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If you have sold or transferred all your shares in GLOBAL CHINA GROUP HOLDINGS LIMITED, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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GLOBAL CHINA GROUP HOLDINGS LIMITED

泛華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

GENERAL MANDATES TO REPURCHASE SHARES

AND

TO ISSUE SHARES

AND

AMENDMENT TO BYE-LAWS

29 April 2003

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on Tuesday, 24 June 2003 at 3:30 p.m. or any adjournment thereof
“Associates”	has the meaning ascribed thereto in the Listing Rules
“Company”	Global China Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in the notice of the Annual General Meeting
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and deal with new Shares in the manner as set out in the notice of the Annual General Meeting
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE CHAIRMAN



GLOBAL CHINA GROUP HOLDINGS LIMITED **泛華集團控股有限公司***

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Ho Tsu Kwok, Charles (*Chairman*)
Mr. Ho Kwok Fai
Mr. Jia Hong Ping
Mr. Jim Sui Hing
Mr. Lo Wing Hung
Mrs. Sy Wong Chor Fong
Mr. Wong Wai Ming
Mr. Yang Yiu Chong, Ronald Jeffrey

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

Sing Tao Building
1 Wang Kwong Road
Kowloon Bay
Hong Kong

Non-Executive Director:

Mr. Leung Chun Ying

Independent Non-Executive Directors:

Ms. Ho Chiu King, Pansy
Mr. Timothy David Dattels
Dr. Tong Yuk Lun, Paul
Mr. Tung Chee Chen

29 April 2003

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES AND AMENDMENT TO BYE-LAWS

INTRODUCTION

This circular contains information relating to the Repurchase Mandate, the Share Issue Mandate and the amendment to the existing bye-laws of the Company required to be sent to you in

* For identification purpose only

LETTER FROM THE CHAIRMAN

compliance with the Listing Rules so as to give you all information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions in relation thereto at the forthcoming Annual General Meeting.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 28 May 2002, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares of the Company. Under the Listing Rules, such general mandate will lapse at the conclusion of the forthcoming Annual General Meeting.

An ordinary resolution will therefore be proposed at the Annual General Meeting granting the Directors authority to repurchase Shares up to 10% of the share capital of the Company in issue as at the date of passing of the relevant resolution approving the Repurchase Mandate.

The Repurchase Mandate will, if granted, remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the bye-laws of the Company to be held; and (iii) its revocation or variation by an ordinary resolution of the shareholders of the Company in general meeting.

An explanatory statement as required under the Listing Rules to provide the requisite information concerning the Repurchase Mandate is set out in the appendix hereto.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company at the date of passing the relevant resolution approving the Share Issue Mandate.

The Share Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the bye-laws of the Company to be held; and (iii) its revocation or variation by an ordinary resolution of the shareholders of the Company in general meeting.

In addition, if the Repurchase Mandate is granted, an ordinary resolution will also be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate.

LETTER FROM THE CHAIRMAN

In respect of the Repurchase Mandate and the Share Issue Mandate, the Directors wish to state that they have no present intention to exercise the Repurchase Mandate to repurchase Shares nor the Share Issue Mandate to allot new Shares.

AMENDMENT TO BYE-LAWS

Following the coming into effect of the SFO on 1 April 2003, certain legislations in Hong Kong will be superseded by the new SFO. As a result, references to these legislations as stated in the existing bye-laws of the Company will become obsolete. A special resolution to make corresponding amendments to the existing bye-laws will therefore be put forward to the shareholders of the Company for approval at the Annual General Meeting.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is annexed to the Annual Report of the Company for the year ended 31 December 2002. Whether or not you propose to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company Secretary of the Company at 6th Floor, Tower B, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

RECOMMENDATION

The Directors consider that the Repurchase Mandate, the Share Issue Mandate, the extension of the Share Issue Mandate and the amendment to the existing bye-laws of the Company are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Ho Tsu Kwok, Charles
Chairman

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules. Its purpose is to provide shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised of 1,818,086,074 Shares.

On the basis that no further Shares are issued prior to the Annual General Meeting and subject to the passing of the relevant ordinary resolution approving the Repurchase Mandate, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 181,808,607 Shares. The Shares proposed to be repurchased must be fully-paid up.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interest of the Company and its shareholders. Repurchases of Shares made under the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the Company's net assets and/or its earnings per share and will only be made when the Directors consider that such repurchases will benefit the Company and its shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of the Bermuda. The Companies Act 1981 of Bermuda provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements for the year ended 31 December 2002) in the event that the Repurchase Mandate was to be exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2002		
April	0.375	0.300
May	0.440	0.315
June	0.600	0.380
July	0.540	0.260
August	0.355	0.285
September	0.490	0.310
October	0.350	0.305
November	0.455	0.310
December	0.425	0.360
2003		
January	0.460	0.380
February	0.415	0.360
March	0.390	0.300

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

6. TAKEOVERS CODE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Ho Tsu Kwok, Charles, Chairman of the Company, beneficially owned 810,895,000

Shares, representing approximately 44.60% of the issued share capital of the Company. On the basis that no further Shares are issued or repurchased and in the event that the Repurchase Mandate is exercised in full, the shareholding of Mr. Ho Tsu Kwok, Charles will be increased to approximately 49.56% of the issued share capital of the Company. The Directors believe that such an increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in takeover obligations.

7. GENERAL

None of the Directors, to the best of their knowledge, having made all reasonable enquiries, nor any of their respective associates has any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is approved by the shareholders of the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders of the Company.

8. SHARE PURCHASES MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries purchased any of the Company's Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.