
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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 transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

CONNECTED AND SHARE TRANSACTION
AND
SHARE PREMIUM REDUCTION

Independent Financial Adviser to the Company



A letter from Kingsway Capital Limited containing its advice to the Independent Board Committee is set out on pages 10 to 13 of this circular.

A notice dated 30 May, 2003 convening a special general meeting of the Company to be held at Function Room, 6/F, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong on Tuesday, 24 June, 2003 at 4:00 p.m. (or soon thereafter as the annual general meeting of the Company convened at 3:30 p.m. at the same place and date shall have been concluded or adjourned) is set out at the end of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event at least 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

30 May, 2003

* For identification purposes only

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DEFINITIONS

In this circular, the following expressions have the meanings as set out below unless the context requires otherwise:

“Agreement”	an agreement entered into between the Company and the Vendor dated 13 May, 2003
“Board”	board of directors of the Company
“China Touch”	China Touch Magazine Group (BVI) Limited, a company incorporated in the British Virgin Islands on 27 December, 2001
“Company” or “Global China”	Global China Group Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the main board of the Stock Exchange
“Consideration”	the consideration payable by the Company for acquiring the Sale Shares under the Agreement
“Consideration Shares”	13,164,000 new Shares to be allotted and issued by the Company as Consideration for acquiring the Sale Shares
“Directors”	directors of the Company
“Distribution”	the proposed distribution of HK\$0.01 per Share to Shareholders
“Group”	Global China and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Directors, consisting of Ms. Ho Chiu King, Pansy, Mr. Timothy David Dattels, Dr. Tong Yuk Lun, Paul and Mr. Tung Chee Chen, being independent non-executive Directors, formed to advise the Independent Shareholders of the terms of the proposed connected and share transaction
“Independent Shareholders”	shareholders of the Company other than the Vendor and his associates

DEFINITIONS

“Kingsway”	Kingsway Capital Limited, a deemed licensed corporation of the Securities and Futures Commission of Hong Kong under the SFO (previously an investment adviser registered under the repealed Securities Ordinance (Chapter 333 of the Laws of Hong Kong)) to carry on a business in Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, which has been appointed as the independent financial adviser to the Independent Board Committee in relation to the Agreement
“Latest Practicable Date”	27 May, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Sale Shares”	6,500,000 shares of HK\$1.00 each in the issued share capital of China Touch
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Premium Reduction”	the proposed reduction of the share premium account of the Company as set out in this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“Special General Meeting”	the special general meeting of the Company to be convened on 24 June, 2003, notice of which is set out at the end of this circular, or any adjournment thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Ho Kwok Fai

LETTER FROM THE BOARD



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

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

Principal Office:

Sing Tao Building
1 Wang Kwong Road
Kowloon Bay
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

30 May, 2003

To the Shareholders

Dear Sir or Madam,

CONNECTED AND SHARE TRANSACTION AND SHARE PREMIUM REDUCTION

INTRODUCTION

On 13 May, 2003, the Company entered into a conditional agreement with the Vendor to purchase the Sale Shares for an aggregate consideration of HK\$4,673,200 to be satisfied in full by the issue of the Consideration Shares. Completion of the Agreement is subject to the conditions set out in the section headed "The Agreement" in this letter.

* For identification purposes only

LETTER FROM THE BOARD

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 requiring approval of the Independent Shareholders under Chapter 14 of the Listing Rules. The transaction involves the issue of the 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.

In addition, the Directors announced on 24 April, 2003 that the Distribution be recommended to be paid to Shareholders subject to the passing of a special resolution at the Special General Meeting approving, among other things, the Share Premium Reduction and the elimination of the accumulated losses of the Company. The Distribution, if approved, will be paid to Shareholders whose names appear on the register of members of the Company on 24 June, 2003 and the Distribution cheques will be despatched to Shareholders on or before 27 June, 2003.

The purpose of this circular is to provide you with further information in relation to the proposed connected and share transaction, the Share Premium Reduction, the elimination of the accumulated losses and the Distribution and to seek your approval of the resolutions set out in the notice of the Special General Meeting at the end of this circular.

THE AGREEMENT

Date of the Agreement

13 May, 2003

Parties

- (1) the Vendor; and
- (2) the Company

As at the Latest Practicable Date, 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 has 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.

LETTER FROM THE BOARD

Consideration

The Consideration 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 Shares. No initial deposit has been paid 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 traded on the Stock Exchange on 12 May, 2003, being the last trading day prior to the date of the announcement of the Agreement, and a premium of approximately 0.4% to the average closing price of HK\$0.3535 per Share for the ten consecutive trading days prior to the date of the announcement of the Agreement, from 25 April, 2003 to 12 May, 2003 (both days inclusive). The Consideration Shares constitute 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 a resolution by the Independent Shareholders voting at the Special 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.

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 the Independent Shareholders under Chapter 14 of the Listing Rules. The transaction involves the issue of the 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.

LETTER FROM THE BOARD

The Independent Board Committee consisting of the independent non-executive Directors has been formed to advise the Independent Shareholders of the terms of the proposed connected and share transaction. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 9 of this circular.

Kingsway has been appointed as independent financial adviser to advise the Independent Board Committee as to whether the proposed connected and share transaction is fair and reasonable so far as the Shareholders as a whole are concerned. The letter from Kingsway containing its advice and recommendation, and the principal factors and the reasons taken into account in arriving at its recommendation, is set out on pages 10 to 13 of this circular.

APPLICATION FOR LISTING

An application for the listing of, and permission to deal in, the Consideration Shares has been 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, which is the holding company for the magazine operations of the Group. The magazine operations currently comprise a portfolio of 8 magazine titles in Greater China and form an integral part of the Group's core media businesses. 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 of the Company, 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 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, which amounted to approximately HK\$107.8 million.

The audited consolidated net asset value of the Company as at 31 December, 2002 was approximately HK\$1,153.7 million or approximately HK\$0.635 per Share whereas the audited consolidated net tangible asset value of the Company as at such date was approximately HK\$1,275.2 million or approximately HK\$0.701 per Share. Following completion of the transaction, such consolidated net asset value and consolidated net tangible asset value will be

LETTER FROM THE BOARD

increased by approximately HK\$4.67 million, whereas the net asset value per Share and the net tangible asset value per Share will be reduced, due to the issue of the Consideration Shares. The Directors consider that the issue of the Consideration Shares is an appropriate method to satisfy the Consideration and is in the best interests of the Company.

SHARE PREMIUM REDUCTION

It is proposed that, subject to the conditions set out below, the share premium account of the Company be reduced by HK\$964,361,496, of which HK\$475,430,827 will be applied towards the elimination of the accumulated losses and the remaining balance of HK\$488,930,669 will be credited to the contributed surplus account of the Company.

Reasons for the Share Premium Reduction

As at 31 December, 2002, the Company recorded accumulated losses of HK\$475,430,827. The Directors consider that the Share Premium Reduction will enable the Company to eliminate the accumulated losses in full. As a result, the Company will be able to make the Distribution as well as be positioned to make any future dividends and/or distributions from its future retained profits. The Directors consider that the Share Premium Reduction is in the best interest of the Company and the Shareholders as a whole.

Effect of the Share Premium Reduction

The effect of the Share Premium Reduction on the components of the shareholders' funds of the Company is set out below:

	Before Share Premium Reduction as at 31 December, 2002	After Share Premium Reduction becomes effective
	<i>HK\$'000</i>	<i>HK\$'000</i>
Shareholders' Funds		
Issued share capital	181,809	181,809
Share premium account	964,361	—
Contributed surplus	104,950	593,880
Accumulated losses	(475,431)	—
	<hr/>	<hr/>
Total	<u>775,689</u>	<u>775,689</u>

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Directors consider that the implementation of the Share Premium Reduction will not affect the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders.

LETTER FROM THE BOARD

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional, amongst other things, upon the following:

- (i) the passing by the Shareholders of a special resolution in relation to the Share Premium Reduction to be proposed at the Special General Meeting; and
- (ii) the publication of a notice in relation to the Share Premium Reduction in Bermuda in accordance with section 46 of the Companies Act 1981 of Bermuda (as amended).

The Share Premium Reduction, if approved by the Shareholders, will become effective immediately after the passing of the relevant special resolution at the Special General Meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 9 of this circular; the letter from Kingsway, the independent financial adviser to the Independent Board Committee in respect of the connected and share transaction, set out on pages 10 to 13 of this circular and to the information set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board of
Global China Group Holdings Limited
Wong Wai Ming
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



GLOBAL CHINA GROUP HOLDINGS LIMITED

泛華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

30 May, 2003

To the Independent Shareholders

Dear Sir/Madam,

CONNECTED AND SHARE TRANSACTION

We refer to the letter from the Board set out on pages 3 to 8 of the circular dated 30 May, 2003 (the “Circular”) to shareholders of the Company which contains details of, amongst other matters, the Agreement and in which this letter is to be included. Terms defined in the Circular shall have the same meanings in this letter.

Under the Listing Rules, the Agreement is required to be approved by the Independent Shareholders at the Special General Meeting. We, as the independent non-executive Directors, have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Agreement and to advise the Independent Shareholders in relation to them. The Independent Board Committee has appointed Kingsway as independent financial adviser to advise it as to whether the terms of the Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from Kingsway containing its advice regarding the Agreement, as set out on pages 10 to 13 of the Circular and in which this letter is to be included, in particular the paragraph “Recommendation” as set out thereto.

Having considered the terms of the Agreement and the advice given by Kingsway, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution in relation to the approval of the connected and share transaction set out in the notice of the Special General Meeting at the end of the Circular.

Yours faithfully,
Ms. Ho Chiu King, Pansy
Mr. Timothy David Dattels
Dr. Tong Yuk Lun, Paul
Mr. Tung Chee Chen
Independent Board Committee

* *For identification purposes only*

LETTER FROM KINGSWAY

The following is the full text of the letter of advice to the Independent Board Committee from Kingsway dated 30 May, 2003 prepared for incorporation in this circular.



30 May, 2003

*To The Independent Board Committee of
Global China Group Holdings Limited*

Dear Sirs,

CONNECTED AND SHARE TRANSACTION

We have been engaged to advise the Independent Board Committee in respect of the terms of the Agreement, details of which are set out in the circular dated 30 May, 2003 (the “Circular”) to shareholders of the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular.

In formulating our opinion, we have assumed that all information, representations and opinions contained or referred to in the Circular are true, accurate and complete in all respects and that they may be relied upon and continue to be so at the date of the despatch of the Circular. We are not aware of any factors, which may render such information and representations untrue, inaccurate or misleading.

We consider that we have reviewed sufficient information to enable us to reach an informed view and we have no reason to suspect that any material information has been omitted or withheld to justify us relying on the accuracy of the information contained in the Circular and to provide us with a reasonable basis for our advice. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company and its subsidiaries.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion as regards the terms of the Agreement, we have taken the following principal factors into account:

- (i) The Company agreed to purchase from the Vendor 6,500,000 Sale Shares, representing about 4.33% of the issued share capital of China Touch for an aggregate consideration of HK\$4,673,200. Immediately prior to the execution of the Agreement, the Company held about 95.67% of the issued share capital of China Touch. As stated in the “Letter

LETTER FROM KINGSWAY

from the Board”, the Directors consider that it would be in the interest of the Company to consolidate the shareholding structure of China Touch. With China Touch becoming a wholly-owned subsidiary, the Company would have complete control over China Touch, thereby minimise 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.

As stated in the “Letter from the Board”, 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 comprise a portfolio of 8 titles in Greater China. The Group is principally engaged in (i) media ownership 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.

It is noted that the Directors consider 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. Taking into consideration the details discussed in the following paragraphs, we are of the view that the terms of the transaction, on the whole, are fair and reasonable.

- (ii) It is also noted that 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. The Consideration represents the audited consolidated net asset value of China Touch attributable to the Sale Shares as at 31 December, 2002.

Based on the issue price of HK\$0.355 per Consideration Share, which is the average closing price of the last five trading days prior to the date of the announcement of the Agreement (the “Announcement”), from 5 May, 2003 to 12 May, 2003 (both days inclusive), a total of 13,164,000 Shares will be issued by the Company representing about 0.724% of the existing issued Shares as at the Latest Practicable Date and about 0.719% of the issued share capital of the Company as enlarged by such issue. The interests of the existing shareholders of the Company will be diluted from 100% to about 99.281%. As stated in the “Letter from the Board”, the Directors consider that the issue of the Consideration Shares is an appropriate method to satisfy the Consideration and is in the interest of the Company. The Consideration Shares provide an incentive to the Vendor, who is a director of both the Company and China Touch, to contribute

LETTER FROM KINGSWAY

towards improving the performance of the Group by further developing the magazine operations and by maximizing the synergies between the different media businesses of the Group. As such, we are of the view that the payment by way of the Consideration Shares is, on the whole, an appropriate method to satisfy the Consideration and we consider that the dilution in existing shareholders' interest is immaterial.

The issue price per Consideration Share represents a premium of about 1.4% over the closing price of HK\$0.35 per Share traded on the Stock Exchange on 12 May, 2003, being the last trading day prior to the date of the Announcement, and a premium of about 0.4% to the average closing price of HK\$0.3535 per Share for the ten consecutive trading days prior to the date of the Announcement, from 25 April, 2003 to 12 May, 2003 (both days inclusive). It is also noted that the issue price per Consideration Share represents a discount of about 44% to the net asset value per Share of about HK\$0.635 as at 31 December, 2002. Please also refer to the following paragraphs on discussion of the discount of the issue price per Consideration Share to net asset value per Share.

- (iii) As stated in the "Letter from the Board", the audited consolidated net asset value of the Company was about HK\$1,153.7 million or about HK\$0.635 per Share as at 31 December, 2002 whereas the audited consolidated net tangible asset value of the Company was about HK\$1,275.2 million or about HK\$0.701 per Share. Following completion of the transaction, such consolidated net asset value of the Group and consolidated net tangible asset value of the Group will be increased by about HK\$4.67 million, whereas the net asset value per Share and the net tangible asset value per Share will be decreased due to the issue of the Consideration Shares.

As mentioned above, the Directors are of the view that the transaction will result in the Company having complete control over China Touch, thereby minimise any issue arising out of minority interests. We are of the view that, in the present case, the issue price per Consideration Share has to be set with reference to the prevailing market price, otherwise no vendor will consider it normal commercial terms to accept an issue price at net asset value, in particular, when the Consideration Shares are also expected to act as incentive to the Vendor to continue towards improving the performance of the Group by further developing the magazine operations and by maximizing the synergies between the different media businesses of the Group.

On the basis of the above, we consider that the discount of about 44% of the issue price per Consideration Share to the consolidated net asset value per Share as at 31 December, 2002, the subsequent decrease in net asset value per Share and the dilution in existing shareholders' interests are acceptable and that the terms of the transaction, on the whole, are fair and reasonable.

LETTER FROM KINGSWAY

RECOMMENDATION

Having considered the above principal factors, we are of the opinion that the Agreement as mentioned in the “Letter from the Board”, on the whole, is fair and reasonable so far as the Independent Shareholders as a whole are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the Special General Meeting in respect of the terms of the Agreement.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Sandy Yip
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of interests maintained by the Company under the SFO, the Shareholders who were interested in 5% or more of the issued share capital carrying rights to vote at general meetings of the Company were as follows:

Name	Number of Shares held	% of the existing issued share capital
Luckman Trading Limited	808,396,000	44.46%
Stagelight Group Limited	163,919,000	9.02%
Great Diamond Developments Limited	137,919,000	7.59%

Saved as disclosed above, none of the Directors or the chief executive of the Company is aware of any person who, as at the Latest Practicable Date, has an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

3. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept under section 352 of the SFO were as follows:

The Company

Name of Directors	Type of interests	Number of Shares Interested	Number of Options
Ho Tsu Kwok, Charles	Corporate (<i>Note 1</i>)	810,895,000	Nil
Jia Hong Ping	Personal	Nil	3,500,000
Sy Wong Chor Fong	Corporate (<i>Note 2</i>)	163,919,000	Nil
	Personal	1,250,000	1,154,000
Wong Wai Ming	Personal	442,000	36,000,000
Yang Yiu Chong, Ronald Jeffrey	Personal	Nil	4,660,000
Ho Kwok Fai	Personal (<i>Note 3</i>)	13,164,000	Nil

Notes:

- (1) Of these Shares, 808,396,000 Shares are held by Luckman Trading Limited and 2,499,000 Shares are held by Yosham Limited. Both of these companies are beneficially owned by Mr. Ho Tsu Kwok, Charles.
- (2) These Shares are held by Stagelight Group Limited, which is beneficially owned by Mrs. Sy Wong Chor Fong and her family members.
- (3) Mr. Ho Kwok Fai is deemed to have an interest in these 13,164,000 Shares pursuant to Divisions 7 and 8 of Part XV of the SFO which will be allotted and issued to him upon completion of the proposed connected and share transaction.

Subsidiary

Name of Director	Name of subsidiary	Type of interests	Number of Shares
Ho Kwok Fai	China Touch	Personal (<i>Note</i>)	6,500,000

Note: These shares will be transferred to the Company or its nominee(s) upon completion of the proposed connected and share transaction.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO); or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

4. CONSENT AND QUALIFICATIONS OF EXPERT

Kingsway was registered with the Securities and Futures Commission as an investment adviser under the repealed Securities Ordinance. With the SFO coming into effect on 1 April, 2003, Kingsway is a deemed licensed corporation of the Securities and Futures Commission entitled to carry on a business in Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. As at the Latest Practicable Date, Kingsway has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice letter in respect of the connected and share transaction, and reference to its name in the form and context in which they appear.

Kingsway is not beneficially interested in the share capital of any member of the Group and does not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December, 2002, the date of the latest published audited financial statements of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. GENERAL

- (a) The secretary of the Company is Mr. Kuan Chi Yuen who is an associate member of The Hong Kong Institute of Company Secretaries.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office of the Company in Hong Kong is situated at Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.
- (c) The Hong Kong branch share registrar of the Company is Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text for the purposes of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 6th Floor, Tower B, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong, up to and including 24 June, 2003.

- (a) the Agreement;
- (b) the written consent of Kingsway referred to in paragraph 4 of this appendix; and
- (c) the advice letter from Kingsway dated 30 May, 2003, the text of which is set out on pages 10 to 13 of this circular.

NOTICE OF SPECIAL GENERAL MEETING



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

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Global China Group Holdings Limited (the “**Company**”) will be held at Function Room, 6/F, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong on Tuesday, 24 June, 2003 at 4:00 p.m. (or soon thereafter as the annual general meeting of the Company convened at 3:30 p.m. at the same place and date shall have been concluded or adjourned) for the purpose of considering and if thought fit, passing with or without modifications the following resolutions as a special resolution and ordinary resolutions respectively:

SPECIAL RESOLUTION

1. **“THAT:**

- (a) the share premium account of the Company be reduced from HK\$964,361,496 by the amount of HK\$964,361,496 to nil and that the directors of the Company be and are hereby authorised to apply such reduced amount towards elimination of the accumulated losses of the Company in the amount of HK\$475,430,827, and to credit the remaining balance of HK\$488,930,669 to the contributed surplus account of the Company; and
- (b) the directors of the Company be and are hereby authorised generally to do all acts and things which they may consider appropriate, necessary or desirable to give effect to or implement the foregoing.”

ORDINARY RESOLUTIONS

- 2. **“THAT** subject to the passing of the special resolution approving the reduction of share premium account of the Company as set out in the special resolution numbered 1 of the notice convening this Meeting, a distribution of HK\$0.01 per share shall be paid to shareholders whose names appear on the Register of Members of the Company as at 24 June, 2003.”
- 3. **“THAT** the connected and share transaction as described in the paragraph headed “The Agreement” under the section “Letter from the Board” of the circular of the Company dated 30 May, 2003, including the allotment and issue of the Consideration Shares, be

* *For identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

and is hereby approved and the directors of the Company be and are hereby authorised generally to do all such further acts and things and execute such further documents and take all such steps which in their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the connected and share transaction.”

By Order of the Board
Kuan Chi Yuen
Company Secretary

Hong Kong, 30 May, 2003

Notes:

1. A member entitled to attend and vote at the Special General Meeting is entitled to appoint one (or if holding two or more shares, more than one) proxy to represent and vote on his behalf at such meeting. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited with the Company Secretary of the Company at 6th Floor, Tower B, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong, at least 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.
3. The register of members of the Company will be closed from Thursday, 19 June 2003 to Tuesday, 24 June 2003, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the said meeting, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 18 June 2003.



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

(Incorporated in Bermuda with limited liability)

**Form of proxy for use at the Special General Meeting
to be held at 4:00 p.m. on Tuesday, 24 June, 2003**

I/We ^(note 1) _____
of _____
being the registered holder(s) of _____ shares ^(note 2) of HK\$0.10 each
in the capital of **Global China Group Holdings Limited** (the “Company”), hereby appoint THE CHAIRMAN OF
THE MEETING ^(note 3), or failing him _____
of _____
as my/our proxy to attend and vote for me/us and on my/our behalf at the special general meeting (or at any
adjournment thereof) of the Company to be held at Function Room, 6/F, Sing Tao Building, 1 Wang Kwong
Road, Kowloon Bay, Hong Kong on Tuesday, 24 June, 2003 at 4:00 p.m. (or so soon thereafter as the annual
general meeting of the Company convened at 3:30 p.m. at the same place and date shall have been concluded or
adjourned) in respect of the resolutions set out in the notice convening the said meeting as hereunder indicated,
and, if no such indication is given, as my/our proxy thinks fit.

	For ^(note 4)	Against ^(note 4)
Special Resolution No. 1 — Share Premium Reduction		
Ordinary Resolution No. 2 — Distribution of HK\$0.01 per share		
Ordinary Resolution No. 3 — Connected and Share Transaction		

Dated this _____ day of _____ 2003 Signature ^(note 5) _____

Notes :

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the capital of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, please delete the words “**THE CHAIRMAN OF THE MEETING**” and insert the name and address of the proxy desired in the space provided. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE MEETING WILL ACT AS YOUR PROXY.**
4. **IMPORTANT : IF YOU WISH TO VOTE FOR ANY OF THE RESOLUTIONS SET OUT ABOVE, PLEASE TICK THE BOX MARKED “FOR”. IF YOU WISH TO VOTE AGAINST ANY RESOLUTIONS, TICK THE BOX MARKED “AGAINST”.** Failure to tick the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
5. This form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, this form of proxy must be under its common seal or under the hand of an officer or attorney duly authorized.
6. If more than one of the joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares will alone be entitled to vote in respect of them.
7. To be valid, this form of proxy together with any power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority must be deposited with the Company Secretary of the Company at 6th Floor, Tower B, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong not less than 48 hours before the time appointed for holding of the said meeting or any adjournment thereof.
8. A member is entitled to appoint one (or if holding two or more shares, more than one) proxy to attend and vote instead of him. A proxy need not be a member of the Company, but must attend the meeting in person to represent you.
9. Any alterations made in this form should be initialled by the person who signs it.

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