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(Stock Code: 431)

DISCLOSEABLE TRANSACTION

A LEGALLY BINDING MEMORANDUM OF UNDERSTANDING FOR THE PROPOSED INVESTMENT IN A JOINT VENTURE COMPANY IN THE PRC

The Board announced that on 30 August 2005, the Purchaser, a wholly-owned subsidiary of the Company, has entered into a legally binding MOU with the Sellers, pursuant to which the Purchaser intends to acquire in part or in whole of the issued share capital of Keycharm from the Sellers. Pursuant to the MOU, the Purchaser has paid the Deposit to the Sellers in proportion to their shareholdings in Keycharm upon signing of the MOU.

The Proposed Investment is subject to the due diligence, negotiation, finalization and entering into of the Formal Agreement. **Accordingly, the Proposed Investment may or may not proceed.** Subject to the terms of the Formal Agreement if the Proposed Investment materializes, it is presently expected that the Proposed Investment may constitute a notifiable transaction for the Company under the Listing Rules. In addition, the placing of the Deposit with the Sellers constitutes an advance to an entity under Rule 13.13 of the Listing Rules and a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the placing of the Deposit will be despatched to the Shareholders. **Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.**

Further announcement will be made by the Company as and when necessary in compliance with the Listing Rules, if required.

Trading in the Shares was suspended with effect from 9:30 a.m. on 30 August 2005 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 1 September 2005.

THE MEMORANDUM OF UNDERSTANDING DATED 30 AUGUST 2005

Parties

Purchaser: Profit Capital Limited, a company incorporated in British Virgin Islands with limited liability and wholly owned by the Company

Sellers: Mr. Lin Jie and Mr. Wang Yuhui, both of them are businessmen

To the best knowledge of the Directors, the Sellers are third parties not connected with the Company and the connected persons (as defined in the Listing Rules) of the Company and are not connected persons of the Company.

The Proposed Investment

Pursuant to the MOU, the Purchaser intends to acquire in part or in whole of the issued share capital of Keycharm from the Sellers. Keycharm is owned as to 60% by Mr. Lin Jie and as to 40% by Mr. Wang Yuhui. The sole asset of Keycharm is its approximately 85.71% equity interest in the JV Company. The JV Company is a sino-foreign equity joint venture incorporated in the PRC on 12 August 2004. The operating period of the JV Company is 50 years commencing on 12 August 2004. The registered capital and the total investment amount of the JV Company are RMB140 million (approximately HK\$134.6 million) and RMB240 million (approximately HK\$230.8 million) respectively. Pursuant to the business license of the JV Company dated 19 August 2005, the scope of business of the JV Company includes construction of port infrastructure and development of petrochemical industry projects (subject to granting of relevant operating permits). It is the intention of the Directors that the JV Company will be engaged in industrial property development with focus on port infrastructure.

The final consideration for the Proposed Investment will be arrived at after arm's length negotiation and will be finalised upon the completion of the due diligence exercise on the Keycharm Group and the entering into of the Formal Agreement. Pursuant to the MOU, the Purchaser has paid RMB12,000,000 (in Hong Kong dollars equivalent of HK\$11,589,600 based on the exchange rate of HK\$96.58: RMB100) as deposit to the Sellers in proportion to their shareholdings in Keycharm upon signing of the MOU. If the Purchaser and the Sellers could enter into the Formal Agreement, the Deposit will be applied as part of the consideration. The funding of the Deposit was financed by the internal resources of the Company.

Upon completion and satisfaction of the due diligence review on the assets, business, operation, accounting, taxation, legal and financial aspects of the Keycharm Group by the Purchaser, the parties shall proceed to prepare the Formal Agreement which shall be signed within three months from the signing of the MOU.

The Sellers also granted an exclusive right to the Purchaser for a period of three months from the date of the MOU for the purpose of the negotiation of the terms of the Proposed Investment.

In the event that the Purchaser and the Sellers cannot enter into the Formal Agreement within three months from the date of the MOU or such other date as may be agreed between the parties, the MOU shall, subject to the liability of either party to the other in respect of any antecedent breach of the terms thereof, lapse and of no further effect and the Sellers shall return the Deposit without interest within two business days upon the receipt of the written notice from the Purchaser. The Sellers as the chargors also entered into a share charge over all the issued shares of Keycharm in favour of the Purchaser as chargee as security for the performance by the Sellers of their obligations under the MOU.

REASONS FOR THE PROPOSED INVESTMENT

The principal activities of the Group are property investment, investment holding and production and sale of organic fertilizers.

The Directors are of the opinion that the Proposed Investment is in line with the corporate strategy of the Group which includes property investment and development in the PRC and Hong Kong and provides an opportunity for the Company to broaden its business scope and diversify into industrial property development with focus on port infrastructure.

The Deposit was placed for the purpose of securing the exclusive right to conduct due diligence review on the affairs of the Keycharm Group and to negotiate the terms of the Proposed Investment.

Based on preliminary information provided by the Sellers to the Company, the initial registered capital of the JV Company of RMB100 million (approximately HK\$96.2 million) has been contributed by its shareholders and only a minimal amount of pre-operating expenses has been incurred. Based further on the business license and approval documents of the JV Company, Keycharm is the registered shareholder of the JV Company holding approximately 85.71% of the equity interest of the JV Company. Accordingly, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to enter into the MOU and to place the Deposit which is secured by the share charge over the issued shares of Keycharm.

GENERAL

The Proposed Investment is subject to the due diligence, negotiation, finalization and entering into of the Formal Agreement. **Accordingly, the Proposed Investment may or may not proceed.** Subject to the terms of the Formal Agreement if the Proposed Investment materializes, it is presently expected that the Proposed Investment may constitute a notifiable transaction for the Company under the Listing Rules. In addition, the placing of the Deposit with the Sellers constitutes an advance to an entity under Rule 13.13 of the Listing Rules and a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the placing of the Deposit will be despatched to the Shareholders. **Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.**

Further announcement will be made by the Company as and when necessary in compliance with the Listing Rules, if required.

Trading in the Shares was suspended with effect from 9:30 a.m. on 30 August 2005 pending the publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 1 September 2005.

Terms used in this announcement:

“Board”	the board of Directors
“Company”	Greater China Holdings Limited, a company incorporated in Bermuda, the shares of which are currently listed on and dealt in the Stock Exchange
“Deposit”	the deposit of RMB12,000,000 (in Hong Kong dollars equivalent of HK\$11,589,600 based on the exchange rate of HK\$96.58: RMB100) paid by the Purchaser to the Sellers upon signing of the MOU
“Directors”	directors of the Company
“Formal Agreement”	the sale and purchase agreement to be entered into between the Purchaser and the Sellers in relation to the Proposed Investment
“Group”	the Company and its subsidiaries
“JV Company”	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), a sino-foreign joint venture company incorporated in the PRC

“Keycharm”	Keycharm Investments Limited, a company incorporated in the British Virgin Islands and owned by as to 60% by Mr. Lin Jie and as to 40% by Mr. Wang Yuhui
“Keycharm Group”	Keycharm and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the legally binding memorandum of understanding dated 30 August 2005 entered into between the Purchaser and the Sellers in relation to the Proposed Investment
“PRC”	the People’s Republic of China
“Proposed Investment”	the proposed acquisition in part or in full of the issued share capital of Keycharm pursuant to the MOU and/or the Formal Agreement
“Purchaser”	Profit Capital Limited, a company incorporated in British Virgin Islands with limited liability and wholly owned by the Company
“Sellers”	Mr. Lin Jie and Mr. Wang Yuhui
“Share(s)”	share(s) of HK\$0.005 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“RMB”	Renminbi

For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1.04: HK\$1.00 unless otherwise stated.

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

Hong Kong, 31 August 2005

As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Mr. Chan Sze Hon as executive Directors; and Mr. Ching Men Ky Carl, Mr. Lin Ruei-min and Mr. Shu Wa Tung Laurence as independent non-executive Directors.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.