



大中華實業控股有限公司

GREATER CHINA HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

Stock Code: 431

INTERIM REPORT | **2014**



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CORPORATE INFORMATION

Executive Directors

Ms. Ma Xiaoling (*Chairman*)
Ms. Chan Siu Mun

Non-executive Director

Mr. Chan Sze Hon

Independent Non-executive Directors and Audit Committee

Mr. Ching Men Ky, Carl
Mr. Lin Rwei Min
Mr. Shu Wa Tung, Laurence

Company Secretary

Ms. Chan Siu Mun

Auditor

HLM CPA Limited
Certified Public Accountants

Principal Bankers

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

Legal Advisors

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

Head Office and Principal Place of Business

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Share Registrars and Transfer Office

MUFG Fund Services
(Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrars and Transfer Office

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Stock Code

431

Website

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



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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TO THE BOARD OF DIRECTORS OF GREATER CHINA HOLDINGS LIMITED

大中華實業控股有限公司

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Greater China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 5 to 26, which comprise the condensed consolidated statement of financial position of Greater China Holdings Limited as at 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to note 1 in the condensed consolidated financial statements which indicates that the Group incurred a net loss of HK\$12,284,000 during the six months ended 30 June 2014 and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$86,112,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

HLM CPA Limited

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number: P05215

Hong Kong

29 August 2014



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	6,342	26,809
Cost of sales		–	(21,400)
Gross profit		6,342	5,409
Other income, gains and losses	5	1,138	2,311
Selling and distribution costs		–	(654)
Administrative and other operating expenses		(12,924)	(15,560)
Finance costs	6	(6,840)	(7,292)
Loss for the period	8	(12,284)	(15,786)
Other comprehensive (expense) income:			
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss		(1,148)	2,478
Total comprehensive expense for the period		(13,432)	(13,308)
Loss for the period attributable to:			
Owners of the Company		(12,254)	(15,746)
Non-controlling interests		(30)	(40)
		(12,284)	(15,786)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(13,401)	(13,272)
Non-controlling interests		(31)	(36)
		(13,432)	(13,308)
Loss per share			
	10	HK cents	HK cents
– Basic		(4.09)	(5.25)
– Diluted		(4.09)	(5.25)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	NOTES	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	139,734	145,103
Prepaid lease payments	12	95,288	97,092
Pledged bank deposits	16	37,779	–
Deposits for acquisition of land use right	13	17,869	37,015
		290,670	279,210
Current assets			
Trade and other receivables	14	8,928	8,327
Prepaid lease payments	12	2,264	2,280
Prepayments and deposits	15	772	811
Pledged bank deposits	16	12,592	88,765
Bank balances and cash		46,760	9,106
		71,316	109,289
Current liabilities			
Trade payables	17	58	59
Other payables and accruals	18	23,870	18,928
Bank loans	19	125,299	173,092
Tax payables		8,201	8,258
		157,428	200,337
Net current liabilities		(86,112)	(91,048)
Total assets less current liabilities		204,558	188,162

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	NOTES	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Non-current liability			
Bank loans	19	86,891	57,063
Net assets		117,667	131,099
Capital and reserves			
Share capital	20	1,499	1,499
Reserves		116,003	129,404
Equity attributable to owners of the Company		117,502	130,903
Non-controlling interests		165	196
Total equity		117,667	131,099

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2013 (audited)	1,499	379,281	33,583	(257,053)	157,310	269	157,579
Loss for the period	-	-	-	(15,746)	(15,746)	(40)	(15,786)
Exchange differences on translation of foreign operations	-	-	2,474	-	2,474	4	2,478
Total comprehensive expense for the period	-	-	2,474	(15,746)	(13,272)	(36)	(13,308)
At 30 June 2013 (unaudited)	1,499	379,281	36,057	(272,799)	144,038	233	144,271
Loss for the period	-	-	-	(14,299)	(14,299)	(40)	(14,339)
Exchange differences on translation of foreign operations	-	-	1,164	-	1,164	3	1,167
Total comprehensive expense for the period	-	-	1,164	(14,299)	(13,135)	(37)	(13,172)
At 31 December 2013 and 1 January 2014 (audited)	1,499	379,281	37,221	(287,098)	130,903	196	131,099
Loss for the period	-	-	-	(12,254)	(12,254)	(30)	(12,284)
Exchange differences on translation of foreign operations	-	-	(1,147)	-	(1,147)	(1)	(1,148)
Total comprehensive expense for the period	-	-	(1,147)	(12,254)	(13,401)	(31)	(13,432)
At 30 June 2014 (unaudited)	1,499	379,281	36,074	(299,352)	117,502	165	117,667

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Net cash generated from (used in) operating activities	15,265	(78,180)
Investing activities		
Withdrawal (placement) of pledged bank deposits	38,394	(61,706)
Purchase of property, plant and equipment	(7)	–
Other investing activities	1,311	458
Net cash generated from (used in) investing activities	39,698	(61,248)
Financing activities		
Proceeds from borrowings	154,118	235,726
Repayment of borrowings	(170,541)	(94,197)
Net cash (used in) generated from financing activities	(16,423)	141,529
Net increase in cash and cash equivalents	38,540	2,101
Cash and cash equivalents at 1 January	9,106	8,046
Effect of foreign exchange rate changes	(886)	1,887
Cash and cash equivalents at 30 June, represented by bank balances and cash	46,760	12,034

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

In preparing the condensed consolidated financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group’s loss of approximately HK\$12,284,000 for the six months ended 30 June 2014 and net current liabilities of approximately HK\$86,112,000 as at 30 June 2014. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration of the following:

- (i) the directors of the Company had negotiated with Industrial and Commercial Bank of China (the “ICBC”) and obtained written confirmation from the ICBC confirming new banking facilities of HK\$100,743,000 (equivalent to RMB80,000,000) secured by the warehouse of HK\$137,244,000 to be granted to the Group, of which of HK\$64,224,000 will be used to settle the existing bank loans from Shanghai Pudong Development Bank in full and the remaining amount of HK\$36,519,000 will be used for the Group’s working capital requirements;
- (ii) the Group entered into an agreement with the China Taicang Port Development Zone (“TPDZ”) during this period for a refund of deposits of HK\$37,015,000 (equivalent to RMB29,190,000) paid for acquiring another piece of land in Taicang City, the People’s Republic of China (the “PRC”) (the “Deposits”). The TPDZ has refunded partial Deposit amounting to RMB15,000,000. The Group is under negotiation with TPDZ about the form of the refund of the remaining balance of the Deposits amounting to HK\$17,869,000 (equivalent to RMB14,190,000);

The Group entered into a non-legally binding letter of intent (the “LOI”) with a potential buyer on 21 January 2014 in relation to the possible disposal of an indirect wholly-owned subsidiary which owns a parcel of land located in Taicang City and the Deposits. After six months passed, the Group and the potential buyer keep using their best endeavours to negotiate on the terms and conditions and enter into a legally-binding agreement in relation to the possible disposal. The directors of the Company expect that the consideration of the possible disposal is expected to be not less than RMB60,000,000. A deposit of RMB10,000,000 received after signing the letter of intent;

- (iii) subsequent to the reporting date, the Group successfully renewed bank loans of HK\$15,159,000 and settled bank borrowings of HK\$42,319,000 according to the terms and schedules of the respective loan agreements and maintained good credit history. The directors of the Company are confident that the Group will be able to roll over its outstanding bank loans when they are due for repayment in the ensuring year and will continue to put efforts to arrange additional bank financing to meet the funding requirement of the Group;
- (iv) the directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring daily operating expenses and arrange with bankers to convert certain short term loans into long term loans whenever possible;
- (v) the Group intends to dispose of the building situated at Units 501 and 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the PRC, with the carrying amounts included in the property, plant and equipment of HK\$2,079,000 and prepaid lease payments of HK\$13,738,000. The market value of the property was approximately HK\$22,700,000 as valued by an independent qualified professional valuer at 31 December 2013; and
- (vi) the ultimate holding company and substantial shareholder, Keenlead Holdings Limited, agreed to provide continuous financial support to the Group to meet its financial obligations.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

Application of a new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of those new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁵ Effective for annual periods beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company anticipate that the application of those new and revised standards and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

3. REVENUE

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

4. SEGMENT INFORMATION

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

- Industrial property development segment represents the operation of warehouse in Taicang, the PRC.
- General trading segment includes trading of metal materials. Currently, the Group's general trading activities are carried out in the PRC.

Segment revenues and results

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

For the six months ended 30 June 2014 (unaudited)

	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
SEGMENT REVENUE	6,342	-	6,342
SEGMENT RESULTS	(8,280)	(530)	(8,810)
Unallocated corporate income			-
Unallocated corporate expenses			(3,474)
Loss before tax			(12,284)
Income tax			-
Loss for the period			(12,284)

For the six months ended 30 June 2013 (unaudited)

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

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

Segment assets and liabilities

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

At 30 June 2014 (unaudited)

	Industrial property development HK\$'000	General trading HK\$'000	Total HK\$'000
ASSETS			
Segment assets	356,134	4,155	360,289
Unallocated bank balances and cash			1,032
Unallocated property, plant and equipment			210
Unallocated other receivables, prepayments and deposits			455
Consolidated total assets			361,986
LIABILITIES			
Segment liabilities	224,679	19,578	244,257
Unallocated other payables			62
Consolidated total liabilities			244,319

At 31 December 2013 (audited)

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

5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Gain on disposal of property, plant and equipment	–	283
Interest income	1,138	1,998
Sundry income	–	30
	1,138	2,311

6. FINANCE COSTS

	For the six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Interest on bank loans and other borrowing wholly repayable within five years	6,840	7,292

7. INCOME TAX EXPENSE

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

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

8. LOSS FOR THE PERIOD

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

	For the six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Amortisation of prepaid lease payments	1,136	1,118
Depreciation of property, plant and equipment	4,386	4,393
Staff costs including directors' emoluments	3,543	3,575

9. DIVIDENDS

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

10. LOSS PER SHARE

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

	For the six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(12,254)	(15,746)
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic loss per share	299,847	299,847

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, there was no disposal of property, plant and equipment (six months ended 30 June 2013: aggregate carrying amount of approximately HK\$2,551,000 for proceeds of approximately HK\$2,834,000, resulting in a gain on disposal of approximately HK\$283,000).

In addition, during the current interim period, the Group incurred additions to property, plant and equipment amounting to approximately HK\$7,000 (year ended 31 December 2013: HK\$Nil).

12. PREPAID LEASE PAYMENTS

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

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Cost		
Balance at beginning of the period/year	113,300	110,157
Exchange realignment	(784)	3,143
Balance at end of the period/year	112,516	113,300
Accumulated amortisation		
Balance at beginning of the period/year	13,928	11,324
Exchange realignment	(100)	351
Amortisation for the period/year	1,136	2,253
Balance at end of the period/year	14,964	13,928
Carrying amounts		
Balance at end of the period/year	97,552	99,372
Analysed for reporting purposes as:		
Current assets	2,264	2,280
Non-current assets	95,288	97,092
	97,552	99,372

13. DEPOSITS FOR ACQUISITION OF LAND USE RIGHT

The Group entered into an agreement with TPDZ during this period for a refund of the Deposits of HK\$37,015,000 (equivalent to RMB29,190,000) paid for acquiring another piece of land in Taicang City, the PRC (the "Deposits"). The TPDZ has refunded partial Deposit amounting to RMB15,000,000. The Group is under negotiation with TPDZ about the form of the refund of the remaining balance of the Deposits amounting to HK\$17,869,000 (equivalent to RMB14,190,000).

14. TRADE AND OTHER RECEIVABLES

Included in the balance are trade receivables of approximately HK\$2,067,000 (year ended 31 December 2013: approximately HK\$1,170,000). The Group allows an average credit period of 90 days to its trade customers.

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

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
0 – 30 days	2,067	1,170
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	–	–
	2,067	1,170

Included in the balance are other receivables of approximately HK\$6,861,000 (year ended 31 December 2013: HK\$7,157,000) which mainly consist of the refund of purchase money on inventory and refund on overpayment of cost of construction of the Group's warehouse of approximately HK\$2,663,000 and HK\$1,512,000 (year ended 31 December 2013: approximately HK\$2,682,000 and HK\$1,523,000) respectively.

15. PREPAYMENTS AND DEPOSITS

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Prepayments	163	187
Less: impairment loss recognised	–	–
Rental and utilities deposits	163 609	187 624
Total prepayments and deposits	772	811

16. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rate of 3.30% to 4.25% (year ended 31 December 2013: 3.08% to 4.25%) per annum. It will be released upon the settlement of relevant short-term and long-term bank borrowings.

17. TRADE PAYABLES

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

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

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	58	59
	58	59

18. OTHER PAYABLES AND ACCRUALS

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Accrued expenses	1,655	2,371
Deposits received	8,091	7,945
Other payables	14,124	8,612
	23,870	18,928

19. BANK LOANS

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Carrying amount of bank loans repayable:		
Within one year	125,299	173,092
More than one year, but not exceeding two years	52,890	15,217
More than two years, but not more than five years	34,001	41,846
More than five years	–	–
	212,190	230,155
Less: Amounts shown under current liabilities	(125,299)	(173,092)
	86,891	57,063

During the six months ended 30 June 2014, the Group repaid bank loans of approximately HK\$170,541,000 (equivalent to RMB135,000,000) and raised bank borrowings of approximately HK\$154,118,000 (equivalent to RMB122,000,000). All bank loans are denominated in Renminbi and secured by the pledge of warehouse with an aggregate carrying amount of approximately HK\$137,243,000, prepaid lease payments with aggregate carrying amount of approximately HK\$83,814,000 and bank deposits amounting to approximately HK\$50,371,000. The loans carrying an effective interest at fixed rates ranging from 6.00% to 11.20% per annum.

20. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.005 each		
At 1 January 2013, 31 December 2013, 1 January 2014 and 30 June 2014	421,978,000	2,109,890
Preference shares of HK\$0.005 each		
At 1 January 2013, 31 December 2013, 1 January 2014 and 30 June 2014	22,000	110
Issued and fully paid:		
Ordinary shares of HK\$0.005 each		
At 1 January 2013, 31 December 2013, 1 January 2014 30 June 2014	299,847	1,499

21. CAPITAL COMMITMENTS

	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Commitments in respect of the acquisition and construction of property, plant and equipment contracted for but not provided for	2,873	2,893

22. FAIR VALUE MEASUREMENT

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

23. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of directors and other members of key management during the period is approximately HK\$1,956,000 (six months ended 30 June 2013: approximately HK\$1,957,000).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2014, the turnover of the Group amounted to HK\$6,342,000 (2013: HK\$26,809,000 which comprised of revenue from general trading segment of HK\$21,279,000 and revenue from industrial property development segment of HK\$5,530,000 respectively). The turnover is solely contributed by the revenue from industrial property development segment as there was no transaction took place for the general trading segment for the current period. The loss for the period was reduced from HK\$15,786,000 for the six months ended 30 June 2013 to HK\$12,284,000 for the period under review.

The industrial property development operation remained stable throughout the period and continued to record gradual increase due to the improvement in the rental rate charged to the customers.

For the general trading operation, the management strived to improve the existing operation and more resources were directed to identify the future direction in the operation. The operation was gradually resumed in the second half of the 2014 and revenue is expected to pick up by end of 2014.

Financial Review

Liquidity and Financial Resources

As at 30 June 2014, the Group has current ratio of approximately 0.45 (31 December 2013: 0.55) and the gearing ratio of the Group was 1.81 (31 December 2013: 1.76). The calculation of gearing ratio was based on the total borrowings of HK\$212,190,000 (31 December 2013: HK\$230,155,000) and the equity attributable to equity holders of HK\$117,502,000 (31 December 2013: HK\$130,903,000).

Capital commitment in respect of the acquisition and construction of property, plant and equipment as at 30 June 2014 was HK\$2,873,000 (31 December 2013: HK\$2,893,000).

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

Charges on assets

As at 30 June 2014, prepaid lease payments, warehouse and bank deposits with the aggregate carrying amounts of HK\$83,814,000 (31 December 2013: HK\$85,420,000) and HK\$137,243,000 (31 December 2013: HK\$142,475,000) and HK\$50,371,000 (31 December 2013: HK\$88,765,000) respectively were pledged against bank loans granted to the Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2014.

Employees and Remuneration Policies

As at 30 June 2014, the Group has approximately 40 employees. Remuneration is determined by reference to their respective qualifications and experiences and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.



PROSPECTS

For the industrial property development segment, the operation is expected to remain stable with gradual growth. The warehouse is currently 100% utilized and the management will continue to look for opportunities to offer additional value-added services to the customers in order to broaden the income stream from the operation.

Revenue from the general trading operation will be resulted as the operation is gradually resuming. The business environment of general trading is still difficult given the severe competition and slow growth in demand in raw materials such as electronic parts and metal materials. However, the management will continue to focus on the business development of the segment in order to improve the profitability of the Group as a whole.

Meanwhile, the management is actively negotiating with a number of potential buyers including but not limited to the potential investor with whom a non-legally binding letter of intent was entered into on 21 January 2014 for the possible disposal of an indirect-wholly owned subsidiary which owns a parcel of land with total site area of approximately 200,000 square meters in Taicang City, Jiangsu Province, the PRC. No definite terms and conditions have been concluded up to present but the management will continue the negotiation and will make further disclosure if there is any significant progress in the possible disposal.

To improve the overall financial position, the Group also intends to dispose of the property located in Beijing, the PRC and further disclosure will be done should there be any progress.

At the same time, the Group will continue to seek opportunity to expand the income stream and explore different investment opportunities which are suitable for the Group with the objective to maximize the return to the shareholders.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2014, the interests of the Directors and Chief Executive of the Company in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long positions

Name	Nature of interest	Number of shares held	Percentage to issued share capital
Ms. Ma Xiaoling (“Ms. Ma”)	Corporate interests (Note)	120,212,256	40.09%

Note: Ms. Ma is the beneficial owner of the entire issued share capital of Keenlead Holdings Limited, which owned 120,212,256 shares in the Company as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, none of the Directors nor Chief Executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SHARE OPTIONS

Under the terms of the share option scheme adopted by the Company, the Board may, at their discretion, grant options to the employees of the Group, including Executive Directors of the Company, to subscribe for shares in the Company.

During the period under review, there is no outstanding share option and no share options were granted or exercised.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, as at 30 June 2014, the following shareholders had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company:

Name	Note(s)	No. of shares held	Percentage to issued share capital
Keenlead Holdings Limited	1	120,212,256	40.09%
Ms. Ma	1	120,212,256	40.09%
Mr. Min Shao An	1	16,500,000	5.50%

Notes:

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

Save as disclosed above, the Company has not been notified of any other shareholders who had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company as at 30 June 2014.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period under review, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of its shareholders. The Company has always recognized the importance of the transparency and accountability towards the shareholders. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

During the period, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the following deviations:

- Code A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Ms. Ma is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. Ma and believes that her appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.

- Code A.4.1 stipulates that Non-Executive Directors should be appointed for specific terms and subject to re-election.

The Non-Executive Director and the independent Non-Executive Directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's Bye-laws.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The unaudited interim financial statements of the Group for the six months ended 30 June 2014 have been reviewed by our auditors, HLM CPA Limited and the audit committee of the Company. The audit committee of the Company currently comprises three independent non-executive directors, including Mr. Ching Men Ky, Carl (“Mr. Ching”), Mr. Lin Ruei Min (“Mr. Lin”) and Mr. Shu Wa Tung, Laurence (“Mr. Shu”).

REMUNERATION COMMITTEE

The Board has established a remuneration committee. The remuneration committee, currently comprising executive directors, Ms. Ma and Ms. Chan Siu Mun, non-executive director, Mr. Chan Sze Hon, and independent non-executive directors, Mr. Ching, Mr. Lin and Mr. Shu, is responsible for advising the Board on the remuneration policy and framework of the Company’s directors and senior management members, as well as review and determine the remuneration of all executive directors and senior management members with reference to the Company’s objectives from time to time.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our staff for their dedication, loyalty and integrity towards the Group. I would also like to express my gratitude to our shareholders, customers, bankers and other business partners for their trust and support to the Group.

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

Hong Kong, 29 August 2014

