

On behalf of the Board of Directors of Greater China Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I would like to present to the shareholders the 2005 annual report.

REVIEW OF OPERATIONS

Subsequent to the introduction of a new Board of Directors, this year was the commencement of a new era under the new energetic management. During the year, we have concentrated our effort on increasing the return from our investment properties, and looking for any potential business opportunities either in Hong Kong or in the People's Republic of China (the "PRC").

The year 2005 has been a commendable year for Hong Kong's property market. In particular, rental income has been mostly exhibiting a gradual up trend. The Group's investment properties, 1 Lyndhurst Tower, have also benefited from the growth and enjoyed a growth of nearly 20% in their aggregate valuation, while over 90% of the total gross floor area was 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. Unless the interest rates continue to increase to a much higher level than the current level, we believe that this favourable condition will carry over into and over the course of 2006.

Besides, the performance of the Group's investment in the production and sale of organic fertilizers remained stable. Due to keen competition, the operating results were not as good as what we expected, but we believe that the investment is still valuable for the Group as it has already provided another source of income to the Group.

PROSPECTS

As promised, we will continue to explore business opportunities that are valuable to the Group and to our shareholders. On 30 August, 2005, the Group has entered into a legally binding memorandum of understanding with independent third parties with the intention to acquire in part or in whole the issued share capital of a company incorporated in the British Virgin Islands (the "BVI Company") (the "Proposed Investment"), the sole asset of which is a sino-foreign equity joint-venture incorporated in the PRC, the scope of business of which includes construction of port infrastructure and development of petrochemical industry projects (subject to granting of relevant operating permits). On 27 February 2006, the Group entered into the sale and purchase agreement with the independent third parties pursuant to which the Group agreed to acquire 51% of the issued share capital of the BVI Company and a loan of RMB61,200,000 due from one of the independent third parties (the "Seller") to the BVI Company from the Seller at an aggregate cash consideration of RMB61,200,001. We are of the opinion that the Proposed Investment provides an opportunity for the Group to broaden its business scope and diversify into industrial property development with focus on port infrastructure.

CHAIRMAN'S STATEMENT

The Board will continue to look for investments with reasonable return by investing in quality property projects in Hong Kong or the PRC, and the Board continues to commit to achieve this objective and is optimistic of its success.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all of our dedicated staff for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

Ma Xiaoling

Chairman

Hong Kong, 18 April 2006