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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;
ASSIGNMENT OF THE LOAN
AND
RESUMPTION OF TRADING**

THE DISPOSAL

The Board is pleased to announce 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' Loan. 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 the 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.

IMPLICATIONS TO 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 an Independent Third Party and no Shareholder has a material interest in the Disposal, no Shareholder is required to abstain from voting in respect of the proposed resolution to approve the Disposal at the EGM.

GENERAL

A circular containing, among other things, (i) further information on the Disposal Agreement and the Disposal; (ii) the financial information of the Disposal Group; and (iii) unaudited pro forma financial information on the Remaining Group; (iv) notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 13 August 2012.

Completion is subject to the fulfilment (or waiver, where applicable) of certain conditions including, among other things, the obtaining of the approval of the Shareholders at the EGM. Hence, the Disposal may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 July 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 24 July 2012.

A. INTRODUCTION

The Board is pleased to announce 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' Loan. 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 a deposit (the "**Escrow Deposit**") of 10% of the Aggregate Consideration, which is approximately RMB36.6 million, being equivalent to approximately US\$5.8 million, 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 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.

The payment 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. If an amount is denominated in RMB, and the payment is to be made in US\$, the exchange rate to be applied shall be the middle rate of US\$ against RMB published by the People's Bank of China, i.e. US\$1.00 to RMB6.3293, on the day that is two Business Days preceding the date of the Disposal Agreement, i.e. 9 July 2012.

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 identified persons 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.

In the event that Great China Development is (i) unable to procure the Company to satisfy the above conditions 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 the Escrow Deposit (together with any accrued interest) to the Purchaser; and (ii) 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 conditions precedent (a) on or before a period of 80 days from the date of the Disposal Agreement, Great China Development shall be solely responsible for compensating the Purchaser for all losses incurred or suffered by the Purchaser in connection with the entering into the Disposal Agreement and other ancillary documents. Both Great China Development and the Purchaser acknowledge and agree that the genuine and reasonable pre-estimate of the losses that the Purchaser will incur or suffer 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 above conditions precedent (a) is approximately US\$13.4 million (the "**Compensation**"), being the US\$ equivalent of RMB85 million, and Great China Development shall pay the Compensation 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 conditions 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 fund the Compensation in the event that the Purchaser seeks such liquidated damages 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.

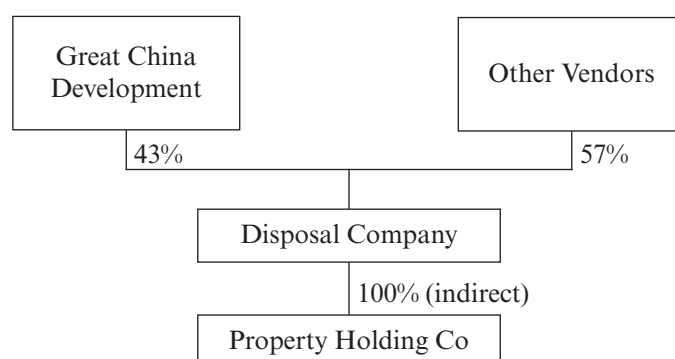
The Completion shall take place on the third Business Day after the conditions precedent having been fulfilled or at such other date as the Purchaser, Great China Development and Other Vendors may agree in writing.

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 date of this announcement, 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, 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. As advised by an independent valuer, 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, the consolidated net assets value of the Disposal Group was approximately HK\$335.4 million as at 31 December 2011. 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, and after deducting the estimated tax liabilities, commission and legal and professional fee incidental to the Disposal, amounting to HK\$45.7 million in aggregate. The financial effects of the Disposal on the Group are expected to be an increase in the Group's total assets of approximately HK\$237.7 million notwithstanding a slight increase in the Group's total liabilities of approximately HK\$45.7 million. The increase in the Group's total liabilities is attributable to the estimated tax liabilities, commission and legal and professional fee in respect of the Disposal, amounting to HK\$45.7 million in aggregate.

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 the future investment 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 that (i) the price for the Disposal 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 condition, in particular when the European sovereign-debt crisis is unlikely to be resolved in short period of time; and (iii) it is a good opportunity to enhance the overall return to the 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 the Directors and the substantial shareholders of Company, who have, in aggregate, approximately 53.10% 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 date of this announcement, Fulcrest Limited and the family member of Mr. John Ming Tak HO hold 138,347,288 and 600,000 Shares respectively, representing approximately 52.87% and 0.23% of the issued share capital of the Company respectively, and Mr. Rustom Ming Yu HO and Mr. John Ming Tak HO have undertaken Fulcrest Limited and the family member of Mr. John Ming Tak HO has undertaken herself 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 the above conditions precedent (a) 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 Disposal will not be rejected by Shareholders at EGM since Fulcrest Limited and the family member of Mr. John Ming Tak HO hold approximately 53.10% 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 to realise its investment in the Property Holding Co under the current market condition;
- (ii) 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 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 considers this as the largest obstacle for the parties to complete the Disposal. 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 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. GENERAL

A circular containing, among other things, (i) further information on the Disposal Agreement and the Disposal; (ii) the financial information of the Disposal Group; and (iii) unaudited pro forma financial information on the Remaining Group; (iv) notice of the EGM; and (v) other information as required under the Listing Rules, will be despatched to the Shareholders on or before 13 August 2012.

Completion is subject to the fulfilment (or waiver, where applicable) of certain conditions including, among other things, the obtaining of the approval of the Shareholders at the EGM. Hence, the Disposal may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

K. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 July 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 24 July 2012.

L. DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

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|---------------------------|--|
| “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 of approximately RMB313.6 million; and (ii) assignment of the Loan in favour of the Purchaser of 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 to compensate the Purchaser for all losses incurred or suffered by the Purchaser, which is undertaken by the Undertaking Companies pursuant to deeds of undertaking, in connection with the entering into the Disposal Agreement and other ancillary documents and the parties acknowledge and agree that the genuine and reasonable pre-estimate of the losses that the Purchaser will incur or suffer 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 conditions precedent (a) under the sub-section headed “5. Conditions precedent of the Disposal Agreement” under the section headed “B. the Disposal Agreement” |
| “Completion” | completion of the Disposal |

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| “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 in favour 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. As at the date of this announcement, it indirectly holds the 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 Documents” | undated resignation letters signed by two nominated persons to be appointed as directors of the Property Holding Co, a nominated person to be appointed as legal representative of the Property Holding Co and a nominated person 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) |
| “Great China Development” | Great China Development (Shanghai) Limited, a company incorporated in the British Virgin Islands with limited liability and is 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 |

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| “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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Loan” | the loan which is non-interest bearing of approximately RMB51.9 million owing by the Disposal Group to Great China Development |
| “Other Vendors” | the remaining two existing shareholders of the Disposal Company, third parties independent of the Company and its connected persons. As at the date of this announcement, they hold in aggregate 57% of the issued share capital of the Disposal Company |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement 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, PRC |
| “Purchaser” | China Association Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in property investments |
| “Remaining Group” | the Group excluding the Disposal Group |
| “RMB” | Renminbi, the lawful currency of PRC |
| “Sale Shares” | 43 ordinary shares with par value of US\$1 each in the Disposal Company, representing the 43% of the issued share capital of the Disposal Company |
| “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 |

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| “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 upon termination of the Disposal Agreement by the Purchaser on the ground that Great China Development has failed to satisfy the conditions precedent (a) of the Disposal Agreement and any liabilities in respect of any taxes, duties or fees and interest thereon or penalties or costs in connection therewith |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “%” | percentage |

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

Hong Kong, 23 July 2012

For the purpose of this announcement, 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.

As at the date of this announcement, 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.