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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)

CONTINUING CONNECTED TRANSACTIONS

THE MASTER SALES & PROCUREMENT AGREEMENT

On 4 November 2013, the Company (for itself and on behalf of each of the CCT Subsidiaries) and COFCO Feed entered into the Master Sales & Procurement Agreement whereby the Group and COFCO Feed agreed to sell to and procure from each other the Animal Feed Products during the term of the Master Sales & Procurement Agreement.

LISTING RULES IMPLICATIONS

As of the date of this announcement, COFCO Hong Kong is interested in 45,058,000 Shares, representing approximately 17.22% of the issued share capital of the Company and hence a connected person of the Company. Since COFCO Hong Kong and COFCO Feed are fellow subsidiaries of COFCO, COFCO Feed is an associate of COFCO Hong Kong and a connected person of the Company.

As the relevant percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps exceed(s) 5%, the Transactions under the Master Sales & Procurement Agreement constitute non-exempt continuing connected transactions and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps).

The Company will convene an EGM to obtain the Independent Shareholders' approval regarding the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps). A circular containing, amongst other things, (i) further details of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps); (ii) the recommendation from the Independent Board Committee; (iii) the advice from the independent financial adviser in respect of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps); (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders and posted on the website of the Stock Exchange (www.hkexnews.com.hk) and the website of the Company (<http://www.greatchinaholdingsltd.com.hk>) on or around 25 November 2013.

BACKGROUND

Reference is made to the announcement of the Company dated 11 May 2011 and the circular dated 1 June 2011 in relation to the existing continuing connected transactions between the Group and COFCO Feed under the Existing Agreement. Pursuant to the Existing Agreement, the Group agreed to sell and COFCO Feed agreed to purchase from the Group fishmeal and tapioca chips.

The Existing Agreement will expire on 31 December 2013. The Company and COFCO Feed intend to continue to enter into transactions of a similar nature from time to time after the expiry date. In addition to supply of Animal Feed Products from the Group to COFCO Feed, COFCO Feed has agreed to reciprocally supply Animal Feed Products to the Group under the Master Sales & Procurement Agreement as detailed below.

THE MASTER SALES & PROCUREMENT AGREEMENT

On 4 November 2013, the Company (for itself and on behalf of each of the CCT Subsidiaries) and COFCO Feed entered into the Master Sales & Procurement Agreement whereby the Group and COFCO Feed agreed to sell to and procure from each other the Animal Feed Products during the term of the Master Sales & Procurement Agreement.

Date:

4 November 2013

Term:

The Master Sales & Procurement Agreement shall take effect from the latest of:

- (i) the date on which the Company and COFCO Feed duly executes the Master Sales & Procurement Agreement and the CCT Subsidiaries acknowledge in writing they agree to the Master Sales & Procurement Agreement;
- (ii) the date of approval of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) by the Independent Shareholders; or

(iii) 1 January 2014;

up to 31 December 2016.

Parties:

- (i) the Company (for itself and on behalf of each of the CCT Subsidiaries), as seller and purchaser; and
- (ii) COFCO Feed, as purchaser and seller.

Transaction nature

Pursuant to the Master Sales & Procurement Agreement, the Group and COFCO Feed agreed to sell to and procure from each other the Animal Feed Products during the term of the Master Sales & Procurement Agreement. Each Transaction shall be effected and governed by the relevant purchase order to be entered into between the relevant CCT Subsidiary and COFCO Feed.

Pricing and other terms

The pricing of the Animal Feed Products shall be determined with reference to:

- (i) the price set (when lack of such mandatorily-set price, the recommended price) by the PRC government (if any); or
- (ii) if no such price is mandatorily set or recommended by the PRC government, then the price shall be determined by the price agreed between the parties which should reflect the fair market price of the Animal Feed Products with the same terms and conditions.

The Group and COFCO Feed agreed that the terms of the Transactions shall be conducted on normal commercial terms, negotiated on an arm's length basis and be on similar basis as the Group transacts business with other independent third party customers and shall be on terms which are no less favourable or identical to those offered by the Group to such third party customers.

Payment terms

Details of the payment terms shall be agreed upon between the Group and COFCO Feed separately on a fair and reasonable basis. Unless otherwise agreed between the parties, all payment shall be settled within the same month as when it incurs.

Conditions precedent

The Master Sales & Procurement Agreement is conditional upon the Company having complied with the requirements under the Listing Rules in connection with the Master Sales & Procurement Agreement and the Transactions contemplated thereunder by issuance of an announcement and despatch of a circular to the Shareholders and the Independent Shareholders having approved the Master Sales & Procurement Agreement and the Transactions contemplated thereunder and the Proposed Annual Caps at the EGM.

Historical transaction amounts

The aggregate approximate amounts of the sale of the Animal Feed Products between the Group and COFCO Feed for the two years ended 31 December 2012 and the six months ended 30 June 2013 were as follows:

	For the year ended 31 December		For the six months ended
	2011	2012	30 June 2013
Sale of the Animal Feed Products by the Group to COFCO Feed (<i>HK\$</i>)	128,577,000	96,485,000	11,395,000
Sale of the Animal Feed Products by COFCO Feed to the Group (<i>HK\$</i>)	0	0	0

Proposed Annual Caps

The Proposed Annual Caps for the Transactions for the three years ending 31 December 2016 are set out as follows:

	For the year ending 31 December		
	2014	2015	2016
Proposed Annual Caps (Sales) (<i>HK\$</i>)	350,000,000	390,000,000	430,000,000
Proposed Annual Caps (Procurement) (<i>HK\$</i>)	120,000,000	130,000,000	150,000,000

Basis of the Proposed Annual Caps

The Proposed Annual Caps (Sales) for the three financial years ending 31 December 2014, 2015 and 2016 are determined with reference to (i) the historical sales amounts of the Animal Feed Products by the Group to COFCO Feed, and (ii) the Group's forecast of an annual increment of about 10% on the sales amount from 2014 to 2016.

The Proposed Annual Caps (Procurement) for the three financial years ending 31 December 2014, 2015 and 2016 are determined with reference to the Group's forecast of an annual increment of about 10% on the procurement amount from 2014 to 2016.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SALES & PROCUREMENT AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in trading of animal feed (including fishmeal and other animal feed), property investment and trading of properties. G.C. Luckmate Trading Limited, a wholly-owned subsidiary of the Group, has been engaging in trading of fishmeal products from various origins to the Far East for more than 20 years and is currently one of the largest fishmeal trading companies in Asia. "Luckmate" has developed into a strong and reputable brand, trusted by an array of well-established clientele.

COFCO Feed is principally engaged in import and export, domestic distribution and storage of feed products and processing and sales of compound, distilled and mixed feed products. COFCO Feed needs to import fishmeal products into the PRC through the Group by entering into the Master Sales & Procurement Agreement. The Board considers that the Master Sales & Procurement Agreement will facilitate the Group to establish a long-term and stable relationship with COFCO Feed which will in turn provide a secure source of revenue for the Group.

Based on the aforesaid and given that the Transactions will continue on a recurring basis, the Directors, excluding the independent non-executive Directors who will express their opinion in the circular to be despatched after considering the advice from the independent financial adviser, are of the view that the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) are (i) negotiated on an arm's length basis and on normal commercial terms; and (ii) fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As of the date of this announcement, COFCO Hong Kong is interested in 45,058,000 Shares, representing approximately 17.22% of the issued share capital of the Company and hence a connected person of the Company. Since COFCO Hong Kong and COFCO Feed are fellow subsidiaries of COFCO, COFCO Feed is an associate of COFCO Hong Kong and a connected person of the Company. The Transactions contemplated under the Master Sales & Procurement Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the relevant percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps exceed(s) 5%, the Transactions under the Master Sales & Procurement Agreement are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps).

The Company will convene an EGM to obtain the Independent Shareholders' approval regarding the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps). A circular containing, amongst other things, (i) further details of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps); (ii) the recommendation from the Independent Board Committee; (iii) the advice from the independent financial adviser in respect of the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps); (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules is expected to be

despatched to the Shareholders and posted on the website of the Stock Exchange (www.hkexnews.com.hk) and the website of the Company (<http://www.greatchinaholdingsltd.com.hk>) on or around 25 November 2013.

DEFINITIONS

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

“Animal Feed Products”	the products to be sold or procured by the Group to or from COFCO Feed pursuant to the Master Sales & Procurement Agreement, including fishmeal and other animal feed products
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCT Subsidiaries”	the subsidiaries of the Company which will sell and/or purchase the Animal Feed Products to/from COFCO Feed in accordance with the terms of the Master Sales & Procurement Agreement
“COFCO”	COFCO Corporation (中糧集團有限公司), a wholly state-owned company incorporated in the PRC in September 1952 and the holding company of each of COFCO Feed and COFCO Hong Kong
“COFCO Feed”	COFCO Feed Co., Ltd. (中糧飼料有限公司), a company established in the PRC with limited liability
“COFCO Hong Kong”	COFCO (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a substantial Shareholder
“Company”	Great China Holdings Limited (stock code: 141), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to approve the Master Sales & Procurement Agreement and the Transactions contemplated thereunder (including the Proposed Annual Caps) by the Independent Shareholders
“Existing Agreement”	the master sales agreement dated 11 May 2011 between the Company and COFCO Feed in relation to the sale of fishmeal and tapioca chips by the Group to COFCO Feed
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Lawrence Kam Kee YU <i>BBS, MBE, JP</i> , Mr. David Hon To YU and Mr. Hsu Chou WU
“Independent Shareholders”	Shareholders other than COFCO Hong Kong and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sales & Procurement Agreement”	the Master Sales & Procurement Agreement dated 4 November 2013 entered into between the Company (for itself and on behalf of each of the CCT Subsidiaries) and COFCO Feed in respect of the Transactions
“PRC”	the People’s Republic of China
“Proposed Annual Caps”	collectively, the Proposed Annual Caps (Sales) and Proposed Annual Caps (Procurement)
“Proposed Annual Caps (Procurement)”	the maximum aggregate annual value of the procurement of the Animal Feed Products by the Group from COFCO Feed under the Master Sales & Procurement Agreement for the three years ending 31 December 2014, 2015 and 2016
“Proposed Annual Caps (Sales)”	the maximum aggregate annual value of the sales of the Animal Feed Products by the Group to COFCO Feed under the Master Sales & Procurement Agreement for the three years ending 31 December 2014, 2015 and 2016
“Shares”	the ordinary shares of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the sales or procurement of the Animal Feed Products by the Group to or from COFCO Feed under the Master Sales & Procurement Agreement
“%”	per cent.

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

Hong Kong, 4 November 2013

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Rustom Ming Yu HO (Chairman of the Board), Mr. John Ming Tak HO (Managing Director), Mr. Patrick Kwok Wai POON and Mr. Maung Tun MYINT; one non-executive Director, namely, Ms. Yu Gia HO; and three independent non-executive Directors, namely, Mr. Lawrence Kam Kee YU BBS, MBE, JP, Mr. David Hon To YU and Mr. Hsu Chou WU.