

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



(Stock code: 431)

website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

MAJOR AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

Financial adviser to the Company



博大資本國際有限公司

Partners Capital International Limited

The Board announces that on 27 July 2007, the Purchaser entered into the Sale and Purchase Agreement with the Sellers pursuant to which the Purchaser agreed to acquire the Sale Shares, representing 49% of the issued share capital of Keycharm, and the Sale Loans from the Sellers at an aggregate consideration of RMB63,300,000 (approximately HK\$65,440,000), RMB53,300,000 (approximately HK\$55,102,000) of which shall be paid in cash and the balance of RMB10,000,000 (approximately HK\$10,338,000) to be satisfied by the issue and allotment of the Consideration Shares to the Sellers. Under the Sale and Purchase Agreement, the consideration for the Sale Shares is RMB4,500,000 (approximately HK\$4,652,000) and the consideration for the Sale Loans is RMB58,800,000 (approximately HK\$60,788,000).

Currently, 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 (excluding dangerous goods) (subject to granting of relevant operating permits).

As the applicable percentage ratio for the Acquisition under the Listing Rules is more than 25% and less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.08 of the Listing Rules. As the Sellers are connected persons of the Company, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and is subject to approval by the Shareholders at the SGM by poll in accordance with the requirements of Rule 14A.48 of the Listing Rules. As no Shareholders are interested or involved in the Acquisition, no Shareholders will abstain from voting at the SGM in respect of the resolutions to approve the Acquisition. An independent board committee of the Company will be established by the Company to give recommendation to the Shareholders in respect of the Acquisition. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Shareholders in this regard. A circular containing further details of the Acquisition, the recommendations from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Shareholders and a notice of the SGM, will be despatched by the Company to the Shareholders as soon as possible.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 30 July 2007 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 1 August 2007.

THE SALE AND PURCHASE AGREEMENT DATED 27 JULY 2007

Parties

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

Sellers: Mr. Wang Yuhui and Mr. Lin Jie, being directors and the shareholders holding the aggregate of 49% of Keycharm

As the Sellers are directors and shareholders of Keycharm, they are connected persons of the Company.

Assets to be acquired

Sale Shares: 49 shares of US\$1.00 each of Keycharm, of which 40 shares are owned by Mr. Wang Yuhui and 9 shares are owned by Mr. Lin Jie, representing 49% of the issued share capital of Keycharm

Sale Loans: RMB58,800,000 (approximately HK\$60,788,000), being the sum of (i) the interest free unsecured loan in the amount of RMB48,000,000 (approximately HK\$49,623,000) due from Keycharm to Mr. Wang Yuhui and (ii) the interest free unsecured loan in the amount of RMB10,800,000 (approximately HK\$11,165,000) due from Keycharm to Mr. Lin Jie

Consideration

The total consideration of RMB63,300,000 (approximately HK\$65,440,000) for the acquisition of the Sale Shares and the Sale Loans was arrived at after arm's length negotiations between the Company and the Sellers and also represents a discount of approximately 0.73% to the sum of (i) the unaudited net asset value of Keycharm Group of RMB4,967,000 (approximately HK\$5,135,000) attributable to 49% equity interest in Keycharm Group as at 30 June 2007 after adjustment for the revaluation surplus of the Land; and (ii) RMB58,800,000 (approximately HK\$60,788,000), being the amount of the Sale Loans.

Under the Sale and Purchase Agreement, the consideration for the Sale Shares is RMB4,500,000 (approximately HK\$4,652,000) and the consideration for the Sale Loans is RMB58,800,000 (approximately HK\$60,788,000). The aggregate consideration for the Sale Shares and the Sale Loans of RMB63,300,000 (approximately HK\$65,440,000) is to be satisfied in the following manners:

- (a) as to RMB9,000,000 (approximately HK\$9,304,000) payable to Sellers (of which RMB7,346,939 (approximately HK\$7,595,000) payable to Mr. Wang Yuhui and of which RMB1,653,061 (approximately HK\$1,709,000) payable to Mr. Lin Jie) in cash upon signing of the Sale and Purchase Agreement;
- (b) as to RMB44,300,000 (approximately HK\$45,798,000) payable to Sellers (of which RMB36,163,265 (approximately HK\$37,386,000) payable to Mr. Wang Yuhui and of which RMB8,136,735 (approximately HK\$8,412,000) payable to Mr. Lin Jie) in cash upon Completion; and
- (c) as to RMB10,000,000 (approximately HK\$10,338,000) (of which RMB8,163,265 (based on an exchange rate of RMB0.9673: HK\$1, equivalent to HK\$8,439,228) payable to Mr. Wang Yuhui and of which RMB1,836,735 (based on an exchange rate of RMB0.9673: HK\$1, equivalent to HK\$1,898,827) payable to Mr. Lin Jie) to be satisfied by the issue and allotment of 11,312,637 Consideration Shares and 2,545,344 Consideration Shares to Mr. Wang Yuhui and Mr. Lin Jie respectively upon Completion.

The funding of RMB53,300,000 (approximately HK\$55,102,000) will be financed by the internal resources of the Company.

Consideration Shares

Based on an exchange rate of RMB0.9673:HK\$1, RMB10,000,000 (approximately HK\$10,338,000) will be satisfied by the issue and allotment of 13,857,981 Consideration Shares at an issue price of HK\$0.746, being the average closing price of HK\$0.746 per Share for the last five trading days up to 26 July 2007, being the trading date immediately prior to the date of the Sale and Purchase Agreement.

The issue price of HK\$0.746 per Consideration Share represents:–

- (a) a discount of approximately 0.53% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on 27 July 2007 (being the last trading day in the Shares prior to the suspension of trading in the Shares pending the issue of this announcement);
- (b) a discount of approximately 0.53% to the closing price of HK\$0.75 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including 27 July 2007;
- (c) a premium of approximately 1.91% over the closing price of HK\$0.732 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 27 July 2007; and
- (d) a discount of approximately 32.49% to the audited consolidated net asset value per Share of approximately HK\$1.105 as at 31 December 2006.

Based on 285,989,133 Shares in issue as at the date of this announcement, the aggregate of 13,857,981 Consideration Shares represent approximately 4.85% of the existing issued share capital of the Company and approximately 4.62% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares will be issued under a special mandate to be approved in the SGM. 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 Consideration Shares.

Conditions

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

- (a) all representations, warranties and undertakings given by the Seller pursuant to the Sale and Purchase Agreement are true and accurate on the date of the Sale and Purchase Agreement and remain true and accurate upon Completion;
- (b) 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;
- (c) the granting by the Listing Committee of the Stock Exchange of a listing of and permission to deal in the Consideration Shares; and
- (d) the Sale and Purchase Agreement and the transactions contemplated therein having been approved by the Shareholders at the SGM pursuant to the Listing Rules.

The above conditions (except conditions (b), (c) and (d)) may be waived by the Purchaser at its sole absolute discretion. If any of the conditions of the Sale and Purchase Agreement is not fulfilled or waived by the Purchaser on or before six months from the date of the Sale and Purchase Agreement, i.e. 26 January 2008 or such other date as shall be determined by the Purchaser, the Sale and Purchase Agreement shall terminate save in respect of any antecedent breach of the Sale and Purchase Agreement and the Sellers shall return the partial consideration paid by the Purchaser with interest (which is calculated based on the prime rate as quoted by The Hong Kong and Shanghai Banking Corporation Limited) within two business days from the date of the written notice given by the Purchaser to the Sellers.

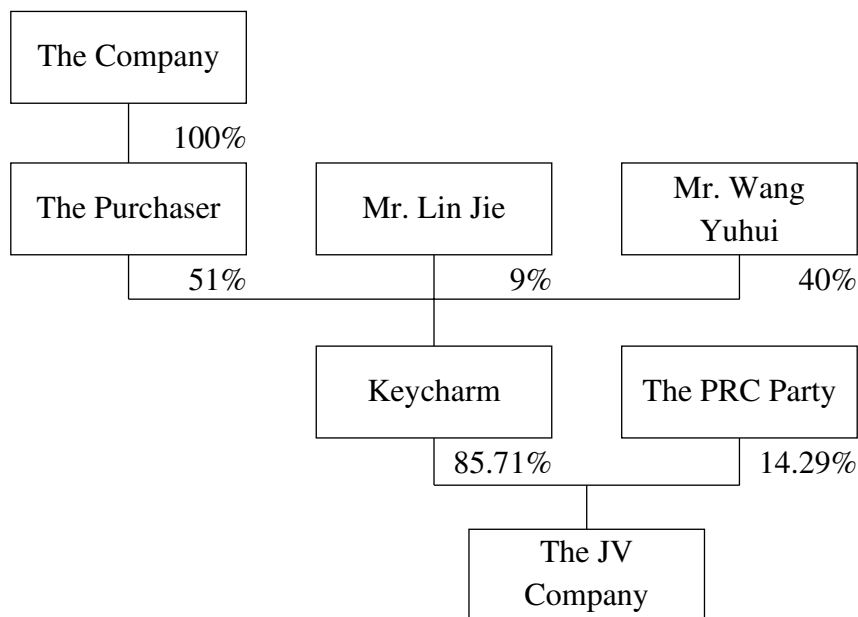
Completion

Completion shall take place within 14 days after the date on which all the conditions of the Sale and Purchase Agreement have been fulfilled and/or waived, or such other date as shall be agreed between the Purchaser and the Seller in writing.

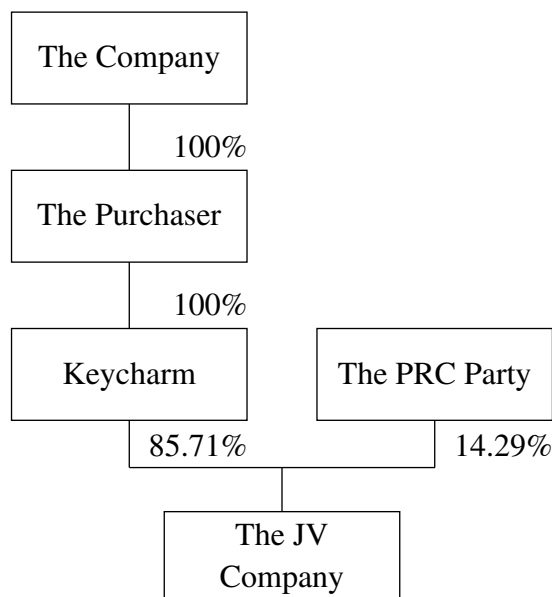
SHAREHOLDING STRUCTURE

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

Before the Acquisition



Upon completion of the Acquisition



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 51% by the Purchaser, as to 9% by Mr. Lin Jie and as to 40% by Mr. Wang Yuhui. Each of the Purchaser, Mr. Lin Jie and Mr. Wang Yuhui has advanced RMB61,200,000, RMB48,000,000 and RMB10,800,000 to Keycharm respectively as interest free unsecured loans. Upon Completion, Keycharm will become a wholly owned 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. As the PRC Party is a substantial shareholder of the JV Company, being a subsidiary of the Company, the PRC Party and its ultimate beneficial owners are connected persons of the 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\$144,733,000), which has been fully paid, and RMB240 million (approximately HK\$248,113,000) respectively. It is expected that the difference between the registered capital and the total investment amount of RMB100 million (approximately HK\$103,381,000) will be funded by bank financing. Pursuant to the business license of the JV Company dated 12 March 2007, 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 (excluding dangerous goods) (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 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, based on the market approach, at the amount of RMB42,000,000 (approximately HK\$43,420,000) as at 30 June 2007.

The Land is planned to be developed into an industrial/storage area with total construction area of 60,000 sq.m. with six depots occupying about 8,277 sq.m. each. The acquisition costs of the Land was approximately RMB28,438,000 (approximately HK\$29,399,000) and the estimated construction costs and professional fees for the property will be approximately RMB68,917,000 (approximately HK\$71,247,000) 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 2008 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 audited consolidated financial statement of Keycharm Group for the period from 8 July 2005 (being the date of incorporation) to 31 December 2005, the audited losses after minority interest before and after taxation were both approximately RMB3,556,000 (approximately HK\$3,676,000). Based on the unaudited consolidated management accounts of Keycharm Group for the year ended 31 December 2006, the unaudited losses after minority interest before and after taxation were both approximately RMB14,250,000 (approximately HK\$14,731,000). Based on the unaudited consolidated balance sheet of Keycharm Group as at 30 June 2007, the net deficit of Keycharm Group as at 30 June 2007 were approximately RMB5,005,000 (approximately HK\$5,174,000). Without taking into account the shareholders' loans amounting to RMB120,000,000 (approximately HK\$124,057,000) as at 30 June 2007, the unaudited net assets of Keycharm Group as at 30 June 2007 were approximately RMB114,995,000 (approximately HK\$118,883,000). All the financial statements of Keycharm Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards.

REASONS FOR THE ACQUISITION

The Group is principally engaged in investment holding, production and sale of organic fertilizers and industrial property development with focus on depot infrastructure.

As mentioned in the 2006 annual report of the Company, after completion of the disposal of the investment properties at 1 Lyndhurst Tower, 1 Lyndhurst Terrace, Hong Kong in March 2007, the Board considers that the Group is in a strong position to capture any valuable investment opportunity should it arise as the Group will have adequate cash resources on hand. The Board will continue to look for investments with reasonable return by investing on quality property projects in Hong Kong or the PRC.

Given the growth potential of the import and export trading in the PRC and the future earnings potential of the JV Company upon the commencement of the operations of the logistics services by mid-2008, the Board is of the view that the Acquisition is in line with the business strategy of the Group and will

enable the Group to further increase its exposure in the industrial property development with focus on airport infrastructure. The Board (including the independent non-executive Directors) considers that the terms of the Sale and Purchase Agreement are of normal commercial terms and fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratio for the Acquisition under the Listing Rules is more than 25% and less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.08 of the Listing Rules. As the Sellers are connected persons of the Company, the Acquisition also constitutes a connected transaction for the Company under the Listing Rules and is subject to approval by the Shareholders at the SGM by poll in accordance with the requirements of Rule 14A.48 of the Listing Rules. As no Shareholders are interested or involved in the Acquisition, no Shareholders will abstain from voting at the SGM in respect of the resolutions to approve the Acquisition. An independent board committee of the Company will be established by the Company to give recommendation to the Shareholders in respect of the Acquisition. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Shareholders in this regard. A circular containing further details of the Acquisition, the recommendations from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Shareholders and a notice of the SGM, will be despatched by the Company to the Shareholders as soon as possible.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 30 July 2007 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 1 August 2007.

DEFINITIONS

| | |
|------------------------|--|
| “Acquisition” | the acquisition of the Sale Shares and the Sale Loans by the Purchaser pursuant to the Sale and Purchase 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 within 14 days after the date on which all the conditions of the Sale and Purchase Agreement shall have been fulfilled and/or waived, or such other date as shall be agreed between the Purchaser and the Sellers in writing |
| “Consideration Shares” | new Shares to be issued, allotted and credited as fully paid upon Completion |

| | |
|-------------------------------|--|
| “Directors” | directors of the Company |
| “Group” | the Company 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 |
| “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 51% by the Purchaser, as to 40% by Mr. Wang Yuhui and as to 9% by Mr. Lin Jie |
| “Keycharm Group” | Keycharm and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 and Purchase Agreement” | the sale and purchase agreement dated 27 July 2007 entered into between the Purchaser and the Sellers in relation to the Acquisition |
| “Sale Loans” | RMB58,800,000 (approximately HK\$60,788,000), being the sum of (i) the interest free unsecured loan in the amount of RMB48,000,000 (approximately HK\$49,623,000) due from Keycharm to Mr. Wang Yuhui and (ii) the interest free unsecured loan in the amount of RMB10,800,000 (approximately HK\$11,165,000) due from Keycharm to Mr. Lin Jie |

| | |
|------------------|---|
| “Sale Shares” | 49 shares of US\$1.00 each of Keycharm, representing 49% of the issued share capital of Keycharm |
| “Sellers” | Mr. Wang Yuhui and Mr. Lin Jie |
| “SGM” | the special general meeting of the Company to be convened for approving the Sale and Purchase Agreement |
| “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 RMB0.9673:HK\$1 unless otherwise stated.

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

Hong Kong, 31 July 2007

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*