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*(incorporated in Bermuda with limited liability)*

(Stock code: 431)

## **PLACING OF NEW SHARES ON A BEST EFFORT BASIS**

### **Placing agent**



The Company and the Placing Agent entered into a placing agreement on 5 September 2005 for the placing of up to 47,600,000 Placing Shares at a placing price of HK\$0.50 per Placing Share to not less than six independent individuals or institutional investors, who are not connected persons of the Company (as defined in the Listing Rules), on a best effort basis.

The Placing Shares represent approximately 19.97 per cent. of the existing issued share capital of the Company and approximately 16.64 per cent. of the issued share capital of the Company as enlarged by the Placing Shares.

The Placing Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 26 May 2005. No shares have been issued under such general mandate up to the date of this announcement.

As detailed in the announcement of the Company dated 31 August 2005, the Company entered into a memorandum of understanding in relation to a proposed investment in a joint venture company incorporated in the PRC for the purpose of engaging in industrial property development with focus on port infrastructure. The Directors consider that the Placing represents a good opportunity to raise capital, which is expected to be in the net amount of approximately HK\$23.2 million, for the Company to invest in the project, if the project materializes, while broadening the shareholders' base and the capital base of the Company. The Directors consider that the terms of the Placing are fair and reasonable and the Placing is in the best interest of the Company and the Shareholders as a whole.

### **THE PLACING**

#### **The Placing Agreement dated 5 September 2005**

#### **Issuer**

Greater China Holdings Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Stock Exchange.

**Placing Agent**

Partners Capital Securities Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as agent for the Company to procure placees on a best effort basis. The Placing Agent will charge two per cent. of the amount equal to the Placing Price multiplied by the number of Placing Shares which the Placing Agent has procured purchasers for.

**Placees**

Not less than six independent individuals or institutional investors.

**Independence of the Placing Agent and placees**

The Placing Agent is, and the placees and their respective beneficial owners are and will not be connected person(s) of the Company (as defined in the Listing Rules).

**Number of Placing Shares**

Up to 47,600,000 new Shares, representing approximately 19.97 per cent. of the existing issued share capital of the Company and approximately 16.64 per cent. of the issued share capital of the Company as enlarged by the issue of the Placing Shares, are to be placed by the Placing Agent on a best effort basis.

**Placing Price**

HK\$0.50 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 5.66 per cent. to the closing price of HK\$0.53 per Share as quoted on the Stock Exchange on 5 September 2005, being the date of the Placing Agreement on which the Placing Price was fixed;
- (ii) a discount of approximately 4.58 per cent. to the average closing price of HK\$0.524 per Share as quoted on the Stock Exchange in the 5 trading days immediately prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 10.39 per cent. to the audited consolidated net tangible asset value pre Share of approximately HK\$0.558 as at 31 December 2004 (on the basis of 238,389,133 Shares in issue as at the date of this announcement).

**Mandate to issue the Placing Shares**

The Placing Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 26 May 2005. No Shares have been issued under such general mandate up to the date of this announcement.

**Ranking of the Placing Shares**

The Placing Shares, when fully paid, will rank pari passu in all respects with the Shares in issue at the date of allotment of the Placing Shares.

**Condition of the Placing**

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

In the event that the above condition is not fulfilled on or before 30 September 2005 or such other date as may be agreed between the Company and the Placing Agent in writing, the Placing Agreement will lapse and be of no further effect. Further announcement will be made by the Company as and when appropriate.

### **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Placing Shares.

### **Completion**

Completion of the Placing will take place on or before 30 September 2005 subject to fulfillment of the condition referred to in the paragraph headed "Condition of the Placing" (or such later date as the Company and the Placing Agent may agree in writing). Further announcement will be made upon completion of the Placing.

### **Reason for the Placing and use of proceeds**

The Group had not raised any funds by issue of equity securities of the Company in the 12 months preceding the date of this announcement.

As detailed in the announcement of the Company dated 31 August 2005, the Company entered into a memorandum of understanding in relation to a proposed investment in a joint venture company incorporated in the PRC for the purpose of engaging in industrial property development with focus on port infrastructure. The Company is currently in the course of conducting due diligence review on various aspects of the joint venture company. The Directors consider that the Placing represents a good opportunity to raise capital, which is expected to be in the net amount of approximately HK\$23.2 million (representing the net price of HK\$0.487 per Placing Share) for the Company to invest in the project, if the project materializes, while broadening the shareholders' base and the capital base of the Company. The expenses for the Placing comprise, *inter alia*, placing commission, financial advisory fee and printing expenses. The Directors consider that the terms of the Placing are fair and reasonable and the Placing is in the best interest of the Company and the Shareholders as a whole. In the event that the proposed investment is not materialized, the net proceeds from the Placing will be used for working capital purpose.

### **Shareholding structures before and after the Placing**

Below sets out the respective shareholding structures of the Company immediately before and after the Placing:

Name of Shareholders	Existing shareholding		Shareholding immediately after the Placing	
	(Number of Shares)	Per cent.	(Number of Shares)	Per cent.
Keenlead Holdings Limited (Note 1)	120,212,256	50.43	120,212,256	42.03
China Main Investment (H.K.) Company Limited (Note 2)	32,000,000	13.42	32,000,000	11.19
	<u>152,212,256</u>	<u>63.85</u>	<u>152,212,256</u>	<u>53.22</u>
Public shareholders				
– the placees	–	–	47,600,000	16.64
– other public shareholders	86,176,877	36.15	86,176,877	30.14
	<u>86,176,877</u>	<u>36.15</u>	<u>86,176,877</u>	<u>30.14</u>
<b>Total</b>	<b><u>238,389,133</u></b>	<b><u>100.00</u></b>	<b><u>285,989,133</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Keenlead Holdings Limited is a company incorporated in British Virgin Islands and wholly owned by Ms. Ma Xiaoling, the Chairman and executive Director of the Company.
2. China Main Investment (H.K.) Company Limited is a party acting in concert with Keenlead Holdings Limited.

## **DEFINITIONS**

“Company”	Greater China Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	a private placing by the Placing Agent of Placing Shares at the Placing Price with independent investors on a best effort basis
“Placing Agent”	Partners Capital Securities Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as agent for the Company to procure places on a best effort basis
“Placing Agreement”	a placing agreement dated 5 September 2005 entered into between the Company and the Placing Agent
“Placing Price”	the placing price of HK\$0.50 per Placing Share
“Placing Share(s)”	up to 47,600,000 new Shares to be issued under the Placing
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of HK\$0.005 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 5 September 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 purposes only*

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