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大中華實業控股有限公司*
GREATER CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 431)

MAJOR TRANSACTION

Financial adviser to the Company



博大資本國際有限公司

Partners Capital International Limited

Further to the announcements of the Company dated 31 August 2005 and 29 November 2005 in relation to the proposed acquisition of the issued share capital of Keycharm by the Purchaser, a wholly owned subsidiary of the Company, the Company announces that on 27 February 2006, the Purchaser entered into the Formal Agreement with the Seller and the Guarantor pursuant to which the Purchaser agreed to acquire the Sale Shares, representing 51% of the issued share capital of Keycharm, and the Sale Loan from the Seller at an aggregate cash consideration of RMB61,200,001 (approximately HK\$58,846,000). Under the Formal Agreement, the consideration for the Sale Shares is RMB1.00 (approximately HK\$0.96) and the consideration for the Sale Loan is RMB61,200,000 (approximately HK\$58,846,000), being part of the outstanding amount of loan due from Keycharm to the Seller immediately before Completion and representing (on a pro rata basis) 51% of the total shareholders' loans of the Keycharm Group upon Completion.

The sole asset of Keycharm is its approximately 85.71% equity interest in the JV Company. The scope of business of the JV Company includes construction of port infrastructure, development of petrochemical industry projects and operation and development of transportation related logistic facilities (subject to granting of relevant operating permits).

The Acquisition constitutes a major transaction of the Company under the Listing Rules and must be made conditional on approval by the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, the approval by the Shareholders may be obtained by means of the written approval of the transaction by a shareholder who holds more than 50% of the voting rights of the Company. Given that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) a written approval of the Acquisition on the terms and conditions of the Formal Agreement and the transaction contemplated thereunder has been given by the Major Shareholder and its party acting in concert, namely China Main Investment (H.K.) Company Limited, who hold an aggregate of approximately 53.22% of the existing issued share capital of the Company, the Company proposed that a special general meeting of the Shareholders will not be convened for the purpose of approving the Acquisition subject to full compliance by the Company of Rule 14.86 and further details will be disclosed in the circular. A circular containing details of the Acquisition and the accountants' report of Keycharm Group will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 28 February 2006 pending the release of this announcement. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 March 2006.

THE FORMAL AGREEMENT DATED 27 FEBRUARY 2006

Parties

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

Seller: Mr. Lin Jie, being director and one of the shareholders holding 60% of Keycharm

Guarantor: Mr. Wang Yuhui, being director and one of the shareholders holding 40% of Keycharm

Both of the Seller and the Guarantor are businessmen and Independent Third Parties.

Assets to be acquired

Sale Shares: 51 shares of US\$1.00 each of Keycharm, representing 51% of the issued share capital of Keycharm

Sale Loan: RMB61,200,000 (approximately HK\$58,846,000), being part of the outstanding amount of loan due from Keycharm to the Seller immediately before Completion and representing (on a pro rata basis) 51% of the total shareholders' loans of the Keycharm Group upon Completion

The principal terms of the Sale Loan are the same as the shareholder's loan due from Keycharm to the Seller which are unsecured, interest free and have no fixed repayment terms

Based on the unaudited consolidated management accounts of Keycharm Group as at 31 December 2005, the shareholder's loan due to the Seller from Keycharm was RMB42,000,000 (approximately HK\$40,385,000). Pursuant to the Formal Agreement, the Seller shall procure Keycharm to settle the amount due to the PRC Party of RMB30,000,000 (approximately HK\$28,846,000) immediately after the signing of the Formal Agreement. As a result, the shareholders' loan due to the Seller will be RMB72,000,000 (approximately HK\$69,231,000) immediately before Completion and will be RMB10,800,000 (approximately HK\$10,385,000) immediately after Completion

Consideration

The total consideration of RMB61,200,001 (approximately HK\$58,846,000) for the acquisition of the Sale Shares and the Sale Loan was determined on the basis of the registered capital of the JV Company and also represents a premium of approximately 2.69% over the aggregate of the unaudited net deficit of Keycharm Group as at 31 December 2005 were approximately RMB3,224,000 (approximately HK\$3,100,000) and the total amount of shareholders' loans of RMB120,000,000 (approximately HK\$115,385,000) as at Completion which amounted to RMB116,776,000 (approximately HK\$112,285,000). As the diminution in the unaudited net assets

of the Keycharm Group when compared with its registered capital is primarily attributable to the administrative expenses incurred in the ordinary course of business of the JV Company, the Board (including all independent non-executive Directors) considers that the terms of the Formal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole are concerned.

Under the Formal Agreement, the consideration for the Sale Shares is RMB1.00 (approximately HK\$0.96) and the consideration for the Sale Loan is RMB61,200,000 (approximately HK\$58,846,000), being part of the outstanding amount of loan due from Keycharm to the Seller upon Completion and representing (on a pro rata basis) 51% of the total shareholders' loans of the Keycharm Group upon Completion. The aggregate consideration for the Sale Shares and the Sale Loan of RMB61,200,001 (approximately HK\$58,846,000) is to be satisfied in the following manners:

- (a) as to RMB12,000,000 (in Hong Kong dollars equivalent of HK\$11,589,600 based on the exchange rate of HK\$96.58: RMB100), being the first instalment, set off against the Deposit.

As the Deposit had been paid to the Seller and the Guarantor in proportion to their shareholdings in Keycharm on 30 August 2005, the Guarantor confirmed that he has returned the amount of RMB4,800,000 (HK\$4,635,840), being 40% of the Deposit, to the Seller as part of the consideration before the date of the Formal Agreement;

- (b) as to RMB30,000,000 (approximately HK\$28,846,000), being the second instalment, payable to Keycharm by the Purchaser for and on behalf of the Seller upon signing of the Formal Agreement.

Pursuant to the Formal Agreement, the Seller shall procure Keycharm to settle the amount due to the PRC Party of RMB30,000,000 (approximately HK\$28,846,000) immediately after the signing of the Formal Agreement; and

- (c) as to the remaining balance of RMB19,200,001 (approximately HK\$18,462,000), being the last instalment, payable to the Seller after six months from the date of the Formal Agreement or upon the date of Completion, whichever is later.

The funding of the first instalment of RMB12,000,000 (in Hong Kong dollars equivalent of HK\$11,589,600 based on the exchange rate of HK\$96.58: RMB100) was financed by the internal resources of the Company and the balance of the consideration was and will be funded by the proceeds from the placing of shares of the Company in September 2005 and banking facilities of the Group.

Conditions

Completion is conditional, amongst other things, on the following conditions:

- (a) all representations, warranties and undertakings given by the Seller pursuant to the Formal Agreement are true and accurate on the date of the Formal Agreement and remain true and accurate upon Completion;
- (b) the Purchaser having obtained a PRC legal opinion acceptable to it and being satisfied in relation to the business, assets, liabilities of the Keycharm Group and the obligations of the Seller entering into the Formal Agreement;

- (c) the Purchaser being satisfied with the results of a due diligence review on the Keycharm Group;
- (d) all third parties' consents requested by the Purchaser, including the consents in relation to the establishment and shareholding of the JV Company from the relevant PRC and Hong Kong governmental departments and regulatory authorities such as business licence from 蘇州市太倉工商行政管理局 (the State of Administration for Industry and Commerce of Taicang City of Suzhou) and relevant transfer documents from 蘇州產權交易所 (the Asset Exchange of Suzhou) having been provided by the Seller to the Purchaser;
- (e) all necessary consents and approval in relation to the Acquisition and the transactions contemplated therein having been obtained by the Purchaser including the consents or approvals from the relevant governmental departments, the Stock Exchange and regulatory authorities and/or other third parties; and
- (f) the Formal Agreement and the transactions contemplated therein having been approved by the Shareholders at the special general meeting of the Company pursuant to the Listing Rules, or if permitted by the Listing Rules, a written approval of the Formal Agreement and the transactions contemplated therein having been given by the majority shareholder(s) in lieu of the special general meeting of the Company.

The above conditions may be waived by the Purchaser at its sole absolute discretion. At the present moment, the Purchaser has no intention to waive any of the above conditions. If any of the conditions of the Formal Agreement is not fulfilled or waived by the Purchaser on or before six months from the date of the Formal Agreement, i.e. 27 August 2006 or such other date as shall be determined by the Purchaser, the Formal Agreement shall terminate save in respect of any antecedent breach of the Formal Agreement and the Seller shall return the two instalments in an aggregate amount of RMB42,000,000 (approximately HK\$40,385,000) without interest within two business days from the date of the written notice given by the Purchaser.

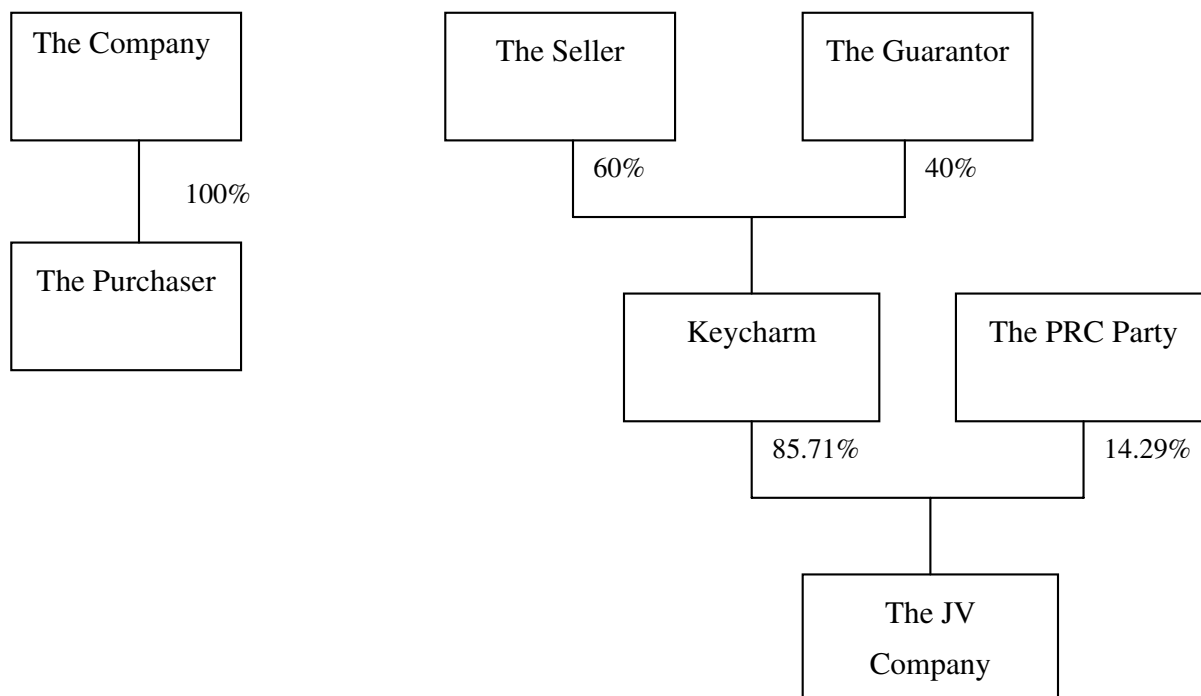
Completion

Completion shall take place 30 days after the date on which all the conditions of the Formal Agreement have been fulfilled and/or waived, or such other date as shall be agreed between the Purchaser and the Seller in writing.

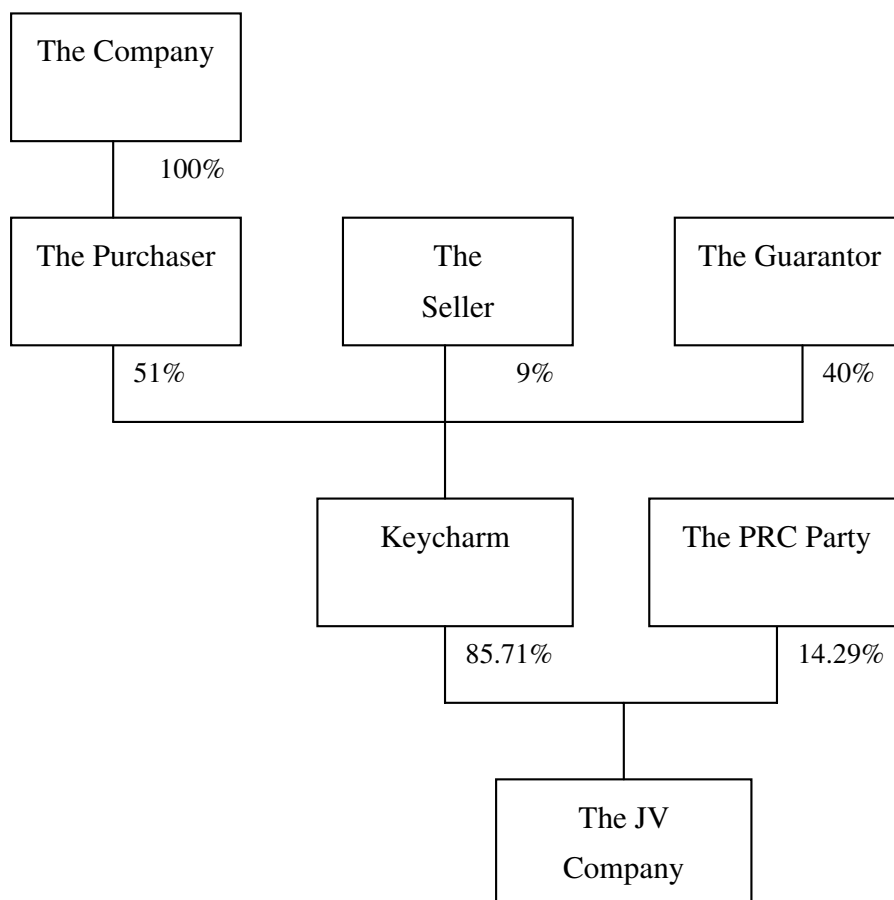
SHAREHOLDING STRUCTURE

The diagram below shows the current corporate and shareholding structure of the Group and the Keycharm Group:

Before the Acquisition



Upon Completion



INFORMATION OF KEYCHARM AND THE JV COMPANY

Keycharm is a company incorporated in the British Virgin Islands on 8 July 2005. As at the date of this announcement, Keycharm has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, of which 100 shares of Keycharm were issued and allotted and are fully paid or credited as fully paid. As at the date of this announcement, Keycharm is legally and beneficially owned as to 60% by the Seller and as to 40% by the Guarantor.

Upon Completion, Keycharm will be owned as to 51% by the Purchaser, as to 9% by the Seller and as to 40% by the Guarantor and the Seller and the Guarantor will retain as directors of Keycharm. Keycharm will become a subsidiary of the Company.

The sole asset of Keycharm is its approximately 85.71% equity interest in the JV Company and the remaining 14.29% equity interest in the JV Company is owned by the PRC Party. To the best knowledge of the Directors, each of the PRC Party and its beneficial owners is an Independent Third Party.

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\$134,615,000) and RMB240 million (approximately HK\$230,769,000) respectively. It is expected that the difference between the registered capital and the total investment amount of RMB100 million (approximately HK\$96,154,000) will be funded by bank financing. Pursuant to the business license of the JV Company dated 20 November 2005, the scope of business of the JV Company includes construction of port infrastructure, development of petrochemical industry projects and operation and development of transportation related logistic facilities (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 depot infrastructure. The board of directors of the JV Company currently comprises three directors. It is expected that two new directors will be appointed by the Purchaser to replace two existing directors of the JV Company.

The JV Company currently holds the Land which is situated at the southern part of Gang Qu Wei Road, western part of Jing Er Road and northern part of Bei Huan Road, Fuqiao Town, (Taicang Port), Taicang City, Jiangsu Province, the PRC. The Land is in a rectangular shape and having a site area of approximately 94,793.5 sq. m. and is subject to a right to use the land for a term of 50 years from 1 January 2001 to 31 December 2050 for industry and warehouse composite usage. The land and property interests of the Land are valued by LCH (Asia-Pacific) Surveyors Limited, the independent valuer, at the amount of HK\$27,350,000 as at 31 December 2005.

The Land is planned to be developed into an industrial/storage area with total construction area of 60,000 sq.m. with four depots occupying about 11,250 sq.m. each. The acquisition costs of the Land was approximately RMB28,438,000 (approximately HK\$27,344,000) and the estimated construction costs and professional fees for the property will be approximately RMB65,050,000 (approximately HK\$62,548,000) which will be financed by the registered capital of the JV Company. It is expected that the construction of the property will be completed in early 2007 and commence operation after completion of the construction. It is expected that revenue to be derived from the property is expected to comprise rental income and other income such as logistic services.

Based on the unaudited consolidated management accounts of Keycharm Group for the period from 8 July 2005 (being the date of incorporation) to 31 December 2005, the unaudited losses after minority interest before and after taxation were both approximately RMB3,224,000 (approximately HK\$3,100,000). Based on the unaudited consolidated balance sheet of Keycharm Group as at 31 December 2005, the net deficit of Keycharm Group as at 31 December 2005 were approximately RMB3,224,000 (approximately HK\$3,100,000). Without taking into account the shareholders' loans amounting to RMB90,000,000 (approximately HK\$86,538,000) as at 31 December 2005, the unaudited net assets of Keycharm Group as at 31 December 2005 were approximately RMB86,776,000 (approximately HK\$83,438,000).

The unaudited total liabilities of Keycharm Group as at 31 December 2005 mainly comprise the shareholders' loans of RMB90,000,000 (approximately HK\$86,538,000), in which RMB48,000,000 (approximately HK\$46,154,000) is due to the Guarantor and RMB42,000,000 (approximately HK\$40,385,000) is due to the Seller, and an other payable due to the PRC Party of RMB30,000,000 (approximately HK\$28,846,000). The shareholders' loans and the payable due to the PRC Party are unsecured, interest free and have no fixed repayment terms.

Pursuant to the Formal Agreement, the Seller shall procure Keycharm to settle the amount due to the PRC Party of RMB30,000,000 (approximately HK\$28,846,000) immediately after the signing of the Formal Agreement. As a result, the shareholders' loans due to the Seller and the Guarantor will be RMB72,000,000 (approximately HK\$69,231,000) and RMB48,000,000 (approximately HK\$46,154,000) respectively immediately before Completion and the shareholders' loans due to the Purchaser, the Seller and the Guarantor will be RMB61,200,000 (approximately HK\$58,846,000), representing (on a pro rata basis) 51% of the total shareholders' loans, RMB10,800,000 (approximately HK\$10,385,000) and RMB48,000,000 (approximately HK\$46,154,000) respectively immediately after Completion. Any repayment to the shareholders' loans due to the shareholders of Keycharm will be repaid in proportion to the shareholding of Keycharm.

The unaudited total assets of Keycharm Group as at 31 December 2005 mainly comprise non-current assets of RMB39,391,000 (approximately HK\$37,876,000), a receivable due from a former shareholder of JV Company of RMB29,900,000 (approximately HK\$28,750,000), a receivable due from the PRC Party of RMB29,900,000 (approximately HK\$28,750,000), prepayments and deposit of approximately RMB7,460,000 (approximately HK\$7,173,000) and bank balance and cash of approximately RMB29,074,000 (approximately HK\$27,956,000). Both receivables due from the former shareholder of the JV Company and the PRC Party are loans to the then shareholders of JV Company in January 2005 and are unsecured, interest free and have no fixed repayment terms. It is expected that both former shareholder of the JV Company and the PRC Party will repay the receivables before Completion. In the event that either the former shareholder of the JV Company or the PRC Party could not repay the receivables before Completion, the Purchaser will not satisfy with the results of the due diligence review on the Keycharm Group as mentioned in condition (c) as set out in the Formal Agreement and the Formal Agreement will not be completed.

To the best knowledge of the Directors, each of the former shareholder of Keycharm and its beneficial owners is an Independent Third Party.

REASONS FOR THE ACQUISITION

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 Acquisition 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 airport infrastructure.

GENERAL

The Acquisition constitutes a major transaction of the Company under the Listing Rules and must be made conditional on approval by the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, the approval by the Shareholders may be obtained by means of the written approval of the transaction by a shareholder who holds more than 50% of the voting rights of the Company. Given that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) a written approval of the Acquisition on the terms and conditions of the Formal Agreement and the transaction contemplated thereunder has been given by the Major Shareholder and its party acting in concert, namely China Main Investment (H.K.) Company Limited, who hold an aggregate of approximately 53.22% of the existing issued share capital of the Company, the Company proposed that a special general meeting of the Shareholders will not be convened for the purpose of approving the Acquisition subject to full compliance by the Company of Rule 14.86 and further details will be disclosed in the circular. A circular containing details of the Acquisition and the accountants' report of Keycharm Group will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 28 February 2006 pending the release of this announcement. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 March 2006.

DEFINITIONS

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| “Acquisition” | the acquisition of the Sale Shares and the Sale Loan by the Purchaser pursuant to the Formal Agreement |
| “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 |
| “Completion” | the completion which is to take place 30 days after the date on which all the conditions of the Formal Agreement shall have been fulfilled and/or waived, or such other date as shall be agreed between the Purchaser and the Seller in writing |
| “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 Seller and the Guarantor upon signing of the MOU |
| “Directors” | directors of the Company |
| “Formal Agreement” | the sale and purchase agreement dated 27 February 2006 entered into between the Purchaser, the Seller and the Guarantor in relation to the Acquisition |

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| “Group” | the Company and its subsidiaries |
| “Guarantor” | Mr. Wang Yuhui |
| “Independent Third Party(ies)” | independent third party(ies) is(are) not a connected person(s) (as defined in the Listing Rules) of the Company and also not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company |
| “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 as to 60% by the Seller and as to 40% by the Guarantor |
| “Keycharm Group” | Keycharm and its subsidiaries |
| “Land” | a parcel of land located at the southern part of Gang Qu Wei Road, western part of Jing Er Road and northern part of Bei Huan Road, Fuqiao Town, (Taicang Port), Taicang City, Jiangsu Province, the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Major Shareholder” | Keenlead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Ms. Ma Xiaoling, the Chairman of the Company and the controlling Shareholder holding approximately 42.03% of the existing issued share capital of the Company |
| “MOU” | the legally binding memorandum of understanding dated 30 August 2005 entered into between the Purchaser, the Seller and the Guarantor in relation to the Acquisition |
| “PRC” | the People’s Republic of China |
| “PRC Party” | 江蘇省太倉港港口開發建設投資公司 (Jiangsu Taicang Port Development Construction Investment Company Limited) , a state-owned enterprise in the PRC |
| “Purchaser” | Profit Capital Limited, a company incorporated in British Virgin Islands with limited liability and wholly owned by the Company |
| “Sale Loan” | RMB61,200,000 (approximately HK\$58,846,000), being part of the outstanding amount of loan due from Keycharm to the Seller immediately before Completion and representing (on a pro rata basis) 51% of the total shareholders’ loans of the Keycharm Group upon Completion |
| “Sale Shares” | 51 shares of US\$1.00 each of Keycharm, representing 51% of the issued share capital of Keycharm |

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| “Seller” | Mr. Lin Jie |
| “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 |
| “sq.m.” | square metres |
| “%” | per cent. |

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, 1 March 2006

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 Rwei-min and Mr. Shu Wa Tung Laurence as independent non-executive Directors.

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