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Directors:

LO Yuk Sui (*Chairman and Managing Director*)

- * Anthony CHUANG
- Tommy LAM Chi Chung
- Kitty LO LEE Kit Tai
- Jimmy LO Chun To
- Kenneth NG Kwai Kai
- * NG Siu Chan

Head office and principal place of business:

18th Floor
Paliburg Plaza
68 Yee Wo Street
Causeway Bay
Hong Kong

* *Independent Non-Executive Directors*

30th April, 2003

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATE TO REPURCHASE SHARES AND ALTERATION OF BYE-LAWS

The purpose of this circular is to provide to Shareholders of the Company further information on the resolutions relating to (1) the grant of a general mandate (the "Repurchase Mandate") to the Directors for the repurchase of shares of the Company on the terms set out in the Ordinary Resolution 4(A) (the "Repurchase Proposal") and (2) the alteration to the Bye-laws of the Company (the "Bye-laws") in the manners set out in the Special Resolution, to be proposed at the forthcoming Annual General Meeting of the Company to be held on 12th June, 2003 (the "Annual General Meeting"). The notice of the Annual General Meeting is contained in the accompanying 2002 Annual Report of the Company.

General Mandate to Repurchase Shares

The Directors wish to seek the approval of Shareholders to the Repurchase Mandate for the Repurchase Proposal. The explanatory statement regarding the Repurchase Proposal required to be sent to Shareholders in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) is set out in the Appendix to this circular.

Alteration to the Bye-laws

The proposed alteration to the Bye-laws is to adopt the appropriate reference of the meaning of “recognised clearing house” as ascribed in the Securities and Futures Ordinance of Hong Kong, which came into force on 1st April, 2003, in the definition provisions of the Bye-laws.

Yours faithfully,

LO YUK SUI
Chairman

APPENDIX

This is the explanatory statement to provide requisite information to you for your consideration of the Repurchase Proposal, as required by the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

1. SHARE CAPITAL

As at 24th April, 2003 (the latest practicable date prior to the printing of this statement), the issued share capital of the Company comprised 3,816,773,953 shares of HK\$0.10 each.

Subject to the passing of the Ordinary Resolution 4(A) referred to above, the Company would be allowed under the buy back mandate to repurchase a maximum of 381,677,395 shares on the assumption that there will be no variation in the issued share capital of the Company during the period up to 12th June, 2003.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Proposal is in the interests of the Company and its Shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share or may otherwise be in the interests of the Company, and will only be made when the Directors believe that such purchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

Pursuant to the buy back mandate, repurchases would be funded entirely from the Company's funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-laws and the laws of Bermuda. It is presently proposed that any shares repurchased under the buy back mandate would be funded out of the capital paid up on the repurchased shares, the profits of the Company which would otherwise be available for dividend, the Company's share premium account and/or its contributed surplus account.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2002) in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the buy back 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 of the Company have traded on the Stock Exchange in each of the previous twelve months were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2002	0.040	0.028
May 2002	0.051	0.039
June 2002	0.045	0.035
July 2002	0.044	0.018
August 2002	0.033	0.025
September 2002	0.028	0.023
October 2002	0.027	0.021
November 2002	0.029	0.022
December 2002	0.026	0.019
January 2003	0.024	0.019
February 2003	0.026	0.020
March 2003	0.030	0.018

5. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any shares to the Company under the Repurchase Proposal if such is approved by Shareholders.

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 Ordinary Resolution 4(A) in accordance with the Listing Rules and the laws of Bermuda.

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

As at 24th April, 2003 (the latest practicable date prior to the printing of this statement), I, being the Chairman and controlling shareholder of the Company, am beneficially interested in approximately 50.8% of the issued share capital of the Company. Accordingly, the Directors are not aware of any consequences which may arise under the Hong Kong Code on Takeovers and Mergers even if the repurchase mandate granted to the Directors pursuant to the Repurchase Proposal were to be carried out in full.

6. SHARE PURCHASES MADE BY THE COMPANY

The Company has not purchased any of its shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this statement.