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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 - ACQUISITION OF 5% INTEREST IN A SUBSIDIARY

On 15 August 2006, Tai Loy, a wholly owned subsidiary of the Company entered into the Agreement with the Vendor whereby Tai Loy agreed to purchase and the Vendor agreed to sell the Sale Shares at a consideration of US\$2,860,000 (approximately HK\$22,250,800).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date: 15 August 2006

Vendor: Mr CHIANG Shung Ning

Purchaser: Tai Loy

Subject matter: On 15 August 2006, Tai Loy and the Vendor entered into a sale and purchase agreement whereby Tai Loy agreed to purchase and the Vendor agreed to sell the Sale Share.

Consideration: US\$2,860,000 (approximately HK\$22,250,800) which was determined after arm's length negotiation between the parties and is payable by Tai Loy to the Vendor on or before 22 August 2006 in cash and in such currency(ies) as the parties may agree, by remittance to a bank account designated by the Vendor, or in such other manner as may be agreed between the parties.

INFORMATION ON THE GROUP

The principal business activities of the Group are property investment and general trading. Tai Loy is a wholly owned subsidiary of the Company and is engaged in investment holding.

INFORMATION ON GCC

GCC was incorporated in the British Virgin Islands on 22 November 1994. As at the date of the Agreement, GCC was owned 95% by Tai Loy and 5% by the Vendor. GCC is engaged in investment holding and currently holds 100% of the issued share capital of GCLM. GCLM is engaged in the trading of animal feeds, especially fishmeal. No audited financial statements have been prepared for GCC because GCC has no material asset except for its 100% interest in GCLM. The financial highlights of GCLM are set out below for reference purpose:

	For the year ended 31 December or at 31 December			
	2004		2005	
	audited		audited	
	US\$'000	HK\$'000	US\$'000	HK\$'000
Turnover	132,595	1,031,589	152,234	1,184,381
Profit before taxation and extraordinary items	2,582	20,088	3,218	25,036
Profit after taxation and extraordinary items	2,582	20,088	3,218	25,036
Net liabilities	14,442	112,359	11,224	87,323

INFORMATION ON THE VENDOR

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR THE AGREEMENT

The Directors decided to enter into the Agreement after considering that the fishmeal business carried out by GCLM had demonstrated improving operating results, and is expected to continue to make positive contribution to the Group. As shown on the audited financial statements of GCLM for the years 2004 and 2005, the turnover for the year 2005 increased by about 14.81% to US\$152 million (approximately HK\$1,184 million). The profit after taxation and extraordinary items for the year 2005 increased by 24.6% to US\$3.2 million (approximately HK\$25 million). The net liabilities as at 31 December 2005 reduced by 22.3% to US\$11.2 million (approximately HK\$87.3 million).

The Consideration was determined having regard to the operating results of GCLM for the past two years and its future potential. The Consideration will be settled by the Group's internal source of fund. The Directors believe that the terms of the Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

COMPLETION

Completion is expected to be on or about 22 August 2006 and upon the delivery by the Vendor to Tai Loy of the relevant documents in respect of the Sale Shares.

GENERAL

The Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, additional information relating to the Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Completion”	completion of the Agreement;
“GCC”	Great China Commodities Limited, a company incorporated in the British Virgin Islands and is currently a 95% owned subsidiary of Tai Loy;
“GCLM”	GC Luckmate Trading Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of GCC;
“the Agreement”	an agreement for the sale and purchase of the Sale Shares between Tai Loy as purchaser and the Vendor as vendor dated 15 August 2006;
“the Company”	Great China Holdings Limited, a company incorporated in Hong Kong whose shares are listed on The Stock Exchange of Hong Kong Limited (stock code: 0141);
“the Directors”	directors of the Company;
“the Group”	the Company and its subsidiaries;
“the Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“the Sale Shares”	the 500 ordinary shares of US\$1.00 each in the capital of GCC, representing 5% of the entire issued and paid-up share capital of GCC;
“the Shareholders”	The holders of any issued ordinary share of the Company;
“Tai Loy”	Tai Loy Trading Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“the Vendor”	Mr CHIANG Shung Ning;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“US\$” US dollars, the lawful currency of The United States of America; and
“%” per cent.

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

Hong Kong, 16 August 2006

The directors of the Company as at the date of this announcement are: Mr Rustom Ming Yu HO (Chairman), Mr John Ming Tak HO (Managing Director) and Mr Kwok Wai POON as Executive Directors; and Mr Lawrence Kam Kee YU BBS MBE JP, Mr David Hon To YU and Mr Hsu Chou WU as Independent Non-executive Directors.

Please also refer to the published version of this announcement in China Daily.