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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Great China Holdings Limited, you should immediately hand this circular to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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**Great China Holdings Limited**  
**大中華集團有限公司**

*(Incorporated in Hong Kong under the Companies Ordinance)*

Stock code: 0141

**DISCLOSEABLE TRANSACTION**  
**DISPOSAL OF PROPERTY**

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## DEFINITIONS

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

“the Agreement”	the Sale and Purchase Agreement entered into on 29 May 2006 by Halesite for the disposal of the Property
“associate”	has the same meaning ascribed to it under the Listing Rules
“the Board”	The board of Directors
“the Company”	Great China Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Exchange (stock code: 0141)
“the Directors”	The directors of the Company
“the Exchange”	The Stock Exchange of Hong Kong Limited or, as the context may require, the main board for the listing of securities operated by it
“the Group”	The Company and its subsidiaries
“Halesite”	Halesite Limited, a company incorporated in Hong Kong and wholly owned by the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	15 June 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“the Listing Rules”	the Rules Governing the Listing of Securities on the Exchange
“the Property”	Flat D (including Flat roof appurtenant thereto) on the Upper Ground and First Floors, No 1 Seahorse Lane, Beach Village, Discovery Bay City, Lantau Island, the New Territories, Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder”	The holder of any issued ordinary share of the Company



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**Directors**

*Executive Directors*

Mr Rustom Ming Yu HO (*Chairman*)

Mr John Ming Tak HO (*Managing Director*)

Mr Kwok Wai POON

*Registered Office*

6th Floor

9 Des Voeux Road West

Hong Kong

*Independent Non-executive Directors*

Mr Lawrence Kam Kee YU BBS, MBE, JP

Mr David Hon To YU

Mr Hsu Chou WU

20 June 2006

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION – DISPOSAL OF PROPERTY**

On 30 May 2006, we announced that Halesite Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (“the Agreement”) on 29 May 2006 to sell the property commonly known as Flat D (including Flat roof appurtenant thereto) on the Upper Ground and First Floors, No 1 Seahorse Lane, Beach Village, Discovery Bay City, Lantau Island, the New Territories, Hong Kong (“the Property”). The purpose of this circular is to provide you with information related to the Agreement.

The joint buyers of the Property were two persons both holding Hong Kong identity cards. The Company confirms that, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the joint buyers are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The aggregate value of the consideration for the Property was HK\$13,500,000, which was determined after arm’s length negotiation between the parties. The consideration has been or will be satisfied by (1) an initial deposit of HK\$405,000 that was received on 15 May 2006, (2) a further deposit of HK\$945,000 that was received upon the signing of the Agreement, and (3) the balance of HK\$12,150,000 that will be received when the transaction is completed, which is expected to be on or around 14 July 2006.

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## LETTER FROM THE BOARD

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The Property is currently vacant. The book value of the Property was HK\$13,300,000 as at 31 December 2005. Since the Property is classified as Investment Properties in the Group's consolidated accounts, no depreciation is necessary. The difference between the consideration and the book value, namely HK\$200,000, is barely enough to cover the legal transaction costs and the commission of the property agent. Therefore, it is expected that the sale of the Property will bring to the Group only a negligible gain before tax.

As disclosed in the 2005 Annual Report of the Company, the above book value was the same as the value of the Property as at 31 December 2005 as assessed by independent, professionally qualified surveyors, AG Wilkinson & Associates. The Directors are of the view that there has been no significant change in the conditions of the Hong Kong property market since the above valuation date, and hence believe the sale consideration fair and reasonable.

The Directors intend to use the sales proceeds to (a) repay some of the Group's long term loans and (b) increase working capital. As part of the sales proceeds will be used to repay some of the Group's long term loans, both the Group's total assets and total liabilities will be reduced to the extent of such repayment.

The principal business activities of the Group are property investment and general trading. The Directors review the conditions of the Hong Kong property market on a regular basis, making adjustments to the Group's property portfolio whenever necessary. In view of the rises in both property prices and interest rates in the past few years, the Directors tend to be more cautious and consider that the sale of the Property is an appropriate adjustment to the Group's property portfolio for the time being.

The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole.

The Directors would like to draw your attention to the additional information set out in the Appendix.

For and on behalf of the Board  
**John Ming Tak HO**  
*Managing Director*

## 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 with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors

As at the Latest Practicable Date, the Directors held the following numbers of ordinary shares of the Company:

Director	Family Interests	Corporate Interests	Total	% of Issued Share Capital
Mr Rustom Ming Yu HO	0	138,347,288 *	138,347,288	52.87
Mr John Ming Tak HO	600,000	138,347,288 *	138,947,288	53.10

\* *By virtue of the SFO, both Mr Rustom Ming Yu HO and Mr John Ming Tak HO are deemed to have interests in the 138,347,288 shares held by Fulcrest Limited, a company incorporated in Hong Kong and the ultimate holding company of which is controlled by Mr Rustom Ming Yu HO and Mr John Ming Tak HO. 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 their respective associates had any personal, family, corporate or other interest or 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) was required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) was required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Exchange.

The Directors have confirmed that they are not interested in any business that competes or is likely to compete, either directly or indirectly, with the Group's sale of the Property.

**(b) Interests of Substantial Shareholders**

As at the Latest Practicable Date, the following persons (other than the Directors) held the following numbers of ordinary shares of the Company:

Substantial Shareholder	Direct Interests	Deemed Interests	Total	% of Issued Share Capital
Fulcrest Limited	138,347,288	0	138,347,288	52.87
Asian Pacific Investment Corporation	0	138,347,288	138,347,288	52.87
Kwong Fong Holdings Limited	710,000	138,347,288	139,057,288	53.14
Kwong Fong Industries Corporation	8,680,000	139,057,288	147,737,288	56.46
COFCO (Hong Kong) Limited	45,058,000	0	45,058,000	17.22

*Note:* The share capital of Fulcrest Limited is owned 51% by Asian Pacific Investment Corporation and 49% by Kwong Fong Holdings Limited. Kwong Fong Holdings Limited is a wholly owned subsidiary of Kwong Fong Industries Corporation.

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

Save as disclosed above, the Directors are not aware of any person (other than the Directors) who, as at the Latest Practicable Date, had an interest or 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.

**3. SERVICE CONTRACT**

As at the Latest Practicable Date, there is no existing or proposed service contract of any Director which is not expiring or which may not be terminated by the Group within a year without payment of any compensation (other than statutory compensation).

**4. LITIGATION**

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**5. SECRETARY AND QUALIFIED ACCOUNTANT**

The secretary and qualified accountant of the Company is Mr Ka Yi TSE, who is a member of the Hong Kong Institute of Certified Public Accountants.