PUBLIC HOLDINGS (AUSTRALIA) LIMITED
A.C.N. 000 332 918

25 June 2003

The Manager Companies
Australian tock Exchange

Dear Sir

At the annual general meeting of Public Holdings (Australia) Limited ('PHA' or the 'Company') in May 2003, shareholders approved the following resolution:

> *"To consider and resolve the business proposal of exporting Australian wine to China, including the possibility of acquiring an import agent in China and investing approximately $2 million Australian dollars in the said agent"*

Consistent with that resolution, PHA has entered into a conditional agreement to establish a new PRC joint venture company to operate a wine business in the PRC as well as engaging in the international trade of food and necessities in China. The transaction will see the newly incorporated entity purchase the assets of Shanghai Classic Wine & Food Co., Ltd ('SCWF') which currently operates a wholesale wine business in the PRC.

The joint venture agreement is subject to any conditions or requirements as may be imposed by ASX.

By way of background, PHA proposes to incorporate a new joint venture entity in the PRC. That entity will operate the retail and wholesale wine business. PHA's joint venture partners will be 3 individuals in the PRC who currently own and operate SCWF, a company engaged in a wine business in China (the 'Vendors'). The Vendors will transfer all of the assets (including wine stocks) of SCWF to the new joint venture entity as part of the transaction.

PHA will inject AUD500,000 into the new entity and be entitled to a 90% interest in the new joint venture company. Though the Vendors are not required to inject cash into the new company, they will hold the remaining 10% interest. A further 'bonus' payment of RMB 200,000 is payable to the Vendors once the new entity has been established and following completion of the transfer of the assets. PHA is responsible for fees related to the company application and registration but is to be reimbursed by the new entity following its establishment.

Each of the Vendors will enter into a 5 year employment contract with the new joint venture and will be responsible for the daily operation and management of the new entity. At the end of the five year period, PHA will facilitate the transfer of the Vendors' 10% interest at a purchase price of not less than RMB1 million (with PHA liable for any shortfall of that price).

The transaction is set out in a joint venture agreement which is subject to PRC law and which is conditional on any requirements as may be imposed by ASX.

T Linardos
Company Secretary

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