,536
Adjustments for:						
Amortisation and depreciation	470					470
Finance costs	6,705	(6,477)			(6,477)	228
Change in fair value of investment properties	(9,800)	(111,600)			(111,600)	(121,400)
Loss on disposal of subsidiary	–	10,686			10,686	10,686
Impairment loss on goodwill	7,783					7,783
Operating cash flows before movements in working capital	(1,038)					(6,697)
Decrease in inventories	238					238
Decrease in held-for-trading investment	48					48
Decrease in trade receivables	65	339			339	404
Increase in prepayments and deposits	(1,590)	(6)			(6)	(1,596)
Increase (decrease) in trade and other payables	63	(316)			(316)	(253)
Increase in rental deposits	747	(747)			(747)	–
Cash used in operations	(1,467)					(7,856)
Interest paid	(6,705)	6,477			6,477	(228)
NET CASH USED IN OPERATING ACTIVITIES	(8,172)					(8,084)
INVESTING ACTIVITIES						
Net cash outflow arising from acquisition of subsidiaries	(25,468)					(25,468)
Purchase of property, plant and equipment	(1,768)					(1,768)
Proceeds from disposal of a subsidiary	–			430,070	430,070	430,070
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(27,236)					402,834
FINANCING ACTIVITIES						
Bank loans raised	74,569	(73,000)			(73,000)	1,569
Advance from a director	600					600
Advance from a minority shareholder of a subsidiary	256					256
Repayment of bank loans	(21,733)	20,771	(128,750)		(107,979)	(129,712)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	53,692					(127,287)
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,284					275,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	24,192	(19,712)			(19,712)	4,480
CASH AND CASH EQUIVALENTS AT END OF PERIOD	42,476					280,027

Note:

1. The adjustment reflects the change in fair value of the Property upon the disposal and the Remaining Group's loss on the disposal of subsidiary.

2. The adjustment reflects the exclusion of income and expenses attributable to China Faith for the nine months ended 30 September 2006 as if the disposal had been completed on 1 January 2006.

3. The calculation of pro forma basic earnings per share at 30 September 2006 was based on the pro forma profit attributable to the equity holders of the parent of the Remaining Group of HK$95,536,000 and the weighted average number of shares in issue for the nine months ended 30 September 2006 of 285,989,000.

4. The following adjustments reflect the cash flows of China Faith for the nine months ended 30 September 2006 excluded from the Group, the amounts of which were based on the consolidation schedules which were extracted from the audited consolidated financial statements of the Group for the nine months ended 30 September 2006.

   (a) This adjustment represents cash flows and the gain on disposal of China Faith for the nine months ended 30 September 2006.

   – The amount of profit before taxation of HK$101,732,000 represents net effect of (i) recognition of change in fair value of the Property of HK$121,400,000 at 1 January 2006 (being the difference between the fair value of the Property of HK$318,600,000 as at 1 January 2006 and the fair value of HK$440,000,000 at date of disposal); (ii) recognition of loss on disposal of China Faith of HK$10,686,000 and (iii) the exclusion of profit before taxation of China Faith for the nine months ended 30 September 2006 of HK$8,982,000.

   – The change in fair value of the Property upon disposal of HK$111,600,000 is calculated based on the recognition of change in fair value of HK$121,400,000 on date of disposal as explained above and the reversal of change in fair value of the Property for the nine months ended 30 September 2006 as the Property was assumed to be disposed on 1 January 2006.

   – Loss on disposal of China Faith of HK$10,686,000 represents (i) estimated expenses to be incurred in connection with disposal of the Property of approximately HK$16,726,000 and (ii) adjustment on deferred taxation of HK$6,040,000.

   (b) This adjustment represents the repayment of bank loans secured by the Property in accordance with the Provisional Agreement.

   (c) The adjustment reflects the net consideration of the disposal of China Faith after taking into consideration the following:

   (i) Agreed consideration of the Property of HK$440,000,000.

   (ii) Consideration for the net assets of China Faith, excluding the Property, as at the Completion Date of approximately HK$15,955,000. The amount is calculated based on the net book value of current assets and liabilities of China Faith as at 1 January 2006, excluding borrowing and inter-company balances, as agreed with the Purchaser.

   (iii) The estimated expenses to be incurred in connection with the disposal of China Faith of approximately HK$16,726,000.

6. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS IN RELATION TO THE DISPOSAL OF CHINA FAITH

The following is the text of a report from Deloitte Touche Tohmatsu, for inclusion in this circular, in respect of the unaudited pro forma financial information of the Remaining Group as set out in this appendix:

Deloitte.
德勤

We report on the unaudited pro forma financial information of Greater China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix IV (the "Unaudited Pro Forma Financial Information") of the circular dated 31 January 2007 (the "Circular") in connection with the very substantial disposal whereby the Group through its wholly owned subsidiary, Sharp Star Investment Corporation (the "Grantor"), will dispose of the Grantor's entire interest in China Faith Limited ("China Faith") which holds Store Room on Ground Floor, Shops 4 and 5 on Ground Floor, Commercial Premises on 1st, 2nd and 3rd Floor, Offices 1, 2, 3 and 4 on 4th to 7th Floors, Offices 1 and 4 on 8th Floor, Offices 1, 2, 3 and 4 on 9th to 18th Floors, Offices 1, 2, 3 and 4 on 20th to 22nd Floors. Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor, No. 1 Lyndhurst Terrance and No. 78 Wellington Street, Central, Hong Kong (the "Property"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the disposal of China Faith might have affected the financial information presented, for inclusion in Appendix IV of the Circular.

The basis of preparation of the unaudited pro forma financial information is set out on pages 83 to 89 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as require by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, and such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 September 2006 or at any future date; and

- the earnings per share, results and cash flows of the Group for the nine months ended 30 September 2006 or any future period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 January 2007

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
CHARTERED SURVEYORS
PLANT AND MACHINERY VALUERS
BUSINESS & FINANCIAL SERVICES VALUERS

The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the HKIS Valuation Standards on Properties, First Edition, 2005 ("HKIS Standards") published by the Hong Kong Institute of Surveyors (the "HKIS") and entitles the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer.

27th Floor
Li Dong Building
No. 9 Li Yuen Street East
Central
Hong Kong

31 January 2007

The Directors
Greater China Holdings Limited
Room 1301, 1 Lyndhurst Tower
No. 1 Lyndhurst Terrace
Central, Hong Kong

Dear Sirs,

In accordance with your instructions to value the property in which Greater China Holdings Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together with the Company referred to as the "Group") have interests in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary to support our findings and our opinion of value of the property as at 30 November 2006 (hereinafter referred to as the "date of valuation") for the Company's internal management reference purpose.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company's business due diligence to the property and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching business decisions regarding the property. Our findings and conclusion in this valuation are documented in a valuation report and submitted to the Company at today's date.

At the request of the management of the Company, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion as documented in the valuation report for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in this summary report also apply to the valuation report.

BASIS OF VALUATION

According to the International Valuation Standards (hereinafter referred to as "IVS"), Seventh Edition, 2005 published by the International Valuation Standards Committee, which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, we are instructed to have our opinion of value of the property on the market value basis.

The term "Market Value" is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation has been made on the assumption that the owner sells the property on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property.

The property has been valued on an open market basis subject to the existing tenancies by using the investment method and otherwise with vacant possession by using the sales comparison approach. Investment method considers capitalising the net rental income receivable form the existing tenancy and the reversionary rental income potentials. The underlying assumption of this method is that an investor will pay no more for the property than he or she would have to be paid for another property with an income stream of comparable amount, duration, and certainty. The sales comparison approach considers the sales, listing or offerings of similar or substitute properties and related market data establishes a value estimate by processes involving comparison. The underlying assumption of this approach is that an investor will pay no more for a property than he or she would have to pay for a similar property of comparable utility. However, in our valuation, we have not taken into account the redevelopment value or merge value of the property (if any).

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the property. Unless otherwise stated, it is assumed that the property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

As at the Latest Practicable Date of this circular, we are unable to identify any adverse news against the property which may affect the reported value in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the property. However, should it be established subsequently that such news did exist at the date of valuation, we reserve the right to adjust the value reported herein.

ESTABLISHMENT OF TITLES

We have been provided with copies of tenancy agreements but have not been provided with copies of the title documents relating to the property. We have caused searches to be made at the Land Registry of Hong Kong regarding the property. However, we have not searched the original documents to verify ownership or to verify any amendments on the tenancy agreements which may not appear on the copies handed to us. We are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the property. No responsibility or liability from our part is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS

We have inspected the exterior, and where possible, the interior of the property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and the attached valuation certificate should not be taken as making any implied representation or statement about such parts. No structural survey, investigation, test or examination has been made, but in the course of our inspections we did not note any serious defects in the property inspected. We are not, however, able to report that the property is free from rot, insect, infestation or any other defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that the inspection and the use of this report do not purport to be a building survey of the property. We have assumed that the property is free of rot and inherent danger or unsuitable materials and techniques.

We have not carried out on-site measurements to verify the correctness of the areas of the property, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedure to value did not include an independent land survey to verify the legal boundaries of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the property has been or is being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS

We have relied solely on the information provided by the management of the Company without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings and floor areas and all other relevant matters.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating this report.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuation, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuation. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

To the best of our knowledge, all data set forth in the attached valuation certificate are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating the attached valuation certificate.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no materials factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Company of material and latent facts that may affect the valuation.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars.

We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company or its appointed personnel. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

LIMITING CONDITIONS OF THIS SUMMARY REPORT

Our opinion of value of the property in this summary report is valid only for the stated purpose and only for the date of valuation, and for the sole use of the named Company. The valuer or its personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this summary report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this summary report in a circular to the Company's shareholders.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such loses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as well as the guidelines as contained in the HKIS Standards. The valuation has been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuation.

We retain a copy of this summary report and the valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Company's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no present nor prospective interest in the property, the Company, the Group or the value reported.

The valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited
Joseph Ho Chin Choi
B.Sc. PG Dip RPS (GP)
Managing Director

Contributing valuers:
Elsa Ng Hung Mui *B.Sc. M.Sc. RPS (GP)*
Anna Chan Wai Ling *Dip Sur*

Notes:

1. Mr. Joseph Ho Chin Choi has been conducting assets valuation (including real estate properties) and advisory work in Hong Kong, Macau, Taiwan, mainland China, Japan, South East Asia, Finland, Germany, Guyana, Canada and the United States of America for various purposes since 1988. He has more than 18 years of experience in valuing real estate properties in mainland China.

2. Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in mainland China.

3. Both Mr. Joseph Ho Chin Choi and Ms. Elsa Ng Hung Mui are valuers on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

VALUATION CERTIFICATE

Property held by the Group for investment in Hong Kong and valued on the basis of Market Value

Property	Description and tenure	Particulars of occupancy	Amount of valuation in existing state attributable to the Group as at 30 November 2006 *HK$*
Various flatted retail shops and 70 various office units and some ancillary areas of "1 Lyndhurst Tower" No. 1 Lyndhurst Terrace No. 78 Wellington Street Central Hong Kong *(see Note 1 below for details)* 16,279/19,748th shares of and in Inland Lot Nos. 3024, 3064, 3065, 3068, 3069 and the Remaining Portion of Inland Lot No. 3085 (the "Lots")	The property comprises five various retail shops on the Ground, First, Second and Third Floors and 70 various office units (with four office units on each of the Fourth, Fifth, Sixth, Seventh, Ninth, Tenth, Eleventh, Twelfth, Thirteenth, Fourteenth, Fifteenth, Sixteenth, Seventeenth, Eighteenth, Twentieth, Twenty-first and Twenty-second Floors and two office units on Eighth Floor), and a store room on the Ground Floor and various flat roofs on the First and Third Floors of a 24-storey commercial building which was completed in 1993. The property has a total gross floor area of approximately 87,836 sq. ft. (8,160.16 sq.m.) excluding store room and flat roofs areas. The property is subject to six various Government Leases and each for a term of 75 years renewable for a further term of 75 years commencing from 15 May 1930. Government rent for the Lots is HK$5,400 per annum	According to the information given by the Company, the Store Room on Ground Floor, Office 1 on Thirteenth Floor and Office 4 on Eighteenth Floor, having a total gross floor area approximately 2,656 sq.ft. are currently owner-occupied; a total gross floor area of approximately 59,099 sq. ft. are subject to various tenancies with a total monthly rental income receivable of HK$920,396, and the rest of the property having a total gross floor area of approximately 26,081 sq. ft. are left vacant as at the date of valuation for retail and office purposes. *(See Note 5 below for summary of the tenancy schedule)*	337,100,000 (100 per cent.)

Notes:

1. The property comprises Shops 4 and 5 on Ground Floor, First Floor, Second Floor, Third Floor, Offices 1, 2, 3 and 4 on each of Fourth Floor, Fifth Floor, Sixth Floor, Seventh Floor, Ninth Floor, Tenth Floor, Eleventh Floor, Twelfth Floor, Thirteenth Floor, Fourteen Floor, Fifteenth Floor, Sixteenth Floor, Seventeenth Floor, Eighteenth Floor, Twentieth Floor, Twenty-First Floor and Twenty-Second Floor, Offices 1 and 4 on Eighth Floor, Flat Roof on First Floor, Flat Roofs 1, 2 and 3 on Third Floor, and Store room on Ground Floor of "1 Lyndhurst Tower", No. 1 Lyndhurst Terrace, No. 78 Wellington Street, Central, Hong Kong.

2. The registered owner of the property is China Faith Limited, an indirect wholly-owned subsidiary of the Company, vide two assignments both dated 22 February 2001 and registered in the Urban Land Registry by Memorial Nos. 8348934 and 8348935 on 29 March 2001.

3. Part of the property is subject to a legal charge dated 20 July 2005 in favour of Industrial and Commercial Bank of China (Asia) Limited and registered in the Land Registry by Memorial No. 05081901010170 on 19 August 2005.

   Units subject to the above said legal charge include Store Room on Ground Floor, Shops 4 and 5 on Ground Floor, Commercial Premises on each of the 1st 2nd and 3rd Floors, Offices 1, 2, 3 and 4 on each of the 4th to 7th and 9th to 16th Floors, Offices 1 and 4 on 8th Floor, Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor.

4. Part of the property is subject to a mortgage dated 20 July 2005 in favour of Dah Sing Bank Limited and registered in the Land Registry by Memorial No. 05081901010191 on 19 August 2005.

   Units subject to the above said mortgage include Offices 1, 2, 3 and 4 on each of the 17th, 18th, 20th, 21st and 22nd Floors.

5. The property was subject to the following tenancy agreements as at the date of valuation:

Unit	**Tenant**	**Lease Term**	**Monthly Rent *** *HK$*
Retail Units 4 & 5 on Ground Floor	Star Chain Holdings Limited	3 years from 1 September 2005 to 31 August 2008	35,000 (exclusive of rates but inclusive of air-conditioning and management fee)
First Floor	Triple Investment Limited	5 years from 1 March 2003 to 28 February 2008	110,000
Second and Third Floor	Gonway Limited	3 years from 20 October 2004 to 19 October 2007	160,000
Office Unit 1 on Fourth Floor	Hutchison Telephone Company Limited	2 years from 10 June 2005 to 9 June 2007	25,000
Office Unit 2 on Fourth Floor	Billion Fortune International Limited	2 years from 8 March 2006 to 7 March 2008	11,880

Unit	Tenant	Lease Term	Monthly Rent *
			HK$
Office Unit 3 on Fourth Floor	Poly Concept Limited	2 years from 18 September 2006 to 17 September 2008	15,080
Office Unit 4 on Fourth Floor	Smartone Mobile Communications Limited	2 years from 1 December 2004 to 30 November 2006	14,000 (Inclusive of Rates and Air-conditioning and Management Fee)
Office Unit 1 on Fifth Floor	Richmond Travel Limited	2 years from 10 September 2005 to 9 September 2007	17,700
Office Unit 1 on Sixth Floor	The Luxury Gift Company Limited	2 years from 2 January 2005 to 1 January 2007	12,980
Office Unit 2 on Sixth Floor	Mita Travel Agency Limited	2 years from 16 July 2006 to 15 July 2008	11,880
Office Unit 3 on Sixth Floor	Parallel Media Group Plc	7 months from 1 October 2006 to 30 April 2007	15,080
Office Unit 4 on Sixth Floor	Hong Kong CSL Limited	2 years from 16 September 2006 to 15 September 2008	26,820
Office Unit 2 on Seventh Floor	Electrosonic Limited	2 years from 1 January 2005 to 31 December 2006	5,420
Office Unit 3 on Seventh Floor	Silver Crystal Limited	2 years from 1 December 2005 to 30 November 2007	15,080
Office Unit 4 on Seventh Floor	China Mobile Peoples Telephone Co., Ltd.	2 years from 1 October 2006 to 30 September 2008	26,820
Office Unit 1 on Eighth Floor	Gara Company Limited	2 years from 1 July 2006 to 30 June 2008	26,320
Office Unit 1 on Ninth Floor	Mes Amis Productions Limited	2 years from 1 November 2006 to 31 October 2008	26,320

Unit	Tenant	Lease Term	Monthly Rent * *HK$*
Office Unit 2 on Thirteenth Floor	Oliver's Travel Limited	2 years from 1 March 2005 to 28 February 2007	7,046
Office Unit 3 on Thirteenth Floor	Star Chain Holdings Limited	3 years from 1 October 2005 to 30 September 2008	9,000 (exclusive of rates but inclusive of air-conditioning and management fee)
Office Unit 1 on Fourteenth Floor	Castle Asset Holdings Limited	2 years from 1 November 2005 to 31 October 2007	25,004
Office Unit 2 on Fourteenth Floor	Tema Investment Limited	2 years from 15 October 2006 to 14 October 2008	11,880
Office Unit 3 on Fourteenth Floor	Clay Finlay (Hong Kong) Limited	2 years from 1 January 2006 to 31 December 2007	15,080
Office Unit 4 on Fourteenth Floor	Hay Design Limited	2 years from 1 December 2004 to 30 November 2006	11,810
Office Unit 1 and 2 on Fifteenth Floor	Richtone Worldwide Limited	2 years from 1 March 2005 to 28 February 2007	18,942
Office Unit 3 on Fifteenth Floor	Bloemers De Neree Advocates Limited	2 years from 8 April 2006 to 7 April 2008	15,080
Office Unit 4 on Fifteenth Floor	Control Risks Pacific Limited	2 years from 15 August 2006 to 14 August 2008	26,820
Office Unit 1 on Sixteenth Floor	Larredo Interiors Limited	2 years from 13 March 2006 to 12 March 2008	25,000
Office Unit 2 on Sixteenth Floor	First Sino Development Limited	2 years from 9 August 2006 to 8 August 2008	11,880
Office Unit 4 on Sixteenth Floor	Union Eagle Limited	2 years from 15 October 2006 to 14 October 2008	26,820
Office Unit 1, 2, 3 and 4 on Seventeenth Floor	Uniross Batteries (HK) Limited	3 years from 16 June 2004 to 15 June 2007	32,292

Unit	Tenant	Lease Term	Monthly Rent *
			HK$
Office Unit 3 on Eighteenth Floor	Bild Image International Limited	2 years from 1 October 2006 to 30 September 2008	15,080
Office Unit 1, 2, 3 and 4 on Twentieth Floor	Lavender Trading Limited	3 years from 1 November 2004 to 31 October 2007	32,292
Office Unit 1 on Twenty First Floor	Fulljet Securities	2 years from 1 July 2005 to 30 June 2007	15,340
Office Unit 2 on Twenty First Floor	888 Holdings Limited	2 years from 23 February 2006 to 22 February 2008 and one year extendable	11,600
Office Unit 1 and 2 on Twenty Second Floor	HR Business Solutions (Asia) Limited	2 years from 1 June 2006 to 31 May 2008	36,880
Office Unit 3 and 4 on Twenty Second Floor	Fairview Project Consultants Limited	2 years from 1 December 2004 to 30 November 2006	17,170
Total:			HK$920,396

** Monthly rent is exclusive of rates, Air-conditioning charges and management fee, unless otherwise specified*

Whereas Office Units 2, 3 and 4 on Fifth Floor, Office Unit 1 on Seventh Floor, Office Unit 4 on Eighth Floor, Office Units 2, 3 and 4 on Ninth Floor, Office Units 1, 2, 3 and 4 on Tenth Floor, Eleventh Floor and Twelfth Floor, Office Unit 4 on Thirteenth Floor, Office Unit 3 on Sixteenth Floor, Office Units 1 and 2 on Eighteenth Floor, Office Units 3 and 4 on Twenty First Floor are vacant and Office Unit 1 on Thirteenth Floor and Office Unit 4 on Eighteenth Floor is owner occupation.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries and that to the best of their knowledge and belief there are no other facts the omission of which would made any statement therein misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors in the Company

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in Shares

Name	Nature of Interest	Number of Shares	Percentage of shareholding
Ms. Ma Xiaoling	Corporate interests *(Note)*	120,212,256	42.03%

Note: Ms. Ma Xiaoling is the beneficial owner of the entire issued share capital of Keenlead Holdings Limited, which owned 120,212,256 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests of substantial Shareholders in the Company

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital:

Name of Shareholder	*Note (2)*	Number of Shares	Percentage of shareholding
Keenlead Holdings Limited	*1*	120,212,256	42.03%
Ms. Ma Xiaoling	*1*	120,212,256	42.03%
China Main Investment (H.K.) Company Limited	*2, 3*	32,000,000	11.19%
Centre Mark Development Limited	*2, 3*	32,000,000	11.19%
Sino Elite International Limited	*2, 3*	32,000,000	11.19%
China Main Group Company Limited	*2, 3*	32,000,000	11.19%
Mr. Chen Dacheng	*2, 3*	32,000,000	11.19%
Shenzhen Venture Capital (BVI) Company Limited	*2, 3*	32,000,000	11.19%
Mr. Mei Jian	*2, 3*	32,000,000	11.19%
Mr. Zhang Minlong	*2, 3*	32,000,000	11.19%

Notes:

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

2. China Main Investment (H.K.) Company Limited ("China Main") is owned as to 60% by Centre Mark Development Limited and as to 40% by Sino Elite International Limited. Centre Mark Development Limited is owned as to 99.99% by Mr. Chen Dacheng and as to 0.01% by China Main Group Company Limited. Sino Elite International Limited is owned as to 99.99% by China Main Group Company Limited and as to 0.01% by Mr. Pai Chin Ming. China Main Group Company Limited is owned as to 99% by Mr. Chen Dacheng and as to 1% by Mr. Pai Chin Ming.

3. On 14 April 2003, Shenzhen Venture Capital (BVI) Company Limited ("Shenzhen Venture Capital") reported that it has a security interest in 32,000,000 Shares. Shenzhen Venture Capital is owned as to 50% by Mr. Mei Jian and 50% by Mr. Zhang Minlong.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest of short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group.

Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up.

Interests in other members of the Group

As at the Latest Practicable Date, so far as is known to the Directors, there was no person (other than a Director or chief executive of the Company) who was, directly or indirectly, interested in 5 % or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company.

Service contracts

There is no existing or proposed service contract between any of the Directors and the Company or any of its members (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

Interests in other competing business

Each of the Directors has confirmed that he and their respective associates (as defined under the Listing Rules) do not have any interests in a business apart from the Group's business which directly competes with and will have material adverse impact on the Group.

3. LITIGATION

High Court Action No.2767 of 2001 was commenced by Jones Lang LaSalle Limited ("the Plaintiff") against, inter alia, the Vendor, claiming agency fee and other charges in the total sum of HK$2,747,200.00 together with interests and costs. The Plaintiff's claim against the Vendor in the said Action was dismissed by a Judgment given on the 12 October 2006. By a Notice of Appeal (Civil Appeal No.414 of 2006) filed on the 6 December 2006, the Plaintiff appealed from the said Judgment. The litigation was still in progress up to the Latest Practicable Date. The Directors consider that such court order does not and will not materially and adversely affect the operations and working capital of the Group.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. EXPERTS AND CONSENTS

The qualification of the experts who have given opinion in this circular is as follows:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
LCH (Asia-Pacific) Surveyors Limited	Chartered Surveyors

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and LCH (Asia-Pacific) Surveyors Limited has no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and has no direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up.

Each of Deloitte Touche Tohmatsu and LCH (Asia-Pacific) Surveyors Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they respectively appear.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

(a) a supplemental agreement dated 23 March 2005 was entered into among the Company, Mr. Xie Zhong and Ms. Xu Wei Xiu to revise the total consideration payable for the acquisition of Lucky Green Limited from HK$30,000,000 as announced by the Company on 1 March 2004 to HK$5,000,000. A summary of the terms of the supplemental agreement is set out in an announcement of the Company dated 23 March 2005;

(b) the Company entered into a placing agreement dated 5 September 2005 with Partners Capital Securities Limited for the placing of 47,600,000 new Shares at a placing price of HK$0.50 per Share. A summary of the terms of the placing agreement is set out in an announcement of the Company dated 5 September 2005;

(c) the memorandum of understanding dated 30 August 2005 as supplemented by a supplemental memorandum of understanding dated 29 November 2005, details of which is set out in an announcement of the Company dated 29 November 2005;

(d) the sale and purchase agreement dated 27 February 2006 entered into between Profit Capital Limited, Mr. Lin Jie and Mr. Wang Yuhui in relation to the acquisition of 51% of the equity interest of Keycharm Investments Limited, details of which is set out in an announcement of the Company dated 1 March 2006; and

(e) The Provisional Agreement.

6. GENERAL

(a) The secretary and qualified accountant of the Company is Mr. Chan Sze Hon, CPA (Practising).

(b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business in Hong Kong is situated at Room 1301, 1 Lyndhurst Tower, 1 Lyndhurst Terrace, Central, Hong Kong.

(c) The Company's branch share registrar and transfer office in Hong Kong is Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the head office and principal place of business in Hong Kong at Room 1301, 1 Lyndhurst Tower, 1 Lyndhurst Terrace, Central, Hong Kong up to and including 22 February 2007:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2005;

(c) the interim report of the Company for the six months ended 30 June 2006;

(d) the accountants' report of the Company, the text of which is set out in Appendix II to this circular;

(e) the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(f) the letters from Deloitte Touche Tohmatsu setting out their opinions on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(g) the valuation report, the text of which is set out in Appendix V to this circular;

(h) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(i) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix; and

(j) a circular of the Company dated 7 April 2006.

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

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the abovementioned company (the "Company") will be held at Plaza I to III, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 22 February 2007 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

"**THAT** the provisional sale and purchase agreement as amended by a supplemental agreement date 22 January 2007 (the "**Provisional S&P Agreement**") relating to the sale and purchase of Store Room on Ground Floor, Shops 4 and 5 on Ground Floor, Commercial Premises on 1st, 2nd, and 3rd Floors, Offices 1, 2, 3 and 4 on 4th to 7th Floors, Offices 1 and 4 on 8th Floors, Offices 1, 2, 3 and 4 on 9th to 18th Floors, Offices 1, 2, 3 and 4 on 20th to 22nd Floors, Flat Roof on 1st Floor and Flat Roofs 1, 2 and 3 on 3rd Floor, No. 1 Lyndhurst Terrace and No. 78 Wellington Street, Central, Hong Kong (the "**Property**") dated 15 December 2006 and entered into between the Company, Sharp Star Investment Corporation (the "**Grantor**") (being a wholly-owned subsidiary of the Company) as grantor, China Faith Limited (the "**Vendor**") (being an indirect wholly-owned subsidiary of the Company) as vendor and the purchaser named therein (the "**Purchaser**"), a copy of which has been produced to the meeting marked "A" and initialed by the chairman of the meeting for identification, be and is hereby approved, confirmed and ratified and that the transactions contemplated therein (including without limitation the giving of the Option Notice (as defined in circular of the Company dated 31 January 2007) by the Purchaser to the Grantor and the sale and purchase of the entire issued share capital of the Vendor and shareholder's loan (if any) to the Vendor instead of the sale and purchase of the Property) be and are hereby approved and the directors of the Company (the "**Directors**") be and are hereby authorized to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to all transactions contemplated under the Provisional S&P Agreement and anything in connection therewith."

By order of the Board
Chan Sze Hon
Company Secretary

Hong Kong, 31 January 2007

* *For identification purpose only*

Head office and principal
place of business in Hong Kong:
Room 1301
1 Lyndhurst Tower
1 Lyndhurst Terrace
Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited. 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the said meeting or adjourned meeting.