

4. 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.
5. 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 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 as at 30 June 2005 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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

During the period under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 Xiaoling is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is 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 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.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company's Bye-laws, at each annual general meeting, one-third of the directors of the Company for the time being or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office provided that notwithstanding anything herein, the chairman of the directors and the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

In order to full compliance with Code A.4.2, a special resolution will be proposed to amend the relevant provisions of the Bye-laws at the next general meeting of the Company to be held in 2006, so that every director shall be subject to retirement by rotation at least once every three years.

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 2005 have been reviewed by our auditors, Deloitte Touche Tohmatsu, 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. Lin Ruei Min and Mr. Shu Wa Tung, Laurence.

REMUNERATION COMMITTEE

The Board has established a remuneration committee. The remuneration committee, currently comprising executive directors, Ms. Ma Xiaoling and Mr. Chan Sze Hon, and independent non-executive directors, Mr. Ching Men Ky, Carl, Mr. Lin Ruei Min and Mr. Shu Wa Tung, Laurence, is responsible for advising the Board on the remuneration policy and framework of the Company's directors and senior management member(s), as well as review and determine the remuneration of all executive directors and senior management member(s) with reference to the Company's objectives from time to time.

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

Hong Kong, 22 September 2005