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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

Share Price Decrease & Discloseable Transaction

On 20 October 2004, Jelson Enterprises Limited (“Jelson”), a wholly owned subsidiary of Great China Holdings Limited (“the Company”, and with its subsidiaries collectively, “the Group”), entered into a Sale and Purchase Agreement (“the Agreement”) with Shanghai Garden Properties Company Limited (“Shanghai Garden”, in Chinese: 上海嘉登置業有限公司), whereby Jelson agreed to purchase from Shanghai Garden properties consisting of (a) the whole third floor, with a gross floor area of 1,018.01 square metres; and (b) five car parking spaces on the basement, Block 1, Kingswell Garden, No 1 of Lane 3887 Hong Mei Road, Chang Ning District, Shanghai, the People’s Republic of China ((a) and (b) together, “the Properties”).

The aggregate consideration for the Properties is RMB8,000,000 (around HK\$7,547,170). The consideration has been or will be satisfied by: (1) a down payment of RMB1,100,000 that was paid when the Agreement was signed, (2) repayment of a bank loan on behalf of Shanghai Golden amounting to RMB5,900,000 when the Agreement was signed, and (3) a lump sum payment of RMB1,000,000 that will be paid when the transaction is completed, which is expected to be on or around 5 November 2004.

We have noted the recent decreases in the price of the shares of the Company and wish to state that we are not aware of any reasons for such decreases.

We also confirm that, except for the Discloseable Transaction detailed below and another possible acquisition of properties in negotiation (which, if concluded, may be a Discloseable Transaction as defined by rule 14.06 (2)), there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

Discloseable Transaction

On 20 October 2004, Jelson entered into the Agreement with Shanghai Garden whereby Jelson agreed to purchase from Shanghai Garden the Properties.

The aggregate consideration for the Properties is RMB8,000,000, which was determined with reference to the market value of the Properties and after arm's length negotiation between the two parties. The consideration has been or will be satisfied by the Group's internal source of fund in the following manner: (1) a down payment of RMB1,100,000 that was paid when the Agreement was signed, (2) repayment of a bank loan on behalf of Shanghai Golden amounting to RMB5,900,000 when the Agreement was signed, and (3) a lump sum payment of RMB1,000,000 that will be paid when the transaction is completed, which is expected to be on or around 5 November 2004.

The open market value of the Properties in existing state, as at 20 October 2004, is valued at RMB8,000,000 by FPD Savills (Hong Kong) Limited, a professional valuer independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates.

The Company confirms that, to the best of the directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Garden and the ultimate beneficial owner of Shanghai Garden are third parties independent of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Information Related to the Transaction

The principal business activities of the Group are property investment and general trading. The principal business activity of Shanghai Garden is property development.

Block 1 of Kingswell Garden is a four-storey building with a single-storey basement. The Group currently owns the ground, first and second floors. With the completion of the transaction, the Group will own all the floors of the building above the ground.

Currently, the ground floor of the building is leased to a Chinese restaurant. The first and second floors are serviced apartments operated by the Group. The third floor is a private club house operated by Shanghai Garden. The club house now shares with the Group the building's entrance lobby, which is on the ground floor with a net floor area of about 360 square metres. After acquiring all the floors above the ground, the Group will be able to modify the entrance lobby into an area suitable for commercial use. It is expected that the leasing out of the modified area will generate an annual rental income of around RMB560,000 to the Group.

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

Made by the order of Great China Holdings Limited, the Board of the directors of which individually and jointly accept responsibility for the accuracy of this statement.

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

25 October 2004, Hong Kong

The directors of the Company as at the date of this announcement are: Mr Rustom Ho Ming Yu (Chairman) and Mr John Ho Ming Tak (Managing Director) as Executive Directors; Mr Chiu Chui Yi as Non-executive Director; and Mr Lawrence Yu Kam Kee, Mr David Yu Hon To and Mr Wu Hsu Chou as Independent Non-executive Directors.

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