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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 A PROPERTY**

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DEFINITIONS

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 11 September 2006 by BC for the disposal of the Property subject to certain conditions. |
| “associate” | has the same meaning ascribed to it under the Listing Rules. |
| “BC” | 549653 BC Limited, a company incorporated in Canada and wholly owned by the Company. |
| “the Board” | The board of Directors. |
| “the Buyer” | Mr Louis Salkind. |
| “CAD” | Canadian dollar, the lawful currency of Canada. |
| “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. |
| “Hong Kong” | The Hong Kong Special Administrative Region of the People’s Republic of China. |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong. |
| “Latest Practicable Date” | 13 October 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” | Penthouse Suite 1904, 1379 Howe Street, Vancouver, Canada. |
| “SFO” | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong. |
| “Shareholder(s)” | The holder(s) of any issued ordinary share of the Company. |



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

(Incorporated in Hong Kong under the Companies Ordinance)

Stock code: 0141

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

18 October 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION – DISPOSAL OF A PROPERTY

On 28 September 2006, we announced that BC entered into the Agreement on 11 September 2006 to sell the Property, subject to certain conditions that had been removed on 26 September 2006. The purpose of this circular is to provide you with information related to the Agreement.

The aggregate value of the consideration for the Property was CAD1,815,000 (approximately HK\$12,705,000), which was determined after arm's length negotiation between the parties. Reference had also been made to the market prices of comparable properties. The consideration has been satisfied by (1) a deposit of CAD50,000 (approximately HK\$350,000) that has been received within 48 hours after removal of the conditions, and (2) the balance of CAD1,765,000 (approximately HK\$12,355,000) that has been received when the transaction was completed on 13 October 2006.

The Property has been vacant for more than five years. The book value of the Property was HK\$9,088,973 as at 30 June 2006. Since the Property is classified as Properties Held for Sale, no depreciation is necessary. The sum of all transaction costs is estimated to be CAD80,000 (approximately HK\$560,000). Therefore, it is expected that the sale of the Property will bring to the Group a gain before tax of around HK\$3,000,000.

LETTER FROM THE BOARD

The sales proceeds will be used to increase the Group's working capital. The immediate effect of the disposal of the Property on the Group's consolidated balance sheet will be an increase in current assets of about HK\$3,000,000, corresponding to the gain before tax as mentioned in the previous paragraph.

The principal business activities of the Group are property investment and general trading. The Company confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Buyer is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Taking into consideration the rises in interest rates and property prices, and the appreciation of Canadian dollar in the past few years, the Directors are of the view that it is now the appropriate time to dispose the Property.

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 also 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.