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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)

Connected and Share Transaction

On 13 May, 2003 the Company entered into a conditional agreement with the Vendor to acquire the Sales Shares for an aggregate consideration of HK\$4,673,200 to be satisfied in full by the issue of 13,164,000 Consideration Shares. Such Consideration Shares represent approximately 0.724% of the existing issued share capital and 0.719% of the enlarged issued share capital of the Company, respectively. Completion of the Agreement is subject to, among other things, obtaining the necessary approval from Independent Shareholders.

Immediately prior to the execution of the Agreement, the Company held approximately 95.67% of the issued share capital of China Touch. Upon completion, China Touch will become a wholly-owned subsidiary of the Company. The Vendor is a director of both China Touch and the Company and therefore is a connected person of the Company under the Listing Rules. The entering into of the Agreement constitutes a connected transaction for the Company requiring approval of Independent Shareholders under Chapter 14 of the Listing Rules. The transaction involves the issue of Consideration Shares in respect of which an application for listing on the Stock Exchange will be sought. Accordingly, the entering into of the Agreement is also a share transaction under Rule 14.20 of the Listing Rules.

Under Rule 14.29 of the Listing Rules, the Company is required to despatch a circular to its shareholders containing details of the proposed connected and share transaction within 21 days from the date of publication of this announcement, being on or before 3 June, 2003.

Kingsway Capital Limited has been appointed by the Company as independent financial adviser to advise as to whether the transaction is fair and reasonable so far as the Independent Shareholders as a whole are concerned.

The issue price of the Consideration Shares of HK\$0.355 represents a premium of approximately 1.4% to the closing price of HK\$0.35 per share of the Company traded on the Stock Exchange on 12 May, 2003. The consideration payable under the transaction was determined with reference to the audited consolidated net asset value of China Touch as at 31 December, 2002 of approximately HK\$107.8 million. The Directors consider that the Agreement has been entered into on normal commercial terms, which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the shareholders of the Company as a whole are concerned.

THE AGREEMENT

Date: 13 May, 2003

Parties: (1) the Vendor; and
(2) the Company

Immediately prior to the execution of the Agreement, the Company held approximately 95.67% of the issued share capital of China Touch.

As at the date of this announcement, the Vendor has no shareholding in the Company and is not interested in any options or warrants convertible into shares of the Company.

Interest acquired by the Company: The Company agreed to purchase the Sale Shares, representing approximately 4.33% of the issued share capital of China Touch, from the Vendor for an aggregate consideration of HK\$4,673,200.

Consideration: The consideration payable by the Company for the Sale Shares will be satisfied in full by the allotment and issue of the Consideration Shares. The Consideration Shares will be credited as fully paid and will rank *pari passu* in all respects with the existing issued shares of the Company. No initial deposit shall be payable upon signing of the Agreement.

The issue price of the Consideration Shares of HK\$0.355 represents a premium of approximately 1.4% to the closing price of HK\$0.35 per share of the Company traded on the Stock Exchange on 12 May, 2003. The Consideration Shares constitutes approximately 0.724% of the existing issued share capital of the Company and approximately 0.719% of the enlarged issued share capital. Upon completion, China Touch will become a wholly-owned subsidiary of the Company.

Conditions:

Completion of the Agreement is conditional upon the fulfillment of all of the following:

- (i) the passing of all necessary resolutions by Independent Shareholders in a general meeting to approve the Agreement, the issue of the Consideration Shares, and any such other matters as may be contemplated in the Agreement, in such manner as may be required by the Listing Rules or by the Stock Exchange; and
- (ii) the listing of and permission to deal in all of the Consideration Shares being granted by the Listing Committee of the Stock Exchange (either unconditionally, or subject to conditions which are acceptable to the Vendor).

Completion:

Completion of the Agreement will take place upon the conditions set out above being fulfilled or satisfied, which is expected to be on or before 30 June, 2003 or such later date as the parties may agree.

It is expected that no new directors will be appointed to the board of China Touch nor will there be any change in board control of China Touch immediately following the completion of the Agreement.

CONNECTED AND SHARE TRANSACTION

The Vendor is a director of both China Touch and the Company and therefore is a connected person of the Company. The entering into of the Agreement constitutes a connected transaction for the Company requiring approval of Independent Shareholders under the Listing Rules. The transaction involves the issue of Consideration Shares in respect of which an application for listing on the Stock Exchange will be sought. Accordingly, the entering into of the Agreement is also a share transaction under Rule 14.20 of the Listing Rules.

Under Rule 14.29 of the Listing Rules, the Company is required to despatch a circular to its shareholders containing details of the proposed connected and share transaction within 21 days from the date of publication of this announcement, being on or before 3 June, 2003.

Kingsway Capital Limited has been appointed by the Company as independent financial adviser to advise as to whether the transaction is fair and reasonable so far as the Independent Shareholders as a whole are concerned.

An independent board committee will be established to advise the Independent Shareholders with respect to the Agreement in due course.

APPLICATION FOR LISTING

An application for the listing of, and permission to deal in, the Consideration Shares will be made by the Company to the Stock Exchange.

RATIONALE FOR ENTERING INTO THE AGREEMENT

The Directors consider that it would be in the interest of the Company to consolidate the shareholding structure of China Touch. China Touch is the holding company for the magazine operations of the Group, which form an integral part of the Group's core media businesses and comprise a portfolio of 8 titles in Greater China. In line with the Group's strategy, such businesses are being reorganised in order to provide increased synergies and an enhanced platform for further development. Increasingly, the media businesses will operate as an integrated unit. With China Touch becoming a wholly-owned subsidiary, the Company would have complete control over China Touch, thereby minimising any issue arising out of minority interests. The Directors believe that such buy-out will enhance the efficiency and cost-effectiveness of the Group as a whole.

BASIS FOR DETERMINING THE CONSIDERATION

The Directors consider that the Agreement has been entered into on normal commercial terms, which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the shareholders of the Company as a whole are concerned. The consideration payable under the transaction was determined with reference to the audited consolidated net asset value of China Touch as at 31 December, 2002.

INFORMATION ON CHINA TOUCH

China Touch is a company incorporated in the British Virgin Islands and is principally engaged in publication of magazines in Hong Kong. China Touch is the holding company for the magazine operations of the Group, which form an integral part of the Group's core media businesses and comprises a portfolio of 8 titles in Greater China. As at 31 December, 2002, the audited consolidated net asset value of China Touch amounted to approximately HK\$107.8 million.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) media ownership and services which comprise newspaper, magazine and book publishing and the provision of media-related services, (ii) human capital management which comprises corporate training, continuing education and recruitment media and (iii) broadband technology and services, in Hong Kong and the PRC.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe any securities.

DEFINITIONS

“Agreement”	means the agreement dated 13 May, 2003 entered into between the Vendor and the Company
“China Touch”	means China Touch Magazine Group (BVI) Limited, a company incorporated in the British Virgin Islands on 27 December, 2001
“Company”	means Global China Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange

“Consideration Shares”	mean 13,164,000 new shares of HK\$0.10 each in the capital of the Company to be allotted and issued by the Company as consideration for acquiring the Sale Shares
“Directors”	mean the directors (excluding the independent non-executive directors) of the Company
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	means shareholders of the Company other than the Vendor and his associates
“Listing Rules”	mean the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	mean the People’s Republic of China
“Sale Shares”	means 6,500,000 shares of HK\$1.00 each in the issued share capital of China Touch to be purchased by the Company from the Vendor pursuant to the Agreement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Vendor”	means Mr. Ho Kwok Fai

By Order of the Board
Wong Wai Ming
Executive Director

Hong Kong, 13 May, 2003

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.