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大中華實業控股有限公司*

GREATER CHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 431)

website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

DISCLOSEABLE TRANSACTION IN RELATION TO THE PORT INFRASTRUCTURE COOPERATION AGREEMENT

Reference is made to the Company's announcement dated 29 October 2010 in respect of the Possible Disposal.

The Board announces that on 9 December 2010, Taicang Sinochem, an indirectly wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Chinanet pursuant to which Taicang Sinochem has agreed to cooperate with Chinanet on the design, construction, operation and sale in respect of the Port Infrastructure Project on the terms and conditions of the Cooperation Agreement.

As the highest of all applicable percentage ratios in respect of the transaction contemplated under the Cooperation Agreement is more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Notwithstanding the entering into of the Cooperation Agreement between Taicang Sinochem and Chinanet, the Company is still in negotiation with Chinanet in respect of the Possible Disposal. **However, the Board wishes to emphasize that no binding agreement in relation to the Possible Disposal has been entered into as at the date of this announcement. The Possible Disposal may or may not materialize. The Possible Disposal, if materialized, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Disposal will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate.**

Reference is made to the Company's announcement dated 29 October 2010 in respect of the Possible Disposal.

THE COOPERATION AGREEMENT

1. **Date:** 9 December 2010

2. **Parties:**

(i) *Party A:*

Taicang Sinochem, an indirect wholly-owned subsidiary of the Company

* For identification purpose only

(ii) *Party B:*

Chinanet

(iii) *Guarantors of Party B:*

The Guarantors

The Guarantors shall be jointly and severally liable for the obligations of Chinanet under the Cooperation Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Chinanet and its ultimate beneficial owner(s) (including the Guarantors) are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

3. Consideration

In consideration of the Cooperation, Chinanet shall pay Taicang Sinochem a fixed consideration of RMB30 million (about HK\$34.1 million) (the "Consideration"), which is payable on or before 14 December 2010. In addition to the payment of the Consideration, Chinanet shall bear all the liabilities, taxes, costs and expenses to be incurred in and all the business risks associated with the Port Infrastructure Project and will be entitled to all the economic benefits arising from the Port Infrastructure Project.

4. Major terms

Set out below is a summary of the major terms of the Cooperation Agreement:

- (1) Chinanet agrees to undertake the design, construction, operation and sale in respect of the Port Infrastructure Project.
- (2) Chinanet shall bear all the liabilities, taxes, costs and expenses to be incurred in and all the business risks associated with the Port Infrastructure Project and will be entitled to all the economic benefits arising from the Port Infrastructure Project.
- (3) Taicang Sinochem shall be entitled to request Chinanet to make punctual and full payments of all the subcontractors invoices, and government fees and taxes.
- (4) Chinanet shall be responsible for the submission of all necessary applications and obtaining all necessary approvals, license and consents from the relevant authorities for the Port Infrastructure Project, provided that Taicang Sinochem shall provide to Chinanet the necessary assistance without which the necessary approvals, license and consents from the relevant authorities cannot be obtained by Chinanet alone.
- (5) Chinanet shall not be entitled to change or modify any scope of work, quality standard or substantive implementation plan of the Port Infrastructure Project. Any such proposed change and modification shall be agreed by Taicang Sinochem and application for such proposed change and modification shall be submitted to the relevant regulatory authorities through Taicang Sinochem.

- (6) Chinanet shall be responsible for the safety management in connection with the Port Infrastructure Project and shall be liable for any death or personal injury of its employees or any third parties.
- (7) Taicang Sinochem shall have the right to terminate the Cooperation Agreement upon occurrence of, amongst others, any of the following:
 - (i) Chinanet delays to pay the Consideration for over 30 days; or
 - (ii) Chinanet causes Taicang Sinochem or its related parties to suffer substantial loss by committing criminal act.
- (8) Chinanet shall have the right to terminate the Cooperation Agreement upon occurrence of, amongst others, any of the following:
 - (i) Taicang Sinochem delays to hand over the Port Infrastructure Project to Chinanet over 30 days;
 - (ii) unless otherwise provided in the Cooperation Agreement, Taicang Sinochem interferes the operation of Chinanet to the extent that Chinanet cannot implement the Port Infrastructure Project.
- (9) If Taicang Sinochem delays to hand over the Port Infrastructure Project in breach of the terms and conditions of the Cooperation Agreement, it shall pay Chinanet a daily sum equivalent to 0.1% of the Consideration as compensation. If the delay persists for 30 days, Chinanet shall be entitled to terminate the Cooperation Agreement. In the event of termination of the Cooperation Agreement by Chinanet, Taicang Sinochem shall return the Consideration received and pay an additional sum equivalent to the Consideration to Chinanet as compensation, without prejudice to the right of Chinanet to claim for loss and damage against Taicang Sinochem.
- (10) If Chinanet delays to pay the Consideration in breach of the terms and conditions of the Cooperation Agreement, it shall pay Taicang Sinochem a daily sum equivalent to 0.1% of the Consideration received as compensation. If the delay persists for 30 days, Taicang Sinochem shall be entitled to terminate the Cooperation Agreement. In the event of termination of the Cooperation Agreement by Taicang Sinochem, Chinanet shall pay a sum equivalent to the Consideration to Taicang Sinochem as compensation, without prejudice to the right of Taicang Sinochem to claim for loss and damage against Chinanet.

INFORMATION OF TAICANG SINOCEM

Taicang Sinochem is a wholly foreign owned enterprise established in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the operation of depot facilities and industrial property development with focus on port infrastructure in Taicang City, Jiangsu Province, the PRC.

Pursuant to the business license of Taicang Sinochem, the scope of business of Taicang Sinochem includes construction of port infrastructure, development of petrochemical industry projects and operation and development of transportation related logistic facilities (excluding dangerous goods) (subject to granting of relevant operating permits). The principal assets of Taicang Sinochem comprise (i) the depot facilities with gross floor area of approximately 49,000 sq.m. with six depots in Taicang City, Jiangsu Province, the PRC; and (ii) a parcel of land with total site area of approximately 200,000 sq.m. in Taicang City, Jiangsu Province, the PRC which may be used for development of petrochemical factory (the "Land"). In addition, Taicang Sinochem owns two development rights, namely (i) the Development Right relating to the Port Infrastructure Project; and (ii) the development right to build and operate a petrochemical factory on the Land, which is in the planning stage.

INFORMATION OF THE PORT INFRASTRUCTURE PROJECT

The Port Infrastructure Project is a construction project involving coastline adjustment and reclamation works in Liu Jia port in Taicang port district, Taicang City, Jiangsu Province, the PRC with a total coastline length of approximately 4,800 metres.

In connection with the Port Infrastructure Project, as at the date of this announcement, the Group has spent approximately RMB14 million (about HK\$16 million) on the initial preparatory works (including without limitation engaging experts and professional advisers, preparing feasibility study reports, environmental impact reports and making applications to the relevant regulatory authorities) for the Port Infrastructure Project, and has been granted the Development Right relating to the Port Infrastructure Project by the relevant government authorities.

As a part of the coastline adjustment and reclamation works, sand, clay and rock from the seabed will need to be dredged (the “Dredging Work”) before the reclamation works can be commenced. Pursuant to the Review Opinion, the Dredging Work shall be completed within two years from the date of the Review Opinion (i.e. by the end of June 2011).

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

The Group is principally engaged in investment holding, production and sale of organic fertilizers and industrial property development with focus on depot infrastructure.

On 29 October 2010, the Company announced that the Vendors entered into a letter of intent with Chinanet in respect of the Possible Disposal. The Company has been negotiating with Chinanet on the terms and conditions of the Possible Disposal. However, as at the date of this announcement, no terms and conditions of the Possible Disposal have not been concluded by the Vendors and Chinanet. The Possible Disposal may or may not materialize.

As mentioned above, the Dredging Work must be completed by the end of June 2011. In view of the imminent deadline for the Dredging Work, there is a pressing need to commence the Dredging Work as soon as possible. As at the date of this announcement, the Group has spent approximately RMB14 million (about HK\$16 million) on the initial preparatory works for the Port Infrastructure Project. The Group estimates that further substantial amount of financial resources will need to be spent to complete the Port Infrastructure Project.

The Board believes that the entering into of the Cooperation Agreement is expected to confer the following commercial benefits to the Group:

- (1) By entering into the Cooperation Agreement, Chinanet shall commence the Dredging Work shortly.
- (2) The Group will receive a lump sum payment of RMB30 million (about HK\$34.1 million) on or before 14 December 2010, which will strengthen the financial position of the Group.
- (3) The Group will be freed from the capital requirement to inject funding to the Dredging Work and the Port Infrastructure Project.
- (4) Taicang Sinochem shall be relieved from and Chinanet shall bear all the liabilities, taxes, costs and expenses to be incurred in and all the business risks associated with the Port Infrastructure Project.

The terms and conditions of the Cooperation Agreement are entered into after arm's length negotiation between Taicang Sinochem and Chinanet and are on normal commercial terms.

Having considered the imminent deadline for the Dredging Work, the financial position of the Group, the costs and benefits of implementing the Port Infrastructure Project by the Group, the benefits of entering into the Cooperation Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Cooperation Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of all applicable percentage ratios in respect of the transaction contemplated under the Cooperation Agreement is more than 5% but less than 25%, such transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

POSSIBLE DISPOSAL

Reference is made to the Company's announcement dated 29 October 2010 in respect of the Possible Disposal. The Company has been negotiating with Chinanet on the terms and conditions of the Possible Disposal.

Notwithstanding the entering into of the Cooperation Agreement between Taicang Sinochem and Chinanet, the Company is still in negotiation with the Chinanet in respect of the Possible Disposal. **However, the Board wishes to emphasize that no binding agreement in relation to the Possible Disposal has been entered into as at the date of this announcement. The Possible Disposal may or may not materialize. The Possible Disposal, if materialized, may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement in respect of the Possible Disposal will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate.**

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Board”	the board of Directors
“Chinanet”	Chinanet Development Limited (中聯發展有限公司), a company incorporated in the British Virgin Islands with limited liability
“Company”	Greater China Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Cooperation”	the cooperation on the design, construction, operation and sale in respect of the Port Infrastructure Project between Taicang Sinochem and Chinanet under the Cooperation Agreement
“Cooperation Agreement”	the port infrastructure cooperation agreement (圍灘項目合作合同書) dated 9 December 2010 entered into between Taicang Sinochem (as Party A), Chinanet (as Party B) and the Guarantors (as guarantors of Chinanet) in relation to the Port Infrastructure Project

“Development Right”	the rights to implement the coastline adjustment and reclamation works including the Dredging Work in connection with the Port Infrastructure Project
“Director(s)”	the director(s) of the Company
“Guarantors”	(i) Lin Zhiqun Brett; (ii) Zhang Jing; (iii) Lin San; (iv) Wu Da Chao; (v) Yu Zhuo Yuan; and (vi) Li Tao, being the shareholders of Chinanet, together holding 100% of the issued share capital of Chinanet
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Port Infrastructure Project”	the port infrastructure construction project involving coastline adjustment and reclamation works in Liu Jia port in Taicang port district (太倉港區瀏家港), Taicang City, Jiangsu Province, the PRC with a total coastline length of approximately 4,800 metres
“Possible Disposal”	the possible disposal of certain equity interest in the Taicang Sinochem by the Vendors to Chinanet
“Review Opinion”	《蘇州港太倉港區瀏家港岸綫調整工程第一年度採砂可行性論證報告(送審稿) 審查意見》dated 1 July 2009 issued by the assessment board (專家評審委員會) of Changjiang Water Conservancy Committee# (長江水利委員會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taicang Sinochem”	太倉中化國際興業石化開發建設有限公司 (transliterated as Taicang Sinochem International Xingye Petrochemical Development Company Limited#), a wholly foreign owned enterprise established in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Vendors”	(i) Keycharm Investments Limited (基創投資有限公司), a company incorporated in the British Virgin Islands with limited liability and (ii) Toobright Limited (圖輝有限公司), a company incorporated in Hong Kong with limited liability, both of them are wholly-owned subsidiaries of the Company
“%”	per cent
“sq.m.”	square metres

By order of the board of
Greater China Holdings Limited
Ma Xiaoling
Chairman

Hong Kong, 10 December 2010

As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Ms. Chan Siu Mun as executive Directors; Mr. Chan Sze Hon as non-executive Director and Mr. Ching Men Ky Carl, Mr. Lin Ruei-min and Mr. Shu Wa Tung Laurence as independent non-executive Directors.

The English transliteration of Chinese name is included in this announcement for reference only and should not be regarded as its official English name.

For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of RMB0.88: HK\$1.00 for illustration purpose only.