THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Great China Holdings Limited** (the "**Company**"), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

GREAT CHINA HOLDINGS LIMITED

大 中 華 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 43% OF THE ISSUED SHARE CAPITAL OF SAMSTRONG INTERNATIONAL LIMITED AND ASSIGNMENT OF THE LOAN

Financial Advisor

Investec

A letter from the board of directors of the Company is set out on pages 6 to 16 of this circular.

A notice convening the EGM to be held at 9:00 a.m. on 27 August 2012, at Unit D, 26/F., United Centre, No. 95 Queensway, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend and vote at the EGM in person, please complete and return the accompanying form of proxy to the share registrar of the Company, Tricor Abacus Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

9 August 2012

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Aggregate Consideration"	approximately US$57.7 million (equivalent to approximately RMB365.5 million or approximately HK$447.8 million), comprising (i) disposal of the Sale Shares for approximately RMB313.6 million; and (ii) assignment of the Loan in favour of the Purchaser for approximately RMB51.9 million
"associates"	has the same meaning as defined in the Listing Rules
"Board"	the board of Directors of the Company
"Business Day"	any day on which commercial banks are open for normal business in Hong Kong, the PRC and New York, the United States of America, other than a Saturday, a Sunday or a public holiday
"Company"	Great China Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Compensation"	approximately US$13.4 million, being the US$ equivalent of RMB85 million, which Great China Development shall be solely responsible for compensating the Purchaser for all losses incurred or suffered by the Purchaser, as a result of a termination of the Disposal Agreement and other ancillary documents due to the failure of Great China Development to satisfy the condition precedent (a) of the Disposal Agreement and which is undertaken by the Undertaking Companies pursuant to certain deeds of undertaking
"Completion"	completion of the Disposal
"Deposit Escrow Agreement"	an agreement entered into by and between Great China Development, Other Vendors, the Purchaser and the Escrow Agent dated 11 July 2012 regarding the Escrow Deposit and the Escrow Documents
"Director(s)"	the director(s) of the Company

"Disposal"	the disposal of the Sale Shares and the assignment of the Loan by Great China Development to the Purchaser pursuant to the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 11 July 2012 entered into between the Purchaser and Great China Development in respect of the Disposal
"Disposal Company"	Samstrong International Limited, an investment holding company incorporated in the British Virgin Islands which, as at the Latest Practicable Date, indirectly holds 100% interest in the Property Holding Co.
"Disposal Group"	the Disposal Company and its subsidiaries
"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve the Disposal Agreement and the transactions contemplated thereunder
"Escrow Agent"	Boughton Peterson Yang Anderson, Solicitors
"Escrow Deposit"	10% of the Aggregate Consideration, approximately RMB36.6 million, equivalent to approximately US$5.8 million
"Escrow Documents"	the undated resignation letters signed by two persons nominated by the Purchaser to be appointed as directors of the Property Holding Co, a person nominated by the Purchaser to be appointed as legal representative of the Property Holding Co and a person nominated by the Purchaser to be appointed as supervisor of the Property Holding Co
"Escrow Holdback"	5% of the Aggregate Consideration, plus 43% of US$47,000, being Great China Development's proportion of the refund of the interest tax paid by the Disposal Group to the PRC tax authority from the Purchaser, less (i) Termination Payments; and (ii) Great China Development's proportionate share of the total amount of the charges, fees, expenses, costs, or other debts as incurred by the Disposal Group and which are unpaid at Completion (including any utility expenses and wages)
"Exchange Rate"	US$1.00 : RMB6.3293 being the middle rate of US$ against RMB published by the People's Bank of China on 9 July 2012, two Business Days preceding the date of the Disposal Agreement

"Great China Development"	Great China Development (Shanghai) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Holdback Escrow Agreement"	an agreement entered into between Great China Development, Other Vendors, the Purchaser and the Escrow Agent dated 11 July 2012 regarding the Escrow Holdback
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) and their respective associates
"Latest Practicable Date"	6 August 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loan"	the non-interest bearing loan of approximately RMB51.9 million owed by the Disposal Group to Great China Development
"Other Vendors"	the remaining two existing shareholders of the Disposal Company, being third parties independent of the Company and its connected persons, who hold in aggregate, 57% of the issued share capital of the Disposal Company as at the Latest Practicable Date
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, Macao and Taiwan

"Property Holding Co"	Da Da Development (Shanghai) Co., Ltd, owner of the residential land and building located at Plot 20, Section 28, Hunan Road, Xuhui District, Shanghai, the PRC
"Purchaser"	China Association Limited, a company incorporated in Hong Kong with limited liability and which is principally engaged in property investments
"Remaining Group"	the Group excluding the Disposal Group
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	43 ordinary shares with par value of US$1 each in the Disposal Company, representing 43% of the issued share capital of the Disposal Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) with par value of HK$0.20 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Shareholders' Loans"	loans granted by Great China Development and Other Vendors to the Disposal Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Termination Payments"	Great China Development's proportionate share of the total amount of termination payments and compensation payable by the Disposal Group to all its employees and contract workers
"Undertaking Companies"	being companies which are (i) jointly owned by Mr. and Mrs. John Ming Tak HO; and (ii) jointly owned by Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO which have provided undertakings to indemnify Great China Development from and against all present and future liabilities, costs, actions, proceedings, accounts, expenses, claims, losses, damages and demands whatsoever which may be incurred by Great China Development as a result of the payment of Compensation to the Purchaser

"US$"	United States dollars, the lawful currency of the United States of America
"%"	percentage

Note: Unless otherwise indicated, conversion of US$ into RMB and US$ into HK$ and RMB into HK$ are calculated at the approximate exchange rate of US$1.00 to RMB6.3293 and US$1.00 to HK$7.754 and RMB1.00 to HK$1.2251 respectively. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

GREAT CHINA HOLDINGS LIMITED
大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

Executive Directors:
Mr. Rustom Ming Yu HO *(Chairman)*
Mr. John Ming Tak HO *(Managing Director)*
Mr. Patrick Kwok Wai POON
Mr. Maung Tun MYINT

Non-executive Directors:
Ms. Yu Gia HO

Independent non-executive Directors:
Mr. Lawrence Kam Kee YU *BBS, MBE, JP*
Mr. David Hon To YU
Mr. Hsu Chou WU

Registered office and Head Office:
Unit D, 26/F
United Centre
No. 95 Queensway
Hong Kong

9 August 2012

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 43% OF THE ISSUED SHARE CAPITAL OF SAMSTRONG INTERNATIONAL LIMITED AND ASSIGNMENT OF THE LOAN

A. INTRODUCTION

The Board announced that on 11 July 2012, Great China Development and the Purchaser entered into the Disposal Agreement pursuant to which Great China Development has conditionally agreed to (i) dispose of the Sale Shares to the Purchaser for approximately RMB313.6 million; and (ii) assign the Loan of RMB51.9 million in favour of the Purchaser. The aggregate consideration of the Disposal is approximately US$57.7 million, being equivalent to approximately RMB365.5 million or approximately HK$447.8 million.

On 11 July 2012, Other Vendors entered into their respective disposal agreements with the Purchaser in relation to the disposal of their respective interests in the issued shares of the Disposal Company and Shareholders' Loans. The Disposal Agreement forms part of a series of inter-conditional agreements between (i) Great China Development; (ii) Other Vendors, as owners of all the issued shares of the Disposal Company; and (iii) the Purchaser, as purchaser of all issued shares of the Disposal Company. The Purchaser shall not be obliged to complete the purchase of the Sale Shares and the assignment of the Loan and Great China Development shall not be obliged to complete the sale of the Sale Shares and the assignment of the Loan unless the sale and purchase of all the issued shares of the Disposal Company and the assignment of Shareholders' Loans are completed simultaneously.

Upon Completion, the Group will cease to have any interest in the Disposal Company.

Summarised below are the principal terms of the Disposal Agreement.

B. THE DISPOSAL AGREEMENT

1. Date

11 July 2012

2. Parties

Purchaser	:	China Association Limited
Vendor	:	Great China Development (Shanghai) Limited, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

3. Subject of the Disposal

The Sale Shares and the Loan to be assigned in favour of the Purchaser.

4. Consideration and settlement

4.1 Aggregate Consideration

The Aggregate Consideration was determined after arm's length negotiations between the Purchaser and Great China Development with reference to the prevailing market value of the Property Holding Co. The Aggregate Consideration shall be payable in the following manner:

(a) Escrow Deposit

Pursuant to the terms of the Disposal Agreement, the Purchaser shall pay the Escrow Deposit into an interest-bearing deposit account in the name of the Escrow Agent within five Business Days of the date of the Disposal Agreement, to be held and applied on the basis of the terms of the Deposit Escrow Agreement and the terms of the Disposal Agreement.

(b) Escrow Holdback and settlement under the Disposal Agreement

Upon Completion, the Purchaser shall pay the Escrow Holdback into the escrow account designated under the Holdback Escrow Agreement, in accordance with the terms of the Holdback Escrow Agreement and the Disposal Agreement. The Escrow Holdback is subject to any claims made by the Purchaser under the Disposal Agreement.

Subject to the performance of Great China Development's obligations under the Disposal Agreement, on the day that falls on the eighteenth month of the date of the Completion, the parties to the Holdback Escrow Agreement shall instruct the Escrow Agent to release to Great China Development, the Escrow Holdback (together with any accrued interest in the escrow account) as may be reduced by any claims (including any outstanding claims) made by the Purchaser under the Disposal Agreement. If any claims made by the Purchaser are then outstanding, such amounts shall be retained as Escrow Holdback in account of the Escrow Agent. Thereafter, such sum will be released to the Purchaser or Great China Development, as soon as practicable after those claims have been finally determined.

Upon Completion, the remaining balance of the Aggregate Consideration shall be payable by the Purchaser to Great China Development after deducting the amounts of the (i) Escrow Deposit; and (ii) 5% of the Aggregate Consideration, and the Purchaser, Great China Development and Other Vendors shall instruct the Escrow Agent to release to Great China Development the Escrow Deposit and any accrued interest in the escrow account designated under the Deposit Escrow Agreement attributable to the Escrow Deposit together with the Escrow Documents to the Purchaser.

As at the Latest Practicable Date, the Esrow Deposit has been deposited into an interest-bearing deposit account in the name of the Escrow Agent.

The Aggregate Consideration shall be made in cash. Each payment to be made under the Disposal Agreement shall be made in US$ on or before the date the payment is due. The applicable rate of exchange shall be the Exchange Rate.

5. Conditions precedent of the Disposal Agreement

Completion is conditional upon each of the following conditions precedent being satisfied (or waived, where applicable):

(a) the Company having issued a circular and obtained the approval of its shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder as required by the Listing Rules, and in full compliance with the Listing Rules and applicable laws;

(b) two nominated persons by the Purchaser having been appointed as directors of the Property Holding Co, a nominated person by the Purchaser having been appointed as legal representative of the Property Holding Co and a nominated person by the Purchaser having been appointed as supervisor of the Property Holding Co, with the resignation of two persons identified as directors and the resignation of the identified legal representative of the Property Holding Co duly updated at the State Administration for Industry and Commerce or its local delegate, as evidenced by the issuance of a new business licence to the Property Holding Co effecting these changes;

(c) Great China Development's warranties set out in the Disposal Agreement being true, accurate, complete and not misleading; and

(d) each of the Other Vendors' warranties set out in their respective sale and purchase agreements in relation to disposal of their respective interests in the Disposal Company and the Shareholder's Loans being true, accurate, complete and not misleading.

The Purchaser may waive any of the above conditions precedent (save and except (a)), either in whole or in part, at any time by giving notice to Great China Development, in which case those conditions precedent shall be deemed to have been satisfied for the purposes of the Disposal Agreement.

As at the Latest Practicable Date, none of the above conditions precedent have been fulfilled.

In the event that Great China Development is (i) unable to procure the Company to satisfy the above condition precedent (a) on or before a period of 80 days from the date of the Disposal Agreement; or (ii) there is a material adverse change to the financial position or operation of the Disposal Group, the Purchaser may serve notice on Great China Development terminating the Disposal Agreement, in which case the parties to the Deposit Escrow Agreement shall instruct the Escrow Agent to release (i) the Escrow Deposit (together with any accrued interest) to the Purchaser; and (ii) the Escrow Documents to Great China Development.

Where in the case of a termination by the Purchaser arising from Great China Development's failure to procure the Company to satisfy the above condition precedent (a) on or before a period of 80 days from the date of the Disposal Agreement, Great China Development shall pay the Compensation to the Purchaser as liquidated damages to the Purchaser and irrevocably waives any right that it may have to raise as a defence that such liquidated damages are excessive or punitive. The Compensation was determined by a non-negotiable request by the Purchaser.

Pursuant to certain deeds of undertaking, which are legally binding, the Undertaking Companies have agreed to indemnify Great China Development from and against all present and future liabilities, costs, actions, proceedings, accounts, expenses, claims, losses, damages and demands whatsoever which may be incurred by Great China Development as a result of the payment of the Compensation to the Purchaser upon termination of the Disposal Agreement by the Purchaser on the ground that Great China Development has failed to satisfy the above condition precedent (a) and any liabilities in respect of any taxes, duties or fees and interest thereon or penalties or costs in connection therewith. The Directors are of the view that the Undertaking Companies have sufficient assets, comprised of cash and equities, to honor the obligations under the deeds of undertaking in the event that the Purchaser seeks the Compensation as described above.

6. Completion

The Purchaser shall not be obliged to complete the purchase of the Sale Shares and the assignment of the Loan and Great China Development shall not be obliged to proceed to completion of the sale of the Sale Shares and the assignment of the Loan unless the sale and purchase of all the shares of the Disposal Company and the assignment of Shareholders' Loans are completed simultaneously.

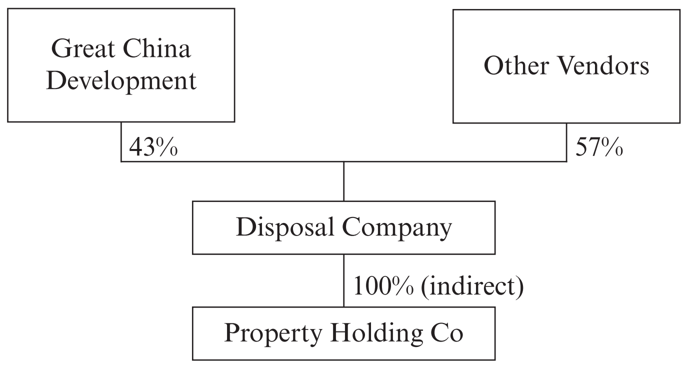
The Completion shall take place on the third Business Day after the conditions precedent have been fulfilled or at such other date as the Purchaser, Great China Development and Other Vendors may agree in writing.

Upon Completion, the Group will cease to have any interest in the Disposal Company.

C. INFORMATION ON THE DISPOSAL GROUP

1. Existing corporate structure of the Disposal Group

As at the Latest Practicable Date, the existing corporate structure of the Disposal Group is set out as follows:



2. The Disposal Company

The Disposal Company is a company incorporated in the British Virgin Islands. The principal activity of the Disposal Company is investment holding. It indirectly holds 100% interest in the Property Holding Co.

3. The Property Holding Co

The Property Holding Co is Da Da Development (Shanghai) Co., Ltd which is the owner of the residential land and building located at Plot 20, Section 28, Hunan Road, Xuhui District, Shanghai, the PRC, including 20 blocks and a basement with a total gross floor area of approximately 12,196 square metres. The Property Holding Co is mainly for investment purposes. The occupancy rate of the Property Holding Co decreased from 30% in 2009 to 5% in 2011. According to the property valuation report set out in Appendix IV to this circular, based on a market approach, the fair market value of the property owned by the Property Holding Co as at 30 June 2012 was approximately RMB740 million (equivalent to approximately HK$907 million).

D. FINANCIAL INFORMATION OF THE DISPOSAL GROUP

For the two years ended 31 December 2011, the unaudited net profit before and after taxation of the Disposal Group was as follows:

	For the year ended 31 December	
	2010	**2011**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net profit before taxation	31,686	1,428
Net profit after taxation	23,281	677

According to the unaudited financial information of the Disposal Group, as at 31 December 2011, the consolidated net assets value of the Disposal Group was approximately HK$335.4 million. Currently, the results and assets and liabilities of the Disposal Group are incorporated in the Group's consolidated financial statements using equity method of accounting.

E. FINANCIAL EFFECT OF THE DISPOSAL

Based on audited consolidated financial statements of the Group for year ended 31 December 2011, the Group expects to recognise (i) a gain of approximately HK$192.0 million in relation to the disposal of the Sale Shares; and (ii) no gain and loss in relation to the assignment of the Loan upon Completion. The estimated gain on the disposal of the Sale Shares, amounting to HK$192.0 million, is calculated based on the consideration for disposing the Sale Shares, amounting to RMB313.6 million (equivalent to HK$384.2 million), less the carrying amount of interest in the Disposal Group recognised by the Group as at 31 December 2011, amounting to HK$146.5 million, which, after deducting the estimated tax liabilities, commission and legal and professional fees incidental to the Disposal, amounts to HK$45.7 million in aggregate.

Based on the unaudited proforma financial information of the Remaining Group as set out in Appendix III to this circular, assuming the Disposal had completed on 31 December 2011, the total assets of the Group would have increased by approximately HK$240.5 million from approximately HK$2,912.7 million as at 31 December 2011 to approximately HK$3,153.2 million, which is mainly attributable to the increase in cash. The total liabilities of the Group would have increased by approximately HK$46.0 million from approximately HK$1,834.1 million as at 31 December 2011 to approximately HK$1,880.1 million, which is mainly attributable to the estimated tax liabilities, commission and legal and professional fee in respect of the Disposal. The Group's profit for the year ended 31 December 2011 would have increased by approximately HK$188.4 million from HK$55.9 million to HK$244.3 million assuming the Disposal had completed on 1 January 2011.

Upon Completion, the Group will cease to have any interest in the Disposal Company and the financial results of the Disposal Group will no longer be reflected in the consolidated financial statements of the Group.

Shareholders should note that the actual gain from the Disposal to be recorded by the Company will depend on the carrying value of the net assets of the Disposal Group as at the date of Completion.

F. USE OF PROCEEDS

The net proceeds payable to the Group are expected to be approximately HK$402.0 million. The Directors expect that such net proceeds will be used for future investments, as and when attractive opportunities arise and for general working capital of the Group. The Company currently has no intention to acquire any new business and is not in negotiation with any party for any investment.

G. REASONS AND BENEFITS FOR ENTERING INTO THE DISPOSAL AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in trading of animal feed (including fishmeal), property investment and trading of properties.

Given that the Group has held its indirect proportionate interests in the Property Holding Co for over 17 years, the Directors believe that as the PRC property market has matured, it is now an appropriate time to realise this investment. In reaching this conclusion, the Directors have also taken into consideration (i) the price for the Disposal, which enables the Group to recognise a gain on the disposal of approximately HK$192.0 million as set out above; (ii) the uncertainty of current global market conditions, in particular the European sovereign-debt crisis which is unlikely to be resolved in the near term; and (iii) that it is a good opportunity to enhance the overall return to Shareholders.

Furthermore, the Directors are also of the view that the net proceeds from the Disposal will strengthen the Group's cash flow by approximately HK$402.0 million and increase its working capital to conserve more financial resources for the funding of future investments when opportunities arise.

Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO are Directors and substantial shareholders of Company, who have, in aggregate, approximately 53.28% interest in the Company through (i) Fulcrest Limited, a company indirectly held by Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO; and (ii) the Shares directly held by a family member of Mr. John Ming Tak HO. As at the Latest Practicable Date, Fulcrest Limited and the family member of Mr. John Ming Tak HO hold 138,347,288 and 1,076,000 Shares respectively, representing approximately 52.87% and 0.41% of the issued share capital of the Company respectively, and Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO have undertaken that Fulcrest Limited, and the family member of Mr. John Ming Tak HO has undertaken to vote in favor of the resolution to be proposed in the EGM.

In accessing the merits of the Disposal, the Directors have considered the risks to the Company and the Shareholders of having to pay the Compensation in the event that Great China Development is unable to satisfy condition precedent (a) of the Disposal Agreement as stated above under the sub-section headed "5. Conditions precedent of the Disposal Agreement" under the section headed "B. the Disposal Agreement". The Directors consider the risks of such termination by the Purchaser, and in turn the requirement to pay the Compensation and any credit risk to the Company to be mitigated by the following factors: (i) the undertakings from the Undertaking Companies; and (ii) the resolution to approve the Disposal will not be rejected by Shareholders at EGM since Fulcrest Limited and the family member of Mr. John Ming Tak HO hold approximately 53.28% interest in the Company and have undertaken to vote in favour of the resolution.

In addition, after considering the following factors:

(i) it is a good opportunity for the Company to realise its investment in the Property Holding Co under the current market condition;

(ii) the terms under the Disposal Agreement were determined after arm's length negotiations between the Purchaser and Great China Development;

(iii) the Disposal enables the Group to recognise a substantial gain on the disposal of approximately HK$192.0 million as set out above. The consideration offered by the Purchaser for the Sale Shares and the assignment of the Loan was the highest and most favourable offer received by Great China Development and Other Vendors as of the date of the Disposal Agreement;

(iv) during the negotiation stage of the Disposal Agreement, the Purchaser expressed its concerns about the risk that the Company may fail to obtain the necessary approvals from the Shareholders and considered this to be the largest obstacle to Completion. The Directors are of the view that the support from the Undertaking Companies, which the Directors also believe to have sufficient funds to cover the Compensation, if necessary, coupled with the financial benefits available to the Group from the Disposal, reduces such risks and, after careful consideration, agreed to the Purchaser's request to include the clause regarding the Compensation in the Disposal Agreement to give comfort to the Purchaser to proceed with the Disposal; and

(v) the Directors consider that it is necessary and appropriate to accept a manageable risk for purposes of realisation of its investment in the Property Holding Co.

the Directors are of the view that it is fair and reasonable for the Undertaking Companies to provide their undertakings and in view of the current uncertain market conditions, it is in the best interest of the Company and the Shareholders in relation to disposal of the Sale Shares and assignment of the Loan.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal Agreement and transaction contemplated therein are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

H. INFORMATION ON THE PURCHASER

The Purchaser is a limited liability company incorporated in Hong Kong. The Purchaser is principally engaged in property investments.

I. IMPLICATION OF THE LISTING RULES

As certain of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules exceed 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements. As the Purchaser is a third party independent of the Company and its connected persons and no Shareholder has any material interest in the Disposal, no Shareholder is required to abstain from the voting in respect of the proposed resolution to approve the Disposal at the EGM.

J. EGM

A notice convening the EGM to be held at 9:00 a.m. on 27 August 2012, or any adjournment is set out from pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM should you so wish.

K. RECOMMENDATION

The Directors consider that the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend all Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Disposal Agreement and the transactions contemplated thereunder at the EGM.

L. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours Faithfully,
By order of the Board
Great China Holdings Limited
John Ming Tak HO
Managing Director

Set out below are the unaudited condensed consolidated financial information of the Disposal Group for the years ended 31 December 2009, 2010 and 2011, and for the four-month period ended 30 April 2011 and 2012 (the "Financial Information of the Disposal Group"). The Financial Information of the Disposal Group has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules and the basis set out in note 2 to the Financial Information of the Disposal Group. The reporting accountants, BDO Limited, has reviewed the Financial Information of the Disposal Group in accordance with Hong Kong Standard on Review Engagements 2400 "Engagement to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants and concluded that nothing has come to their attention that causes them to believe that the Financial Information of the Disposal Group is not prepared, in all material respects, in accordance with accounting policies adopted by the Company as set out in its audited consolidated financial statements for the year ended 31 December 2011, and the basis of preparation set out in note 2 to the Financial Information of the Disposal Group.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December			Four-month period ended 30 April	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	5,894	3,775	890	541	—
Less: Cost of sales	(268)	(165)	(44)	(28)	—
Gross profit	5,626	3,610	846	513	—
Other income	84	210	197	20	19
Increase in fair value of investment properties	38,580	31,150	2,413	1,583	334,478
Administrative expenses	(4,865)	(3,284)	(2,028)	(636)	(727)
Profit before taxation	39,425	31,686	1,428	1,480	333,770
Income tax expense	(10,498)	(8,405)	(751)	(485)	(83,619)
Profit for the year/period	28,927	23,281	677	995	250,151

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Four-month period ended 30 April	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the year/period	28,927	23,281	677	995	250,151
Other comprehensive income:					
Exchange difference arising on translation of foreign operations	1,486	17,900	18,324	3,480	(2,879)
Total comprehensive income for the year/period	30,413	41,181	19,001	4,475	247,272

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 April
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	498,528	551,651	577,512	909,756
Property, plant and equipment	3,916	2,573	1,439	1,076
	502,444	554,224	578,951	910,832
Current assets				
Accounts receivable	—	142	—	—
Prepayments, deposits and other receivables	1,402	2,884	4,288	3,264
Cash and cash equivalents	742	2,794	752	845
	2,144	5,820	5,040	4,109
Current liabilities				
Amounts due to shareholders	138,834	141,059	141,249	142,090
Other payables and accrued expenses	1,047	953	933	879
Rental deposits received	2,111	1,923	1,704	1,386
	141,992	143,935	143,886	144,355
Net current liabilities	(139,848)	(138,115)	(138,846)	(140,246)
Total assets less current liabilities	362,596	416,109	440,105	770,586
Non-current liabilities				
Deferred tax liabilities	87,353	99,685	104,680	187,889
Net assets	275,243	316,424	335,425	582,697
EQUITY				
Share capital	1	1	1	1
Reserves	275,242	316,423	335,424	582,696
Total equity	275,243	316,424	335,425	582,697

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$'000* (Unaudited)	Exchange reserve *HK$'000* (Unaudited)	Retained profits *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
At 1 January 2009	**1**	**61,019**	**183,810**	**244,830**
Profit for the year	—	—	28,927	28,927
Other comprehensive income:				
— Exchange difference arising on translation of foreign operations	—	1,486	—	1,486
Total comprehensive income for the year	—	1,486	28,927	30,413
At 31 December 2009 and 1 January 2010	**1**	**62,505**	**212,737**	**275,243**
Profit for the year	—	—	23,281	23,281
Other comprehensive income:				
— Exchange difference arising on translation of foreign operations	—	17,900	—	17,900
Total comprehensive income for the year	—	17,900	23,281	41,181
At 31 December 2010 and 1 January 2011	**1**	**80,405**	**236,018**	**316,424**
Profit for the year	—	—	677	677
Other comprehensive income:				
— Exchange difference arising on translation of foreign operations	—	18,324	—	18,324
Total comprehensive income for the year	—	18,324	677	19,001
At 31 December 2011	**1**	**98,729**	**236,695**	**335,425**

	Share capital *HK$'000* (Unaudited)	Exchange reserve *HK$'000* (Unaudited)	Retained profits *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
At 1 January 2012	**1**	**98,729**	**236,695**	**335,425**
Profit for the period	—	—	250,151	250,151
Other comprehensive income:				
— Exchange difference arising on translation of foreign operations	—	(2,879)	—	(2,879)
Total comprehensive income for the period	—	(2,879)	250,151	247,272
At 30 April 2012	**1**	**95,850**	**486,846**	**582,697**
At 1 January 2011	**1**	**80,405**	**236,018**	**316,424**
Profit for the period	—	—	995	995
Other comprehensive income:				
— Exchange difference arising on translation of foreign operations	—	3,480	—	3,480
Total comprehensive income for the period	—	3,480	995	4,475
At 30 April 2011	**1**	**83,885**	**237,013**	**320,899**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Four-month period ended 30 April	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities					
Profit before taxation	39,425	31,686	1,428	1,480	333,770
Adjustments for:					
Increase in fair value of investment properties	(38,580)	(31,150)	(2,413)	(1,583)	(334,478)
Interest income	(8)	(7)	(5)	(1)	(1)
Depreciation	1,472	1,448	1,216	433	341
Loss on disposals of property, plant and equipment	—	32	—	—	—
Exchange difference	(3)	(218)	(873)	(245)	(84)
Operating cash flows before working capital changes	**2,306**	**1,791**	**(647)**	**84**	**(452)**
(Increase)/decrease in accounts receivable	—	(142)	142	—	—
Decrease/(increase) in prepayments, deposits and other receivables	947	(1,482)	(1,404)	(1,046)	1,024
Decrease in other payables and accrued expenses	(368)	(94)	(20)	(26)	(54)
Decrease in rental deposits received	(921)	(188)	(219)	—	(318)
Net cash from/(used in) operating activities	**1,964**	**(115)**	**(2,148)**	**(988)**	**200**
Investing activities					
Purchases of property, plant and equipment	(359)	(7)	(3)	—	—
Proceeds from disposals of property, plant and equipment	—	20	—	—	—
Interest received	8	7	5	1	1
Net cash (used in)/from investing activities	**(351)**	**20**	**2**	**1**	**1**

	Year ended 31 December			Four-month period ended 30 April	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financing activities					
(Repayments to)/Advances from shareholders	(3,225)	2,130	—	—	(106)
Net cash (used in)/from financing activities	**(3,225)**	**2,130**	**—**	**—**	**(106)**
Net (decrease)/increase in cash and cash equivalents	**(1,612)**	**2,035**	**(2,146)**	**(987)**	**95**
Cash and cash equivalents at the beginning of the year/period	2,347	742	2,794	2,794	752
Effect of foreign exchange rate changes	7	17	104	22	(2)
Cash and cash equivalents at the end of the year/period	**742**	**2,794**	**752**	**1,829**	**845**

NOTES TO THE FINANCIAL INFORMATION OF THE DISPOSAL GROUP

1. GENERAL

The Disposal Company is a limited liability company incorporated in the British Virgin Islands. The principal activity of the Disposal Company is investment holding and its subsidiaries are principally engaged in investment holding and property investment in Shanghai, the PRC.

2. BASIS OF PREPARATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE DISPOSAL GROUP

The Financial Information of the Disposal Group was prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules and solely for the purpose of inclusion in the circular in connection with the Disposal.

The Financial Information of the Disposal Group has been prepared in accordance with the accounting policies of the Company adopted in the preparation of its consolidated financial statements, which conform with the recognition and measurement requirements of the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

1. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had secured bank borrowings of approximately HK$698 million. The secured bank borrowings are secured by certain investment properties, land and buildings, properties held for sale, bills receivables, bank deposits and structured bank deposits with carrying amounts in aggregate of approximately HK$1,556 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of business on 30 June 2012, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into HK$ at the approximate exchange rates prevailing as at the close of business on 30 June 2012.

2. WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's present internal resources, present available facilities and the net proceeds to be received from the Disposal and in the absence of unforeseen circumstances, the Group will, following completion of the Disposal, have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Remaining Group currently engaged in trading of animal feed, property investment and trading of properties. After Completion, the Remaining Group will continue focus on trading of animal feed, property investment and trading of properties. There will be no significant change to the existing business of the Group.

Upon Completion, being one of the leading fishmeal merchants in the PRC, the Remaining Group will continue to take proactive action to enhance our market share. Though there are still many uncertainties and challenging in the global economy, the Remaining Group will continue to adopt a conservative business strategy. In addition, the Remaining Group still owns a portfolio of investment properties in Hong Kong and the PRC which provide a strong earnings base to the Remaining Group. Against this backdrop, the Board is cautiously optimistic on the business outlook and will continue to pursue its long term strategy of exploring potential investments to the Remaining Group.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

For the period of four months ended 30 April 2012

Business review

For the four months ended 30 April 2012, the Remaining Group's revenue was HK$584 million. The Remaining Group recorded a profit attributable to shareholders of HK$12 million. The Remaining Group's revenue was derived from the general trading of fishmeal products and the rental income from the investment properties in Hong Kong and the PRC.

Fishmeal product prices have firmed up in the course of 2012 after some declines in the second half of 2011. The rising trend of fishmeal product prices has brought our general trading segment back to profitability for the four months ended 30 April 2012. For general trading, segment turnover amounted to approximately of HK$572 million and segment profit amounted to approximately of HK$6.6 million for the four months ended 30 April 2012.

The Remaining Group's rental properties in Hong Kong and the PRC provided a stable recurring income to the Group. For rental properties, segment turnover amounted to approximately HK$12 million and segment profit was approximately of HK$8.0 million which was relatively stable as compared to the corresponding period in last year.

Liquidity and financial resources

As at 30 April 2012, the Remaining Group's gearing ratio was 20%, based on the Remaining Group's long term bank borrowings of HK$173 million and shareholders' equity of HK$881 million. The Remaining Group's current ratio was 1.11, calculated on the basis of current assets of HK$1,603 million over current liabilities of HK$1,438 million.

As at 30 April 2012, total restricted bank deposits, pledged bank deposits, structured bank deposits, bank balances and cash on hand were HK$687 million. Total bank borrowings of the Remaining Group amounted to HK$1,024 million, of which approximately HK$597 million were secured with bank deposits of HK$622 million. The maturity profile of the Remaining Group's bank borrowings falling due within one year was 83% and more than one year was 17%. Total bank borrowings included secured bank loans of HK$798 million, trust receipt loans of HK$21 million, and there were liabilities of HK$205 million associated with bills receivable discounted with recourse. The Remaining Group's borrowings were denominated in US$, HK$ and RMB.

Charges on assets

As at 30 April 2012, the Remaining Group had available but not yet utilized banking facilities amounting to around HK$1,963 million. The aforesaid facilities were secured by the following assets:

- Leasehold land of HK$37 million;
- Buildings of HK$6 million;
- Properties held for sale of HK$15 million;
- Investment properties of HK$781 million;
- Pledged bank deposits of HK$371 million;
- Structured bank deposits of HK$251 million; and
- Bills receivables of HK$592 million.

Material acquisition and disposal

The Remaining Group did not have any significant investment, material acquisition or disposal for the four months ended 30 April 2012.

Contingent liabilities

As at 30 April 2012, the Remaining Group had not provided any form of guarantees for any company outside the Remaining Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

Foreign exchange exposure

Transactions of the Remaining Group are predominantly denominated in US$, HK$ and RMB. During the four months ended 30 April 2012, the Remaining Group had several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Remaining Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks as and when necessary.

Capital commitment and future plan for material investments

As at 30 April 2012, the Remaining Group had not authorized or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Employees and remuneration policies

As at 30 April 2012, the total number of employees of the Remaining Group was 88 with staff costs, excluding directors'remuneration, amounting to HK$3,554,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

For the year ended 31 December 2011

Business review

The Remaining Group's revenue decreased from HK$2,467 million for the year ended 31 December 2010 ("FY2010") to HK$1,803 million for the year ended 31 December 2011 ("FY2011") by around HK$664 million, representing a decrease of 27%. The decrease was mainly caused by the decline in revenue of fishmeal products trading segment due to the limited supply of fishmeal products. The volatility of global commodity prices throughout 2011 has a negative impact on the performance of fishmeal products trading segment, resulting in a decline in the overall profitability of the Remaining Group in 2011. The Remaining Group's net profit attributable to the owners of the Company for FY2011 amounted to HK$57 million, a decrease of around 53% over FY2010.

The decline in profit of the general trading segment was partly compensated for by other income and the increase in fair value of investment properties. Other income of HK$91 million in FY2011 mainly comprised bank interest income of HK$36 million and exchange gain of HK$52 million. Included in exchange gain is an unrealised gain of HK$27 million arising from re-translation of foreign currency pledged bank deposits and bills receivables which are denominated in RMB at the rate prevailing at the end of the reporting period. The Remaining Group has entered into arrangements with banks that these pledged bank deposits and bills receivables will be exchanged to US$ to settle bank loans denominated in US$. At the same time, the Remaining Group has entered into foreign currency nondeliverable forward contracts which effectively fixed the exchange rate to convert the pledged bank deposits and bills receivable into US$ on settlement dates of the relevant bank loans. The management is of the view that the above arrangements reduce the Remaining Group's exposure to currency fluctuations risk on these foreign currency balances. Since the exchange rate prevailing at 31 December 2011 was more favorable than the forward contract rates, the management expects a net loss on reversal of exchange gain and change in fair value of these non-deliverable foreign currency forward contracts will be recognised from the above arrangements next year.

A fair value gain on the investment properties of HK$77 million before deferred taxation was recorded in FY2011.

Liquidity and financial resources

As at 31 December 2011, the Remaining Group's gearing ratio was 21%, based on the Remaining Group's long term bank borrowings of HK$180 million and shareholders' equity of HK$870 million. The Remaining Group's current ratio was 1.11, calculated on the basis of current assets of HK$1,698 million over current liabilities of HK$1,528 million.

As at 31 December 2011, total restricted bank deposits, pledged bank deposits, structured bank deposits, bank balances and cash on hand were HK$999 million. Total bank borrowings of the Remaining Group amounted to HK$1,138 million, of which approximately HK$846 million were secured with bank deposits of HK$865 million. The maturity profile of the Remaining Group's bank borrowings falling due within one year was 84% and more than one year was 16%. Total bank borrowings included secured bank loans of HK$651 million and there were liabilities of HK$487 million associated with bills receivable discounted with recourse. The Remaining Group's borrowings were denominated in US$, HK$ and RMB.

Charges on assets

As at 31 December 2011, the Remaining Group had available but not yet utilized banking facilities amounting to around HK$1,890 million. The aforesaid facilities were secured by the following assets:

- Leasehold land of HK$37 million;
- Buildings of HK$6 million;
- Properties held for sale of HK$15 million;
- Investment properties of HK$932 million;
- Pledged bank deposits of HK$616 million;
- Structured bank deposits of HK$250 million; and
- Bills receivables of HK$493 million.

Material acquisition and disposal

The Remaining Group did not have any significant investment, material acquisition or disposal during the year ended 31 December 2011.

Contingent liabilities

As at 31 December 2011, the Remaining Group had not provided any form of guarantees for any company outside the Remaining Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

Foreign exchange exposure

Transactions of the Remaining Group are predominantly denominated in US$, HK$ and RMB. During the year 2011, the Remaining Group entered into several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Remaining Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks as and when necessary.

Capital commitment and future plan for material investments

As at 31 December 2011, the Remaining Group had not authorized or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Employees and remuneration policies

As at 31 December 2011, the total number of employees of the Remaining Group was 86 with staff costs, excluding directors' remuneration, amounting to HK$9,755,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

For the year ended 31 December 2010

Business review

The Remaining Group's turnover for the year ended 31 December 2010 was approximately HK$2,467 million, representing an increase of around 32% from the year ended 31 December 2009. Profit for the year attributable to the owners of the Remaining Group was approximately HK$108 million, a decrease of around 25% from that of 2009.

There was a significant increase in other income mainly derived from interest income of HK$14 million and foreign exchange gains of HK$33 million.

It was a challenging 12 months for the Remaining Group's fishmeal trading operations. Despite the challenges, the Remaining Group was able to maintain steady growth in fishmeal products trading in 2010 and generated sales worth HK$2,383 million, representing an increase of 31% over 2009. Trading in fishmeal products achieved a profit of around HK$48 million and gross profit margin declined to 7%.

As Peru remains a major global source of fishmeal, prices have been steadily increasing following the Peruvian Government's implementation of individual fishing quotas in 2009. In addition, the 27 February 2010 Chilean earthquake that struck that country worsened the situation by causing considerable disruption to fishmeal production facilities and distribution networks. As a result, fishmeal supplies were reduced and prices soared to historical highs. In the PRC, demand for fishmeal is also in decline due to escalating prices and the negative impact of last March to June's climactic instability on the aquatic industries. These factors slowed down fishmeal consumption and drove down prices, which in turn caused the Remaining Group's gross profit margin on fishmeal products trading to decrease by 5%.

During the second half of 2010, tapioca trading activity was reduced due to high level of inventory accumulated in the PRC and the costs of new tapioca supplies from Thailand and Vietnam significantly exceeding the selling prices in the PRC. To address these concerns, the Remaining Group's management took cautious steps in tapioca trading and made a profit of HK$0.8 million.

The Remaining Group's principal rental properties in Hong Kong maintained a high occupancy rate during 2010. This provided Remaining Group with a stable rental income of HK$14 million and, when revaluation gains made during the year were taken into account, the profit of HK$32 million was generated from the property sector. Two leases of Remaining Group properties expired and were then successfully leased out. However, the rental income per square foot reduced due to competition from the newly opened shopping malls in the area. In 2010, the Remaining Group bought a property at the Masterpiece, Tsimshatsui which was also leased out at market rate.

Continuing strong market liquidity and low prevailing interest rates provided an upbeat sentiment for the property market. As a result, the Remaining Group's investment properties in Hong Kong recorded a revaluation gain of about HK$23 million.

The Remaining Group derived 2010 rental turnover of HK$18 million and segment profit of HK$47 million from its investment properties in the PRC. Taking the advantage of its investment properties in premier locations around Shanghai and the appreciation of RMB, the Remaining Group recorded an increase in rental income in the PRC during 2010. The gain in fair value of the Remaining Group's investment properties in the PRC was HK$35 million.

Liquidity and financial resources

As at 31 December 2010, the Remaining Group's gearing ratio was 15%, based on the Remaining Group's long term bank borrowings of HK$118 million and shareholders' equity of HK$796 million. The Remaining Group's current ratio was 1.08, calculated on the basis of current assets of HK$1,629 million over current liabilities of HK$1,503 million.

As at 31 December 2010, total pledged bank deposits, bank balances and cash on hand were HK$1,001 million. Total bank borrowings of the Remaining Group amounted to HK$1,250 million, of which approximately HK$797 million were secured with bank deposits of HK$808 million. The maturity profile of the Remaining Group's bank borrowings falling due within one year was 91% and more than one year was 9%. Total bank borrowings included secured bank loans of HK$939 million, trust receipt loans of HK$190 million, and there were liabilities of HK$121 million associated with bills receivable discounted with recourse. The Remaining Group's borrowings were denominated in US$, HK$ and RMB.

Charges on assets

As at 31 December 2010, the Remaining Group has available but not yet utilized banking facilities amounting to around HK$2,539 million. The aforesaid facilities were secured by the following assets:

- Leasehold land and land use rights with aggregate book value of HK$37 million;
- Buildings of HK$6 million;
- Properties held for sale of HK$14 million;
- Investment properties of HK$839 million;
- Pledged bank deposits of HK$808 million; and
- Bills receivables of HK$419 million.

Material acquisition and disposal

The Remaining Group did not have any significant investment, material acquisition or disposal during the year ended 31 December 2010.

Contingent liabilities

As at 31 December 2010, the Remaining Group had not provided any form of guarantees for any company outside the Remaining Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

Foreign exchange exposure

Transactions of the Remaining Group are predominantly denominated in US$, HK$ and RMB. During the year 2010, the Remaining Group entered into several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Remaining Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks as and when necessary.

Capital commitment and future plan for material investments

As at 31 December 2010, the Remaining Group had not authorized or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Employees and remuneration policies

As at 31 December 2010, the total number of employees of the Remaining Group was 85 with staff costs, excluding directors' remuneration, amounting to HK$10,188,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

For the year ended 31 December 2009

Business review

The Remaining Group's turnover for the year ended 31 December 2009 was around HK$1,867 million, representing an increase of around 16% from the year ended 31 December 2008. Profit for the year was around HK$143 million, representing an increase of around 212% from that of 2008.

Due to the upturn in the property market during the year 2009, the Remaining Group recorded an increase of HK$56.6 million in fair value of investment properties.

The Remaining Group recorded a commendable profit for the year, mainly due to improved results of the fishmeal products trading during the year.

Sales in general trading improved significantly to HK$1,834 million in 2009, recording a segmental profit of HK$82 million as compared to HK$27 million in 2008.

The Remaining Group maintained significant growth in fishmeal products trading in 2009. For the year under review, fishmeal sales increased by 23% to HK$1,825 million as compared with the preceding year. Trading in fishmeal products achieved a remarkable profit of around HK$83 million.

Since the second half of 2008, as a result of the global financial turmoil, prices of most commodities were substantially adjusted downward. The fishmeal industry was cautious and maintained a minimum level of fishmeal inventory. At the beginning of 2009, the cost of fishmeal products was relatively low compared to other animal and vegetable proteins. The attractive price of fishmeal products thus pushed up the demand further. Additionally, there was a sharp increase in demand of fishmeal products mainly from the European salmon industry in the second half of 2009. All these factors caused an upsurge in the demand of fishmeal products. Meanwhile the supply cycle was stretched by the fact that the Peru government implemented an individual fishing quota system in 2009. In addition, the catch of anchovies, the main raw material of fishmeal products, was affected by a minor El Nino phenomenon and was limited. The imbalance of supply and demand of fishmeal products had driven up the prices of fishmeal products which stayed firm in the remaining part of 2009.

With this change in market environment, the management swiftly made adjustments to its trading strategy and worked closely with our joint venture partners. As a result, the Remaining Group has been able to reap the benefits derived from upward price movement.

During 2009, the supply of tapioca has slowed down substantially. This was mainly due to the Thai government implementing a new policy for the collection of tapioca chips from farmers. The management, unable to assess the impact of this new policy on the supply and prices of tapioca products, was cautious in the trading of tapioca. As a result there was a drastic drop in 2009 sales of tapioca products by 85% to HK$9 million compared with 2008.

The low margin in the tapioca products was insufficient to cover the selling and administration expenses and a loss of HK$0.6 million for the year 2009 under review was recorded.

Liquidity and financial resources

As at 31 December 2009, the Remaining Group's gearing ratio was around 18%, based on the Remaining Group's long term bank borrowings of HK$120 million and shareholders' equity of HK$672 million. As at 31 December 2009, total pledged bank deposit, bank balances and cash on hand were HK$246 million.

As at 31 December 2009, total bank borrowings of the Remaining Group amounted to HK$307 million and the maturity profile of the Remaining Group's bank borrowings falling due within one year was 61% and more than one year was 39%. The total bank borrowings included secured bank loan of HK$283 million and there were HK$24 million liabilities associated with bills receivable discounted with recourse. The Remaining Group's borrowings were denominated in HK$, US$ and RMB.

Charges on assets

As at 31 December 2009, the Remaining Group has available but not yet utilized banking facilities amounting to around HK$773 million. The aforesaid facilities were secured by the following assets:

- Leasehold land and land use rights with aggregate book value of HK$37.7 million;
- Property, plant and equipment of HK$6.0 million;
- Properties held for sale of HK$13.0 million;
- Investment properties of HK$728.5 million;
- Pledged bank deposit of HK$148.3 million; and
- Bills receivables of HK$23.8 million.

Material acquisition and disposal

On 26 August 2009, Halesite Limited, a wholly owned subsidiary of the Company, entered into an agreement with Sunfield Investment Limited and Park New Astar Hotel Limited (the "vendors"), independent third parties, for the acquisition of the property located at Unit F, 57/F, The Masterpiece, No. 18 Hanoi Road, Tsimshatsui, Kowloon, Hong Kong at a consideration of HK$36,457,000. A deposit of HK$9,114,000 was paid to the vendors during the year. The acquisition was completed in February 2010.

Contingent liabilities

As at 31 December 2009, the Remaining Group had not provided any form of guarantees for any company outside the Remaining Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

Foreign exchange exposure

Transactions of the Remaining Group are predominantly denominated in HK$, US$ and RMB. During the year 2009, the Remaining Group entered into several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Remaining Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks when necessary.

Capital commitment and future plan for material investments

As at 31 December 2009, the Remaining Group had not authorized or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

Employees and remuneration policies

As at 31 December 2009, the total number of employees of the Remaining Group was 87 with staff costs, excluding directors' remuneration, amounting to HK$12,198,000. Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The unaudited pro forma financial information of the Remaining Group, comprising the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal.

Immediately after the disposal of the Sale Shares, the Company will cease to have any equity interest in the Disposal Group. Accordingly, the results of the Disposal Group will no longer be accounted for in the financial statements of the Group after the completion of the disposal of the Sale Shares.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group and other financial information included elsewhere in this circular. The unaudited pro forma financial information of the Remaining Group does not take into account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information of the Remaining Group.

Unaudited Pro Forma Consolidated Statement of Financial Position

The unaudited pro forma consolidated statement of financial position of the Remaining Group (the "Unaudited Pro Forma Consolidated Statement of Financial Position") has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the date reported on (i.e. 31 December 2011).

The Unaudited Pro Forma Consolidated Statement of Financial Position is based on the audited consolidated statement of financial position of the Group as at 31 December 2011 which is extracted from the Company's annual report for the year ended 31 December 2011, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Statement of Financial Position has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group had the Disposal been actually completed on 31 December 2011 or at any future date.

Unaudited Pro Forma Consolidated Statement of Financial Position

	Consolidated statement of financial position of the Group as at 31 December 2011	Pro forma adjustments			Pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Note 1)*	*(Note 2)*	*(Note 3)*	(Unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	3,000	—	—	—	3,000
Investment properties	934,403	—	—	—	934,403
Property, plant and equipment	49,667	—	—	—	49,667
Prepaid lease payments for land	275	—	—	—	275
Interests in associates	146,450	(146,450)	—	—	—
Loan to an associate	17,290	—	(17,290)	—	—
Amount due from an associate	44,678	—	(44,678)	—	—
Available-for-sale financial assets	2,158	—	—	—	2,158
Derivative financial assets	574	—	—	—	574
Restricted bank deposit	16,659	—	—	—	16,659
Other receivables	—	—	—	22,551	22,551
	1,215,154	(146,450)	(61,968)	22,551	1,029,287
Current assets					
Properties held for sale	19,109	—	—	—	19,109
Inventories	22,287	—	—	—	22,287
Prepaid lease payments for land	4	—	—	—	4
Trade and other receivables	669,601	—	—	—	669,601
Tax recoverable	548	—	—	—	548
Derivative financial assets	3,291	—	—	—	3,291
Pledged bank deposits	616,494	—	—	—	616,494
Structured bank deposits	274,757	—	—	—	274,757
Bank balances and cash	91,430	—	61,968	364,459	517,857
	1,697,521	—	61,968	364,459	2,123,948

	Consolidated statement of financial position of the Group as at 31 December 2011	Pro forma adjustments			Pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Note 1)*	*(Note 2)*	*(Note 3)*	(Unaudited)
Current liabilities					
Trade and bills payables	494,412	—	—	—	494,412
Other payables and accrued expenses	55,939	—	—	45,993	101,932
Rental deposits received	2,348	—	—	—	2,348
Borrowings	957,487	—	—	—	957,487
Taxation payable	3,694	—	—	—	3,694
Derivative financial liabilities	14,115	—	—	—	14,115
	1,527,995	—	—	45,993	1,573,988
Net current assets	169,526	—	61,968	318,466	549,960
Total assets less current liabilities	1,384,680	(146,450)	—	341,017	1,579,247
Non-current liabilities					
Derivative financial liabilities	1,527	—	—	—	1,527
Borrowings	180,212	—	—	—	180,212
Deferred tax liabilities	119,261	—	—	—	119,261
Rental deposits received	5,140	—	—	—	5,140
	306,140	—	—	—	306,140
Net assets	1,078,540	(146,450)	—	341,017	1,273,107
Capital and reserves					
Share capital	52,337	—	—	—	52,337
Reserves	1,026,203	(146,450)	—	341,017	1,220,770
Total equity	1,078,540	(146,450)	—	341,017	1,273,107

Unaudited Pro Forma Consolidated Income Statement and Unaudited Pro Forma Consolidated Statement of Comprehensive Income

The unaudited pro forma consolidated income statement (the "Unaudited Pro Forma Consolidated Income Statement") and the unaudited pro forma consolidated statement of comprehensive income (the "Unaudited Pro Forma Consolidated Statement of Comprehensive Income") of the Remaining Group have been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the commencement of the period being reported on (i.e. 1 January 2011).

The Unaudited Pro Forma Consolidated Income Statement and the Unaudited Pro Forma Consolidated Statement of Comprehensive Income are prepared based on the audited consolidated income statement and audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2011 which is extracted from the Company's annual report for the year ended 31 December 2011, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Income Statement and the Unaudited Pro Forma Consolidated Statement of Comprehensive Income have been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results of the Remaining Group had the Disposal been actually completed on 1 January 2011 or for any future period.

Unaudited Pro Forma Consolidated Income Statement

	Consolidated income statement of the Group for the year ended 31 December 2011	Pro forma adjustments			Pro forma consolidated income statement of the Remaining Group for the year ended 31 December 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Note 4)*	*(Note 5)*	*(Note 6)*	(Unaudited)
Revenue	1,802,709	—	—	—	1,802,709
Cost of sales	(1,756,770)	—	—	—	(1,756,770)
Gross profit	45,939	—	—	—	45,939
Other income	90,968	—	(1,231)	—	89,737
Increase in fair value of investment properties	76,797	—	—	—	76,797
Change in fair value of derivative financial instruments	(18,672)	—	—	—	(18,672)
Impairment loss on available-for-sale financial assets	(24)	—	—	—	(24)
Distribution costs	(66,539)	—	—	—	(66,539)
Administrative expenses	(34,335)	—	—	—	(34,335)
Finance costs	(21,130)	—	—	—	(21,130)
Share of results of associates	(940)	940	—	—	—
Gain on disposal of associates	—	—	—	188,703	188,703
Profit before taxation	72,064	940	(1,231)	188,703	260,476
Income tax expense	(16,193)	—	—	—	(16,193)
Profit for the year	55,871	940	(1,231)	188,703	244,283

Unaudited Pro Forma Consolidated Statement of Comprehensive Income

	Consolidated statement of comprehensive income of the Group for the year ended 31 December 2011	**Pro forma adjustments**			**Pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Note 4)*	*(Note 5)*	*(Note 6)*	(Unaudited)
Profit for the year	55,871	940	(1,231)	188,703	244,283
Other comprehensive income					
Exchange difference arising on translation	29,706	—	—	—	29,706
Increase in fair value of available-for-sale financial assets	430	—	—	—	430
Other comprehensive income for the year	30,136	—	—	—	30,136
Total comprehensive income for the year	86,007	940	(1,231)	188,703	274,419

Unaudited Pro Forma Consolidated Statement of Cash Flows

The unaudited pro forma consolidated statement of cash flows of the Remaining Group (the "Unaudited Pro Forma Consolidated Statement of Cash Flows") has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal as if the Disposal had been completed at the commencement of the period being reported on (i.e. 1 January 2011).

The Unaudited Pro Forma Consolidated Statement of Cash Flows is prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 December 2011 which is extracted from the Company's annual report for the year ended 31 December 2011, after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Consolidated Statement of Cash Flows has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Remaining Group had the Disposal been actually completed on 1 January 2011 or for any future period.

Unaudited Pro Forma Consolidated Statement of Cash Flows

	Consolidated statement of cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments				Pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	(Unaudited)
Operating activities						
Profit before taxation	72,064	940	(1,231)	188,703	—	260,476
Adjustments for:						
Finance costs	21,130	—	—	—	—	21,130
Share of results of associates	940	(940)	—	—	—	—
Allowance for doubtful debts	83	—	—	—	—	83
Allowance for inventories	2,453	—	—	—	—	2,453
Amortisation of prepaid lease payments for land	4	—	—	—	—	4
Impairment loss on available-for-sale financial assets	24	—	—	—	—	24
Depreciation of property, plant and equipment	2,194	—	—	—	—	2,194
Interest income	(35,909)	—	—	—	—	(35,909)
Imputed interest income on loan to an associate	(338)	—	338	—	—	—
Imputed interest income on amount due from an associate	(893)	—	893	—	—	—
Increase in fair value of investment properties	(76,797)	—	—	—	—	(76,797)
Change in fair value of derivative financial instruments	18,672	—	—	—	—	18,672
Gain on disposal of property, plant and equipment	(640)	—	—	—	—	(640)
Gain on disposal of associates	—	—	—	(188,703)	—	(188,703)
Operating cash flow before movements in working capital	2,987	—	—	—	—	2,987
Decrease in inventories	5,443	—	—	—	—	5,443
Increase in trade and other receivables	(79,541)	—	—	—	—	(79,541)
Increase in derivative financial instruments	(23,266)	—	—	—	—	(23,266)
Increase in trade and bills payables	193,918	—	—	—	—	193,918
Decrease in other payables and accrued expenses	(4,863)	—	—	—	—	(4,863)
Increase in rental deposits received	463	—	—	—	—	463
Cash from operations	95,141	—	—	—	—	95,141
Hong Kong Profits Tax paid	(1,869)	—	—	—	—	(1,869)
Overseas tax paid	(449)	—	—	—	—	(449)
Net cash from operating activities	92,823	—	—	—	—	92,823

	Consolidated statement of cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments				Pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	(Unaudited)
Investing activities						
Placement of pledged bank deposits	(616,494)	—	—	—	—	(616,494)
Placement of structured bank deposits	(274,757)	—	—	—	—	(274,757)
Placement of restricted bank deposit	(16,659)	—	—	—	—	(16,659)
Purchase of property, plant and equipment	(1,078)	—	—	—	—	(1,078)
Withdrawal of pledged bank deposits	524,699	—	—	—	—	524,699
Withdrawal of structured bank deposits	283,165	—	—	—	—	283,165
Interest received	28,842	—	—	—	—	28,842
Proceeds from disposal of property, plant and equipment	640	—	—	—	—	640
Net proceeds from disposal of associates	—	—	—	—	366,578	366,578
Net cash (used in)/from investing activities	(71,642)	—	—	—	366,578	294,936
Financing activities						
New bank loans raised	534,617	—	—	—	—	534,617
Increase in financing from discounting bills receivable with full recourse	365,723	—	—	—	—	365,723
Repayment of bank loans	(823,475)	—	—	—	—	(823,475)
Decrease in trust receipt loans	(189,589)	—	—	—	—	(189,589)
Interest paid	(13,546)	—	—	—	—	(13,546)
Dividends paid	(2,617)	—	—	—	—	(2,617)
Net cash used in financing activities	(128,887)	—	—	—	—	(128,887)
Net (decrease)/increase in cash and cash equivalents	(107,706)	—	—	—	366,578	258,872
Cash and cash equivalents at 1 January 2011	193,303	—	—	—	—	193,303
Effect of foreign exchange rate changes	5,833	—	—	—	—	5,833
Cash and cash equivalents at 31 December 2011	91,430	—	—	—	366,578	458,008

Notes to the unaudited pro forma financial information

1. Immediately after completion of the disposal of Sale Shares, the Group will cease to have any equity interest in the Disposal Group. The adjustment represents the derecognition of equity-accounted interests in the Disposal Group as at 31 December 2011 as if the disposal of Sale Shares had been completed on 31 December 2011.

2. The adjustment reflects the settlement of the loan receivable and amount due from the Disposal Group as a result of the assignment of Loan as if the assignment of Loan had been completed on 31 December 2011.

3. The adjustment reflects the cash consideration for disposing 43% equity interest in the Disposal Company of RMB313,623,000 (equivalent to approximately HK$387,010,000). According to the Holdback Escrow Agreement, 5% of the Aggregate Consideration of approximately RMB18,275,000 (equivalent to approximately HK$22,551,000) is deposited as Escrow Holdback. The adjustment also reflects the estimated PRC capital gain tax, relevant commission and legal and professional fee payable of HK$45,993,000.

4. Immediately after completion of the disposal of Sale Shares, the Group will not have any equity interest in the Disposal Group and the Disposal Group will cease to be associates of the Group. The adjustment represents the derecognition of share of results of the Disposal Group for the year ended 31 December 2011 as if the disposal of Sale Shares had been completed on 1 January 2011. The adjustment is not expected to have a continuing effect on the Remaining Group.

5. The adjustment represents the reverse of imputed interest income on the interest free loan receivable and amount due from the Disposal Group recognised for the year ended 31 December 2011 as if the assignment of Loan had been completed on 1 January 2011. The adjustment is not expected to have a continuing effect on the Remaining Group.

6. The adjustment represents the estimated gain on the disposal of Sale Shares of HK$188,703,000 which is calculated on the basis of the consideration of RMB313,623,000 (equivalent to approximately HK$371,267,000) after deduction for (i) carrying value of interests in the Disposal Group as at 1 January 2011; and (ii) the estimated PRC capital gain tax and relevant commission and legal and professional fee for the Disposal.

   The calculation for the estimate gain on disposal of Sale Shares as if the disposal of Sale Shares had been completed on 1 January 2011 is summarised below:

	RMB'000	*HK$'000*
Consideration for the disposal of Sale Shares	313,623	371,267
Less: Carrying value of interests in the Disposal Group	(116,538)	(137,958)
Less: PRC capital gain tax, commission and legal and professional fee	(37,680)	(44,606)
Estimated gain on the disposal of Sale Shares	159,405	188,703

   Since the actual carrying amounts of the assets and liabilities of the Disposal Group on completion of the disposal of Sale Shares will be different from the amounts used in the preparation of the unaudited pro forma financial information, the actual gain or loss on the disposal of Sale Shares may be significantly different from the estimated amount shown above.

7. The adjustment represents the estimated net cash inflow of HK$366,578,000 arising from (i) the disposal of Sale Shares at cash consideration of RMB313,623,000 (equivalent to approximately HK$371,267,000), (ii) the assignment of Loan amounting to HK$61,551,000 as at 1 January 2011, and (iii) after deducting the 5% of the Aggregate Consideration deposited as Escrow Holdback amounting to RMB18,275,000 (equivalent to approximately HK$21,634,000) and the estimated PRC capital gain tax and relevant commission and legal and professional fee for the Disposal amounting to HK$44,606,000 as if the Disposal had been completed on 1 January 2011. This adjustment is not expected to have a continuing effect on the Remaining Group.

8. For the purpose of the presentation of the unaudited pro forma financial information, conversion of RMB to HK$ is calculated at the following exchange rates:

   HK$1.1838 to RMB1 as at 1 January 2011

   HK$1.2340 to RMB1 as at 31 December 2011

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report prepared by BDO Limited, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Remaining Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.

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香港干諾道中111號
永安中心25樓

The Directors
Great China Holdings Limited
Unit D, 26/F, United Centre
No.95 Queensway
Hong Kong

Dear Sirs,

Accountants' Report on the Unaudited Pro Forma Financial Information of the Remaining Group

Introduction

We report on the unaudited pro forma financial information of Great China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in connection with the proposed disposal of 43% equity interests in Samstrong International Limited (the "Disposal Company") (the "Sale Shares") and the assignment of loan owing by the Disposal Company and its subsidiaries to the Group (collectively the "Disposal"). The Disposal Company is an associate of the Group and has 100% equity interests in Yield Commence Limited and Da Da Development (Shanghai) Co., Ltd (collectively referred as the "Disposal Group"). Immediately after the disposal of Sale Shares, the Group will not have any significant influence nor control on the Disposal Group. The unaudited pro forma financial information have been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Disposal might have affected the financial information presented, for inclusion in Section A of Appendix III of the Company's circular dated 9 August 2012 (the "Circular"). The Group without the Disposal Group is referred to as the "Remaining Group". The basis of preparation of the unaudited pro forma financial information of the Remaining Group is set out in the section headed "Unaudited Pro Forma Financial Information of the Remaining Group" in Appendix III of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Remaining Group as at 31 December 2011 or any future date; or

— the results and cash flows of the Remaining Group for the year ended 31 December 2011 or any future periods.

Opinion

In our opinion:

a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lam Hung Yun, Andrew
Practising Certificate no. P04092

Hong Kong, 9 August 2012

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

SINCE 1971
A.G. WILKINSON & ASSOCIATES
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The Directors
Great China Holdings Limited
Unit D on 26/F
United Centre
No. 95 Queensway
Hong Kong

August 9, 2012

Dear Sirs,

Re: Emerald Court, Plot 20, Section 28, Hunan Road, Xuhui District, Shanghai, The People's Republic of China

In accordance with the instructions from Great China Holdings Limited (referred to as the "Company") to value the captioned property, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of the market value of the property interests as at June 30, 2012 (referred to as the "Valuation Date").

Our valuation of the property interests is our opinion of the market value of the concerned property as defined in the HKIS Valuation Standards On Properties as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuations have been made on the assumption that the owners sell the property interests on the open market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the property interests.

In our valuation, we have assumed that the transferable land use rights in respect of the concerned property for respective terms at nominal annual land use fees will continue to be granted and that, unless otherwise stated, any premium payable has already been fully paid. We are not in a position to ascertain the establishment of titles of the property but have relied on the advice given by the Company's appointed PRC lawyer (i.e. Zhong Lun Law Firm) regarding the Company's interests in the concerned property.

In valuing the captioned property, we have adopted the Comparison Method of Valuation. The Comparison Method of Valuation seeks to derive the market value of property interests by making reference to the recent transaction prices and asking price if relevant of similar properties at similar locations. Appropriate adjustments have been made between the comparables and the subject property for all the relevant factors.

We have carried out property market survey, and also conducted land searches at the relevant land registry in Shanghai to obtain the document relating to the titles of the property. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents provided to us and are therefore only approximations.

In accordance with the information provided by the Company and the legal opinion of the Company's appointed PRC lawyer, the status of title and grant of major approvals and licences in respect of the concerned properties are summarized below:

Real Estate Title Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Grant Contract of Land Use Rights	Yes
Permit for Overseas Sales	N/A
Business Licence	Yes

The concerned property is classified by the Company for being held for investment purpose.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report that the properties are free from rot, infestation or any other structural defects, nor were any tests carried out on any of the services. Besides, we have not been able to carry out detailed measurement of site areas in respect of the concerned property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference and we have assumed that the site and floor areas shown on the copies of documents handed to us are correct.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuations have been prepared in accordance with the HKIS Valuation Standards On Properties (1st Edition 2005), the relevant provisions in the Companies Ordinance and the Rules Governing The Listing Of Securities On The Stock Exchange Of Hong Kong Limited (Main Board).

We attach herein our Summary of Valuation and our Valuation Certificate.

Yours faithfully,
For and on behalf of
A.G. WILKINSON & ASSOCIATES
(SURVEYORS) LIMITED

Sr Ringo LAM Chun Chiu
BSc(Hons), MCIREAA, MHKIS, RPS(GP)
Director
Valuation Department

RL/AL/jy

Note: Sr Ringo LAM Chun Chiu is a Registered Professional Surveyor (General Practice) in the Hong Kong Special Administrative Region. He is a professional member of three professional bodies, namely the China Institute of Real Estate Appraisers and Agents, Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors. Mr. Lam joined A.G. WILKINSON & ASSOCIATES since 1995 and he has about 21 years of post-qualification experience in valuing properties in Hong Kong and 15 years of post-qualification experience in valuing properties in the PRC.

SUMMARY OF VALUATION

Property	Market Value as at June 30, 2012	Interest attributable to the Company	Market Value attributable to the Company as at June 30, 2012
Emerald Court Plot 20, Section 28, Hunan Road Xuhui District Shanghai The People's Republic of China	RMB740,000,000	43%	RMB318,200,000
Total:			RMB318,200,000

Note:

The property interest attributable to the Company was valued at RMB318,200,000 (RENMINBI THREE HUNDRED EIGHTEEN MILLION AND TWO HUNDRED THOUSAND) by External Valuer, A.G. Wilkinson & Associates (Surveyors) Limited, as at June 30, 2012, on the basis of market value, in accordance with the HKIS Valuation Standards On Properties (1st Edition 2005), the relevant provisions in the Companies Ordinance and the Rules Governing The Listing Of Securities On The Stock Exchange Of Hong Kong Limited (Main Board).

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at June 30, 2012
Emerald Court Plot 20, Section 28, Hunan Road Xuhui District Shanghai The People's Republic of China	Emerald Court comprises a total of twenty 4 to 5 storey (including basement) detached, semi-detached and terrace houses completed in about 1998. It is one of the popular house type development in traditional residential areas of Shanghai. Each house is provided with two car parking spaces in basement. This residential development is located by plot reference in Shanghai (i.e. Plot 20, Section 28, Hunan Road, Xuhui District). The area of the plot is 6,681 sq.m. (71,914 sq.ft.). The total gross floor area of the property is approximately 12,195.80 sq.m. (131,276 sq.ft.), including the total house area of 8,960 sq.m. (96,445 sq.ft.) and total basement floor area of 3,235.35 sq.m. (34,825 sq.ft.) respectively. The land use right of the property has been granted for a term of 70 years from December 8, 1994 to December 7, 2064.	We are informed that all units are currently vacant.	RMB740,000,000 (43% interest attributable to the Company: RMB318,200,000)

Notes:

1. Pursuant to the Certificate for State-owned Land Use Rights No.000989 dated December 14, 1994 issued by Shanghai Municipal Land Administrative Bureau, the land use rights of the property with site area of 6,627 sq.m. (71,333 sq.ft.) has been granted to Da Da Development (Shanghai) Co., Ltd for a term of 70 years from December 8, 1994 to December 7, 2064 for residential purposes.

2. Pursuant to the Certificate of Real Estate Ownership No. (2011) 005612 dated April 18, 2011 issued jointly by Shanghai Housing Security & Administration Bureau and Shanghai Planning, Land & Resources Administration Bureau, the property is held under Da Da Development (Shanghai) Co., Ltd for a term from December 8, 1994 to December 7, 2064. The total gross floor area of the subject property is 12,195.35 sq.m. (i.e. 8,960 sq.m. above ground level for residential usage and 3,235.35 sq.m. at Basement floor for special usage).

3. In accordance with the Certificate of Incumbency for Samstrong International Limited provided by the Company, Samstrong International Limited was incorporated lawfully in the British Virgin Islands and is now in good standing, among others, with current shareholders as of May 8, 2012 as the following:

Name	**No. of Shares Held**
Great China Development (Shanghai) Ltd	43
Other Vendors	57

Samstrong International Limited's shareholding composition explains how the Company's attributable interest of 43% is arrived at. Samstrong International Limited wholly owns an investment holding company incorporated in Hong Kong which wholly owns Da Da Development (Shanghai) Co., Ltd.

4. In accordance with the land search document obtained from the Shanghai Land Registry, the concerned property is free from any mortgage against the property and not being subject to any onerous encumbrances. There has been no breach of environmental issues and regulations, which we are aware of. Nor any options or rights of pre-emption concerning or affecting the property.

5. The Emerald Court is considered one of the popular house type development in the Xuhui District of Shanghai. According to our market survey and on site inspection on July 16, 2012, selected house type developments have asking prices ranging from RMB48,000 to RMB97,200 on per square metre basis, as follows:

Location	**Asking** *RMB*	**Gross Area** *sq.m.*	**Unit Rate per** *sq.m./RMB*	**Remarks**
襄陽南路洋房 Xiangyang Road South	31,000,000	404.00	76,700	
淮海中路新里 Huai Hai Road Central	25,000,000	362.00	69,100	
烏魯木齊路洋房/五原路 Wulumuqi Road/ Wu Yuen Road	32,000,000	572.20	55,900	
吳興路洋房 Wu Xing Road	45,000,000	492.00	91,500	Garden area: 350 sq.m.
建國中路洋房 Jian Guo Road Central	19,000,000	242.20	78,400	Garden area: 50 sq.m.
大沽路／石門一路洋房 Tai Wa Road/ Shi Men No. 1 Road	23,000,000	256.70	89,600	Garden area: 80 sq.m.
華山路／巨鹿路洋房 Hua Shan Road/ Julu Road	22,000,000	368.00	59,800	
襄陽南路洋房 Xiangyang Road	31,000,000	404.00	76,700	
合肥路新里 He Fei Road San Lane	23,000,000	277.00	83,000	
康路新里／宛路 Kang Lu San Lane/ Wan Lu	22,000,000	230.30	95,500	Garden area: 80 sq.m.
北京西路洋房 Beijing Road West	30,000,000	436.00	68,800	Garden area: 180 sq.m.
建國西路／瑞金二路洋房 Jian Guo Road West/ Rui Jin No. 2 Road	16,500,000	242.00	68,200	Garden area: 50 sq.m.
鳳陽路大洋房 Feng Yang Road	130,000,000	1,338.00	97,200	Garden area: 100 sq.m. 8 parking spaces
宜化路新里 Yi Fa Road San Lane	28,000,000	291.38	96,100	
徐滙玫瑰園別墅(欽州南路) Xuhui, Qin Zhou Road South	26,500,000	425.00	62,400	
	35,000,000	481.00	72,800	
岳陽路／永嘉路 Yue Yang Road/ Yong Jia Road	17,500,000	303.00	57,800	
興國路／衡山區 Xing Guo Road/ Heng Shan Road	18,000,000	375.00	48,000	
淮海中路 Huai Hai Road Central	48,800,000	539.00	90,500	

Location	Asking *RMB*	Gross Area *sq.m.*	Unit Rate per *sq.m./RMB*	Remarks
淮海西路 Huai Hai Road West	23,000,000	421.00	54,600	
烏魯木齊路／安福路 Wulumuqi Road/ An Fu Road	23,000,000	377.00	61,000	
烏魯木齊路／安福路／長樂路 Wulumuqi Road/ An Fu Road/ Chang Le Road	22,000,000	376.00	58,500	

The on site inspection work was carried out by our Surveyor, Mr. Andy Law Wai Cheong, who is Associate Director in our company's valuation department. He is a Registered Professional Surveyor (General Practice) in the HKSAR and is also a professional member of the Hong Kong Institute of Surveyor since February 2005.

6. We have been provided with a legal opinion regarding the concerned property issued by the Company's PRC lawyer, including but not limited to the following:

   (i) Da Da Development (Shanghai) Co., Ltd is a company established in accordance with the PRC Law as a foreign commercial individual enterprise (i.e. "外商獨資企業"). The existing operation and continuation of the company is legal and valid.

   (ii) Da Da Development (Shanghai) Co., Ltd lawfully owns the land use rights of the plot 20, section 28, Hunan Road, Xuhui District, Shanghai, PRC (i.e. "國家土地使用權"). The site area involved is a total of 6,609.38 square metres. The grant is for a term of 70 years from December 8, 1994 to December 7, 2064 for residential purpose.

   (iii) Da Da Development (Shanghai) Co., Ltd lawfully owns the real estate ownership right of the concerned property which is located on Plot 20, Section 28, Hunan Road, Xuhui District, Shanghai, PRC, House Nos. 1–12, 14–21 in terms of the legal rights and interests of the house property (i.e. "房屋所有權"). The concerned property has a total gross area of 12,195.80 square metres for residential purpose.

   (iv) After investigation of the state owned land use right and the real estate ownership right of the concerned property, there has been no registration against the concerned property for any legal charge, restrictions on legal rights nor any other objection registration. Da Da Development (Shanghai) Co., Ltd has the authority to legally transfer, taking legal charge or letting the state owned land use right and the real estate ownership for the concerned property.

7. We have based on the legal opinion and prepared our valuation on the following assumptions:

   (i) Da Da Development (Shanghai) Co., Ltd possesses a proper legal title of the concerned property and is entitled to transfer the property with the residue term of its land use rights with no extra land premium or other payment of substantial amount payable to the Government.

   (ii) All land premium and costs of ancillary utilities services have been settled in full.

8. The status of title and grant of major approvals and licences in accordance with the information provided by the company and the opinion of PRC Lawyer are as follows:

(i)	Real Estate Title Certificate	Yes
(ii)	Certificate for the Use of State-Owned Land	Yes
(iii)	Grant Contract of Land Use Rights	Yes
(iv)	Permit for Oversea Sales	N/A
(v)	Business Licence	Yes

9. As advised by the Company, the concerned property is held for investment purpose.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make statement herein misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executives

As at the Latest Practicable Date, the interests of the Directors in the Shares as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position in the Shares of the Company

	Number of Shares interested			% of issued
Director	**Family interest**	**Corporate interests**	**Total**	**share capital**
Mr. Rustom Ming Yu Ho	—	138,347,288*	138,347,288	52.87
Mr. John Ming Tak Ho	1,076,000	138,347,288*	139,423,288	53.28

* *By virtue of the SFO, both Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO were deemed to have interests in the 138,347,288 Shares held by Fulcrest Limited, a company in which Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO had controlling interests. Interests in the same shares are also shown under the section headed "Interests of Substantial Shareholders" below.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following parties, other than a Director or chief executive of the Company, had interests in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Substantial Shareholder	Number of Shares interested Direct interest	 Deemed interests	 Total	% of issued share capital
Fulcrest Limited	138,347,288	—	138,347,288	52.87
Asian Pacific Investment Corporation	—	138,347,288ˆ	138,347,288	52.87
Kwong Fong Holdings Limited	710,000	138,347,288ˆ	139,057,288	53.14
Kwong Fong Industries Corporation	8,680,000	139,057,288ˆ	147,737,288	56.46
COFCO (Hong Kong) Limited	45,058,000	—	45,058,000	17.22

ˆ *The share capital of Fulcrest Limited was owned as to 51% by Asian Pacific Investment Corporation and as to 49% by Kwong Fong Holdings Limited. Kwong Fong Holdings Limited was a wholly owned subsidiary of Kwong Fong Industries Corporation. Accordingly, Asian Pacific Investment Corporation and Kwong Fong Holdings Limited were deemed to be interested in the 138,347,288 Shares held by Fulcrest Limited; and Kwong Fong Industries Corporation was deemed to be interested in the 139,057,288 Shares in which Kwong Fong Holdings Limited had an interest.*

Both Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO are directors of Fulcrest Limited and Asian Pacific Investment Corporation. Mr. Rustom Ming Yu HO is also a director of Kwong Fong Industries Corporation and Kwong Fong Holdings Limited.

Save as disclosed above, the Directors or chief executive of the Company are not aware of any party who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such share capital.

3. LITIGATION

The legal action (the "Legal Action") initiated by Shanghai Zenith Trading Company Limited (上海澤尼貿易有限公司) at the Shanghai No. 2 Intermediate People's Court against Guangzhou Jinhe Feed Company Limited (廣州進和飼料有限公司) ("Jinhe"), Mr. Wong Hiuman (黃曉民) and Mr. Wang Xianning (黃獻寧) (the "Guarantor") commenced in March 2011.

On 29 March 2011, the Shanghai No. 2 Intermediate People's Court (the "Shanghai Court") accepted the Group's proceeding application against Jinhe (as first defendant), together with Mr. Wong Hiuman (as second defendant who shares joint and several liability over the payment obligation of Jinhe under certain fishmeal trading contracts) and the Guarantor (as third defendant) (collectively referred to as the "Defendants").

On 31 March 2011, the Group obtained an assets preservation order (the "First Order") from the Shanghai Court to seal up certain assets, including the collateral, of the Defendants. The Group has paid RMB5,536,000 (equivalent to approximately HK$6,832,000) to the Shanghai Court and provided certain buildings, land use rights and part of properties held for sale as guarantee for the application of the First Order.

In November 2011, the Group withdrew the proceeding application against the Guarantor from the Shanghai Court and made an arbitration application to the China International Economic and Trade Arbitration Commission, Shanghai Sub-Commission against the Guarantor. Meanwhile, a time deposit has been charged to the Heyuan Intermediate People's Court ("Heyuan Court") as guarantee for the application of an assets preservation order (the "Second Order") from the Heyuan Court. In the same month, the Group obtained the Second Order from the Heyuan Court to seal up the collateral pledged by the Guarantor. The collateral for the First Order was subsequently released.

On 1 December 2011 and 10 January 2012, two hearings were conducted in the Shanghai Court in relation to the Legal Action. As at the Latest Practicable Date, no court order has been released by the Shanghai Court.

On 13 June 2012, the Shanghai Court released (i) RMB5,536,000 (equivalent to approximately HK$6,832,000); and (ii) certain properties held for sale as guarantee for the application of the First Order to the Group.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there is no litigation or claims of material importance pending or threatened against any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

Ms. Yu Gia HO, a non-executive Director, entered into a service contract with the Company for three years commencing from 1 April 2011. She is entitled to receive a salary of HK$60,000 per annum.

Each of the independent non-executive Director, entered into a service contract with the Company for three years commencing from 1 April 2011. Mr. Lawrence Kam Kee YU is entitled to receive a salary of HK$240,000 per annum, Mr. David Hon To YU is entitled to receive a salary of HK$250,000 per annum while Mr. Hsu Chou WU is entitled to receive a salary of HK$60,000 per annum. None of the non-executive Directors, nor the independent non-executive Directors are entitled to receive any bonus.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any members of the Group, which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their respective associates had an interest in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business.

6. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, the date to which the latest published audited consolidated accounts of the Group were made up.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACT

Except for the Disposal Agreement, no member of the Group had entered into any material contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

9. EXPERT AND CONSENT

i. The following are the qualifications of the experts who have been named in this circular and have given opinions and advice which are contained in this circular:

Name	Qualifications
BDO Limited ("BDO")	Certified Public Accountants
A.G. Wilkinson & Associates (Surveyors) Limited ("A.G. Wilkinson")	Independent Professional Property Valuer

ii. As at the Latest Practicable Date, BDO and A.G. Wilkinson, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

iii. BDO and A.G. Wilkinson have given and have not withdrawn their written consents to the issue of this circular, with the inclusion therein of their letters or the references to their names in the form and context in which they appear.

iv. As at the Latest Practicable Date, BDO and A.G. Wilkinson did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Group were made up.

10. GENERAL

i. Mr. Siu Kwan CHENG is the company secretary of the Company. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Kong Institute of Certified Public Accountants.

ii. The registered and head office of the Company is situated at Unit D, 26/F., United Centre, No. 95 Queensway, Hong Kong.

iii. The share registrar and transfer office of the Company is Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

iv. The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except Saturdays, Sundays and public holidays at the head office and principal place of business of the Company in Hong Kong at Unit D, 26/F., United Centre, No. 95 Queensway, Hong Kong, from the date of this circular up to and including the date of the EGM:

i. the memorandum and articles of association of the Company;

ii. the annual reports of the Company for the two years ended 31 December 2010 and 31 December 2011;

iii. the interim report of the Company for the six months ended 31 June 2011;

iv. the report from BDO Limited in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

v. the report from A.G. Wilkinson & Associates (Surveyors) Limited in respect of the property valuation report of the Disposal Group, the text of which is set out in Appendix IV to this circular;

vi. the written consents referred to under the paragraph headed "Expert and consent" in this appendix;

vii. the material contract referred to under the paragraph headed "Material Contract" in this appendix;

viii. the Directors' service contracts referred to in the paragraph headed "Directors' Service Contracts" in this appendix; and

ix. this circular.

GREAT CHINA HOLDINGS LIMITED
大 中 華 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 141)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Great China Holdings Limited (the "**Company**") will be held at Unit D, 26/F., United Centre, No. 95 Queensway, Hong Kong on Monday, 27 August 2012, at 9:00 a.m. to consider and, if thought fit, pass (with or without modifications) the following resolutions as ordinary resolutions. Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meaning as that defined in the shareholder circular dated 9 August 2012 (the "**Circular**").

ORDINARY RESOLUTIONS

"**THAT** approval (which, where relevant, shall include approval by way of ratification) be and is hereby given for:

(a) the Disposal Agreement and the consummation of transactions contemplated under the Disposal Agreement as more particularly described in the Circular and on the terms and conditions set out in the Disposal Agreement;

(b) all acts done and things executed and all such documents or deeds entered into in connection with or to give effect to the Disposal Agreement be and are hereby ratified, confirmed and approved;

(c) the board of directors of the Company (the "**Board**") be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Disposal Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company."

By Order of the Board
Great China Holdings Limited
John Ming Tak HO
Managing Director

Hong Kong, 9 August 2012

Registered office:
Unit D, 26/F
United Centre
No. 95 Queensway
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. Where there are joint holders of any share of the Company, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share stands shall for this purpose be deemed joint holder thereof.

3. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney must be delivered to the Share Registrar of the Company, Tricor Abacus Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the form of proxy shall be deemed to be revoked.

4. The register of members of the Company will be closed from Thursday, 23 August 2012 to Monday, 27 August 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement for attending and voting at the EGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Share Registrar of the Company, Tricor Abacus Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 22 August 2012.

5. As at the date of this notice, the Directors of the Company are Mr. Rustom Ming Yu HO (Chairman), Mr. John Ming Tak HO (Managing Director), Mr. Patrick Kwok Wai POON and Mr. Maung Tun MYINT as executive Directors; Ms. Yu Gia HO as a non-executive Director; and Mr. Lawrence Kam Kee YU *BBS MBE JP*, Mr. David Hon To YU and Mr. Hsu Chou WU as independent non-executive Directors.