

**GREAT CHINA HOLDINGS LTD :
WATCH OUT FOR DISPOSALS THIS YEAR**

With the financial situation, being the worst in the past 5 Financial Years, the Directors of publicly listed Great China Holdings Ltd, led by the redoubtable Chairman, Mr Rustom Ho Ming Yu, determined that it was the time to buy non-performing assets -- and to pay themselves a little bonus to boot.

So they bought one more club debenture for \$HK1,200,640, bringing up the total amount of money, invested in club debentures, to \$HK3,221,056, increased the remuneration of Non-Executive Directors from \$HK80,000 per annum to an annualised figure of \$HK240,000 -- there are only 2 Non-Executive Directors -- plus increasing the Total Emoluments of Executive Directors from the 1998 figure of \$HK3,120,159 to the 1999 annualised figure of \$HK4,612,015.20, per annum.

So, the 4 Executive Directors are, now, taking about \$HK96,084 per month per man as opposed to the 1998 take-home pay of about \$HK65,000 per man per month on the basis that the lolly is being shared equally.

Which is, definitely, not the case because the Chairman, Mr Rustom Ho Ming Yu, is getting between \$HK2 million and \$HK3 million, per annum, while one other Director is getting between \$HK1 million and \$HK2 million, per annum.

Meanwhile, back at the 'sweatshop', Great China Holdings appears to be far from living up to its name since the Company logged in a loss for the 15-month period to December 31, 1999 of about \$HK51.15 million.

This compared with a Net Profit for the 1998 Financial Year, which ended on September 30, 1998, of about \$HK8.64 million.

The following table is compiled from data, lifted from the 1999 Annual Report of this publicly listed Company:

	Financial Year Ended September 30				Year Ended December 31 (15 months)
	1995	1996	1997	1998	1999
	<i>All Figures are Denominated in \$HK'000</i>				
(Loss)/Profit Attributable to Shareholders After Taxation	49,819	19,533	56,751	8,640	(51,150)
Total Assets	646,072	774,687	1,059,639	1,036,691	983,725
Total Liabilities	(144,578)	(226,170)	(225,429)	(339,913)	(362,676)
Minority Interests	Nil	Nil	(156)	(1,185)	(1,613)
Net Assets	501,494	548,517	834,054	695,593	619,436

It is only too clear from the above that this Company suffered an economic tsunami, which washed away a great deal of its assets in the past 15 months to December 31, 1999.

But the situation is even worse than this because the accounts of the Company indicate that it logged in a surplus of nearly \$HK18 million in the 1999, 15-month period, on disposal of some convertible bonds, received nearly

\$HK14 million in compensation from an insurance company when one of its 3 ships caught fire, and chalked up another \$HK4.61 million from the sale of certain fixed assets.

The sum total of the above is about \$HK32.61 million -- all to no avail in helping the Bottom Line for 1999.

What is Great China Holdings?

Great China Holdings Ltd is in the business of general trading, property investment, ship chartering, money lending, securities trading and investments and real estate agency services.

Page 11 of the 1999 Annual Report gives a breakdown of the company's activities for the 15-month period to December 31, 1999:

	Turnover	Contribution
	\$HK'000	
<u>Principal Activities</u>		
General Trading	968,985	19,432
Property Investment	29,775	21,632
Ship Chartering	16,243	(28,790)
Securities Trading and Other Investment Activities	26,000	6,220
Real Estate Agency Services	<u>2,644</u>	<u>(8,275)</u>
TOTALS:	<u>1,044,547</u>	<u>10,219</u>
Administrative and Financial Expenses		35,933
Loss From Operations		(25,714)

Also, given are the principal markets in which the Company operates.

This appears to indicate that it is earning a profit from activities, carried out in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the PRC, proper, and The Philippines, but it is losing, heavily, from activities, carried out in what the Annual Report terms as being, 'Others'.

This is most interesting since, on the one hand, one is informed that losses are being encountered in the areas of activity of ship chartering and real estate agency services, but on the other hand, one is told that only activities, conducted in areas, termed as 'Others', are losing money.

But the Managing Director's Statement, on Pages 6 and 7 of the 1999 Annual Report, makes these statements:

'... Due to the dampened shipping market, the Group's shipping operation suffered a loss. The loss was aggravated by the scrapping of one vessel due to its age and the destruction of another vessel in a fire accident. Further loss was resulted, as charterhire income was not secured immediately after the vessels were delivered to the Group.

'The local property market (meaning the property market in the HKSAR), particularly, in the retail and commercial sectors, remained soft. Rental income from the Group's local investment properties, consisted mainly of retail shops, fell by about 25%. The fall in our rental income in Hong Kong was compensated by additional rental income derived from the improved occupancy of the Group's properties in Shanghai (the PRC)...'.

Since the Company only has real estate agency services in the PRC ... [CLICK TO ORDER FULL ARTICLE](#)

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