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(Stock code: 431)

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

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **Financial adviser to the Company**



博大資本國際有限公司  
**Partners Capital International Limited**

The Board announces that on 9 November 2007, the Purchaser, a wholly owned subsidiary of the Company, entered into the Shareholding Transfer Agreement with the PRC Party pursuant to which the Purchaser agreed to acquire from the PRC Party the 14.29% equity interest in the JV Company for a cash consideration of RMB20,000,000 (approximately HK\$20,803,000).

As the applicable percentage ratio for the Acquisition under the Listing Rules is more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.08 of the Listing Rules. As the PRC Party is a connected person 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 resolution 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 recommendation 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.

# THE SHAREHOLDING TRANSFER AGREEMENT DATED 9 NOVEMBER 2007

## Parties

*Party A:* the PRC Party

*Party B:* the Purchaser

As the PRC Party is a substantial shareholder of the JV Company, the PRC Party is a connected person of the Company.

## Assets to be acquired

14.29% equity interest in the JV Company

The JV Company is currently owned as to 85.71% by Keycharm and as to 14.29% by the PRC Party. Upon completion of the Acquisition, the JV Company will become a wholly owned subsidiary of the Company.

## Consideration

The consideration for the Acquisition is RMB20,000,000 (approximately HK\$20,803,000) and is to be satisfied in cash in an equivalent amount of HK Dollar by the Purchaser after completion of the Shareholding Transfer Agreement and within 30 days after the transactions contemplated therein having been approved by the Shareholders at the SGM and the PRC legal opinion having been obtained by the Purchaser from a firm of lawyers in the PRC in respect of the legality and validity of the Acquisition.

The consideration was determined by the parties to the Shareholding Transfer Agreement after arm's length negotiations and is equal to 14.29% of the registered capital of the JV Company which is RMB20,000,000 (approximately HK\$20,803,000). The consideration for the Acquisition will be funded by the internal resources of the Group.

## Conditions

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

- (a) all necessary consents and approval in relation to the Acquisition and the transactions contemplated therein having been obtained by the parties to the Shareholding Transfer Agreement and the JV Company including the consents or approvals from the relevant governmental departments, the Stock Exchange and regulatory authorities and/or other third parties; and
- (b) the Shareholding Transfer Agreement and the transactions contemplated therein having been approved by the Shareholders at the SGM pursuant to the Listing Rules.

If any of the conditions of the Shareholding Transfer Agreement is not fulfilled on or before 31 March 2008 or such other date as shall be determined by the parties to the Shareholding Transfer Agreement, the Shareholding Transfer Agreement shall terminate save in respect of any antecedent breach of the Shareholding Transfer Agreement.

## Completion

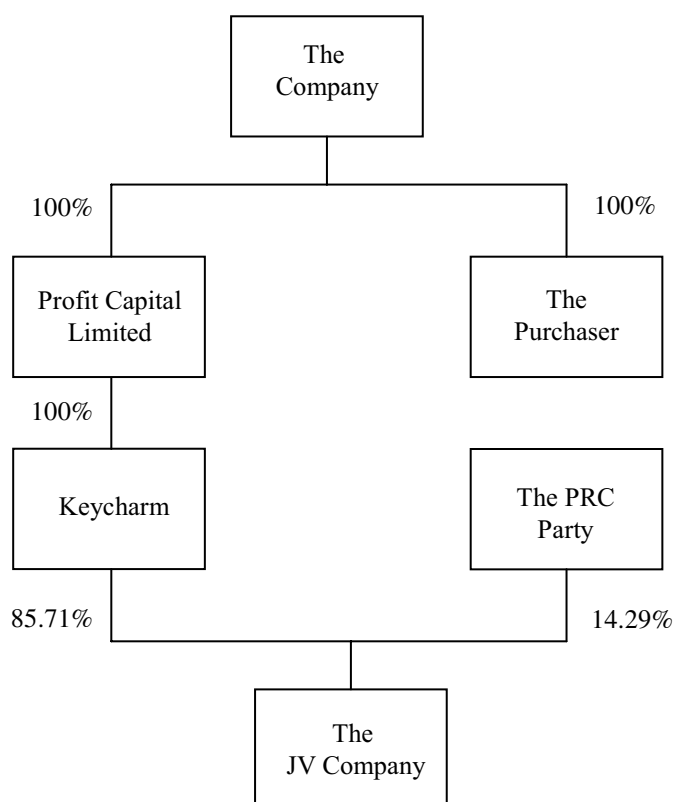
Completion shall take place on the date which all the conditions of the Shareholding Transfer Agreement have been fulfilled.

Within 14 days after completion of the Shareholding Transfer Agreement, the Purchaser has the right to instruct a firm of lawyers in the PRC to issue a legal opinion in relation to the legality, validity and other matters in relation to the transfer of the 14.29% equity interest in the JV Company from the PRC Party to the Purchaser under the Shareholding Transfer Agreement. If the PRC legal opinion states that the transfer of the 14.29% equity interest in the JV Company is illegal or invalid or does not comply with the laws and procedures under the PRC laws, the Purchaser has the right to request the PRC party to execute a termination agreement to terminate the Shareholding Transfer Agreement within 14 days after completion of the Shareholding Transfer Agreement, in which event the Shareholding Transfer Agreement shall be terminated but without prejudice to the rights of the parties to claim any antecedent breach of the Shareholding Transfer Agreement.

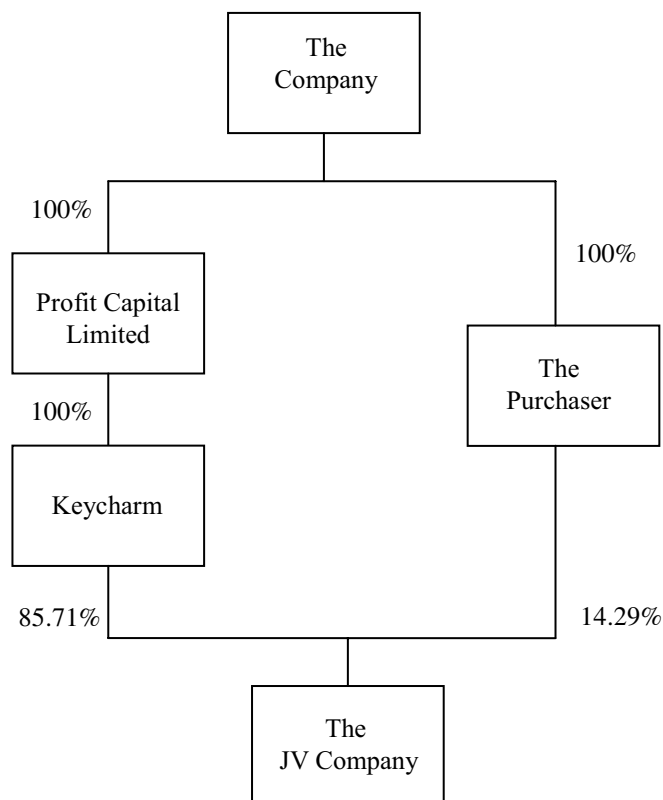
## SHAREHOLDING STRUCTURE

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

### Before the Acquisition



## Upon completion of the Acquisition



## INFORMATION OF 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\$145,621,000), which has been fully paid, and RMB240 million (approximately HK\$249,636,000) respectively. It is expected that the difference between the registered capital and the total investment amount of RMB100 million (approximately HK\$104,015,000) 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 BMI Appraisals Limited, the independent valuer, based on the comparison approach, at the amount of RMB65,000,000 (approximately HK\$67,610,000) as at 31 August 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\$29,580,000) and the estimated construction costs and professional fees for the property will be approximately RMB68,917,000 (approximately HK\$71,684,000) 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 unaudited financial statement of the JV Company for the year ended 31 December 2005, the unaudited losses before and after taxation were both approximately RMB3,712,000 (approximately HK\$3,861,000). Based on the unaudited financial statements of JV Company for the year ended 31 December 2006, the unaudited losses before and after taxation were both approximately RMB16,452,000 (approximately HK\$17,113,000). Based on the unaudited balance sheet of the JV Company as at 30 June 2007, the net assets of the JV Company as at 30 June 2007 were approximately RMB115,192,000 (approximately HK\$119,817,000). All the financial statements of the JV Company 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 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 are 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 depot infrastructure. As the consideration was determined on the basis of the registered capital of the JV Company, the Board (including the independent non-executive Directors) considers that the terms of the Shareholding Transfer 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 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.08 of the Listing Rules. As the PRC Party is a connected person 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 resolution 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 recommendation 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.

## **DEFINITIONS**

“Acquisition”	the acquisition of the 14.29% equity interest in the JV Company by the Purchaser pursuant to the Shareholding Transfer 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
“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 a wholly owned subsidiary of the Company
“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 which is principally engaged in operation and development of port in Taicang, the PRC
“Purchaser”	Toobright Limited圖輝有限公司, a company incorporated in Hong Kong with limited liability and wholly owned by the Company
“SGM”	the special general meeting of the Company to be convened for approving the Shareholding Transfer Agreement
“Share(s)”	share(s) of HK\$0.005 each in the share capital of the Company
“Shareholders”	holders of Shares
“Shareholding Transfer Agreement”	the shareholding transfer agreement dated 9 November 2007 entered into between the Purchaser and the PRC Party in relation to the Acquisition
“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 RMB0.9614: HK\$1 unless otherwise stated.*

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

Hong Kong, 9 November 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*