

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your 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 Sa Sa International Holdings Limited, you should at once hand this circular together with the form of proxy and the annual report of Sa Sa International Holdings Limited 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 the transferee.

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SA SA INTERNATIONAL HOLDINGS LIMITED

莎莎國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 178)

**REFRESHMENT OF THE SCHEME MANDATE ON THE GRANT
OF OPTIONS UNDER THE SHARE OPTION SCHEME,
GENERAL MANDATES TO ISSUE
AND PURCHASE SHARES, AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

A notice convening an annual general meeting of Sa Sa International Holdings Limited to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 26th August 2004 at 11:00 a.m. is set out on pages 133 to 152 of the annual report of the Company for the year ended 31st March 2004.

Whether or not shareholders are able to attend the annual general meeting, shareholders should complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share and transfer office, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the annual general meeting or any adjourned meeting, should shareholders so wish.

13th July 2004

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 26th August 2004 at 11:00 a.m., notice of which is set out in the annual report of the Company;
“Annual Report”	the annual report of the Company for the year ended 31st March 2004;
“Articles of Association”	the articles of association of the Company;
“associate”	shall have the meaning ascribed thereto in the Listing Rules;
“Board”	at any time means the board of Directors appointed from time to time or a duly authorised committee thereof;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Sa Sa International Holdings Limited, a company incorporated in the Cayman Islands, whose securities are listed on the Stock Exchange;
“connected person”	has the same meaning ascribed under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandates”	the Purchase Mandate and the Share Issue Mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“INED”	means an independent non-executive director of a listed company;
“Latest Practicable Date”	6th July 2004, 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, as amended from time to time;

DEFINITIONS

“Participant”	any directors (including executive, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed to the Group;
“Scheme Mandate”	the proposed refreshment of the 10 per cent. limit on the grant of option under the Share Option Scheme;
“Purchase Mandate”	the proposed general mandate to be granted to the Directors to permit the purchase of Shares of up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	shares of HK\$0.10 each in the capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification of or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company;
“Share Issue Mandate”	the proposed general mandate to be granted to the Directors to permit the allotment and issue of new Shares equal in aggregate up to a maximum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
“Share Option Scheme”	the share option scheme adopted by the Company on 29th August 2002;
“Shareholder(s)”	mean(s) holder(s) of Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Code on Takeovers and Mergers;
“Terminated Scheme”	the share option scheme of the Company adopted on 22nd May 1997 and terminated pursuant to an ordinary resolution of the Company passed on 29th August 2002; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.



SA SA INTERNATIONAL HOLDINGS LIMITED

莎莎國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

KWOK, Siu Ming, Simon
KWOK LAW, Kwai Chun, Eleanor
LOOK, Guy

Non-executive Director:

LEE LOOK, Ngan Kwan, Christina

Independent Non-executive Directors:

CHAN, Yuk Shee, J.P.
LEUNG, Kwok Fai, Thomas, J.P.
TAM, Wai Chu, Maria, GBS, J.P.

Registered office:

P.O. Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

*Principal place of business
in Hong Kong:*

14th Floor, Block B
MP Industrial Centre
18 Ka Yip Street
Chaiwan
Hong Kong

13th July 2004

To Shareholders

Dear Sir or Madam,

**REFRESHMENT OF THE SCHEME MANDATE ON THE GRANT
OF OPTIONS UNDER THE SHARE OPTION SCHEME,
GENERAL MANDATES TO ISSUE
AND PURCHASE SHARES, AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding ordinary and special resolutions to be proposed at the AGM of the Company to be held on 26th August 2004 relating to the Scheme Mandate, the grant of the General Mandates to issue and purchase Shares to the Board and the amendments to the Articles of Association respectively.

LETTER FROM THE BOARD

2. PROPOSED REFRESHMENT

At the annual general meeting of the Company held on 29th August 2002, an ordinary resolution was passed by the Shareholders for the adoption of the Share Option Scheme and the termination of the Terminated Scheme. Apart from the Share Option Scheme and the Terminated Scheme, the Company has no other share option scheme.

Under the Share Option Scheme:

- (i) the maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. in nominal amount of the issued share capital of the Company on the adoption date of the Share Option Scheme. The Scheme Mandate may be “refreshed” from time to time subject to terms of the Share Option Scheme;
- (ii) the Scheme Mandate may be renewed at any time subject to prior Shareholders’ approval but in any event shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the renewal of the Scheme Mandate. Option previously granted under the Share Option Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the “refreshed” Scheme Mandate;
- (iii) the maximum number of Shares in respect of which options may be granted to grantees under the Share Option Scheme and other share option schemes of the Company shall not exceed 30 per cent. in nominal amount of the issued share capital of the Company from time to time.

The Company may seek approval from Shareholders in general meeting for “refreshing” the Scheme Mandate under the Share Option Scheme. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company (or its subsidiaries) under the limit as “refreshed” must not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. of the relevant class of Shares in issue as at the date of approval of the “refreshed” Scheme Mandate. In this connection, options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for the purpose of calculating the Scheme Mandate as “refreshed”.

LETTER FROM THE BOARD

The existing Scheme Mandate is 126,830,117 Shares being 10 per cent. of the Shares in issue as at the date of adoption of the Share Option Scheme. As at the Latest Practicable Date, particulars of the options granted under the Share Option Scheme and the Terminated Scheme are set forth below:

	Share Option Scheme	Terminated Scheme	Total
Options outstanding	90,602,666	12,939,520	103,542,186
Options cancelled	Nil	Nil	Nil
Options lapsed	6,525,000	13,803,331	20,328,331
Options exercised	2,501,334	17,885,000	20,386,334
Options granted (including outstanding, cancelled, lapsed or exercised)	99,629,000	44,627,851	144,256,851

The total number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the Terminated Scheme are 103,542,186 (representing approximately 7.96 per cent. of the Shares in issue). Unless the Scheme Mandate is “refreshed”, only up to 2,901,597 Shares may be granted under the Share Option Scheme.

If the Scheme Mandate is “refreshed”, on the basis of 1,301,151,506 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or purchased by the Company prior to the AGM, the Company will be entitled to grant further options under the Share Option Scheme and other share option schemes carrying the rights to subscribe (if any) for a maximum of 130,115,150 Shares.

The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Given that the existing Scheme Mandate has almost reached its limit, it will be difficult for the Share Option Scheme to continue to serve its intended purpose for the benefit of the Group and its Shareholders unless the Scheme Mandate is “refreshed” in accordance with the rules of the Share Option Scheme.

The Directors consider that it will be in the interest for the benefit of the Company and its Shareholders as a whole that Participants are granted rights to obtain equity holdings of the Company through the grant of options under the Share Option Scheme as this will provide additional incentives to the Participants to contribute to the continued success of the Group. In this regard, the Directors propose the passing of an ordinary resolution at the AGM for “refreshing” the Scheme Mandate.

LETTER FROM THE BOARD

Conditions

Pursuant to the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the AGM to approve the Scheme Mandate which shall not exceed 10 per cent. of the total number of Shares in issue as at the date thereof.

The adoption of the “refreshed” Scheme Mandate is conditional upon:

- (i) the Shareholders passing an ordinary resolution to approve the Scheme Mandate at the AGM; and
- (ii) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme under the “refreshed” Scheme Mandate.

Application for Listing

An application will be made to the Stock Exchange for the listing of and permission to deal in any Shares, representing 10 per cent. of the issued share capital as at the date of the AGM approving the “refreshed” Scheme Mandate, to be issued upon the exercise of the options granted under the “refreshed” Scheme Mandate.

3. PROPOSED GENERAL MANDATES TO ISSUE AND PURCHASE SHARES

At the annual general meeting of the Company held on 28th August 2003, resolutions were passed giving General Mandates to the Directors to issue and/or purchase Shares. Such General Mandates will lapse at the conclusion of the forthcoming AGM. Ordinary resolutions will therefore be proposed at the AGM to grant to the Directors General Mandates as follows:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (ii) to purchase Shares with an aggregate nominal amount not exceeding 10 per cent. of the aggregate nominal amount of issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

The Directors will also propose a separate ordinary resolution at the AGM to add to the General Mandates to issue those Shares purchased by the Company pursuant to the Purchase Mandate granted to the Directors at the AGM.

An explanatory statement, as required by the Listing Rules to regulate the purchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange, to give requisite information for your consideration of the proposal to authorise the Directors to exercise the power of the Company to purchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the AGM is set out in the Appendix to this circular.

LETTER FROM THE BOARD

4. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Taking into account of the recent enactments of the Securities and Futures Ordinance, the latest amendments to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules particularly Appendix 3, the Directors also propose to put forward to the Shareholders for approval at the AGM by special resolution to amend its Articles of Association, among other things:

- (i) to amend the definitions of “Associates”, “recognised clearing house”, “subsidiary and holding Company” and “writing/printing”;
- (ii) to require the minimum seven-day period for lodgment by Shareholders of the notice to nominate a Director to commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (iii) to prohibit Directors from voting at and being counted towards the quorum of the Board meeting on any matter in which any of his associates has a material interest;
- (iv) to exclude the votes cast by a Shareholder in contravention of a requirement or restriction under the Listing Rules;
- (v) to enable the removal of a Director at any time before the expiration of his period of office by ordinary resolution at general meeting;
- (vi) to allow notice for Shareholders and Directors to be given by, inter alia, electronic means; and
- (vii) to include other minor amendments for general improvements on corporate governance.

The full text of the proposed amendments to the Articles of Association is set out in special resolution number 9 of the notice of the AGM.

5. ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 133 to 152 of the Annual Report. At the AGM, resolutions will be proposed to approve, among other things, (i) the Scheme Mandate; (ii) the grant of the proposed General Mandates to Scheme Mandate; (iii) the proposed amendments to the Articles of Association; and (iv) the re-election of retiring Directors.

Re-election of Retiring Directors

According to Article 99 of the Articles of Association, Ms. Tam Wai Chu, Maria (“Ms. Tam”), INED of the Company, will retire from office at the AGM. According to Article 116, Mrs. Lee Look Ngan Kwan, Christina (“Mrs. Lee”), the non-executive Director, and Dr. Leung Kwok Fai, Thomas (“Dr. Leung”), INED of the Company, will also retire from office at the AGM. All of the retiring Directors, being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

Ms. Tam Wai Chu, Maria, GBS, J.P.

Ms. Tam, aged 58, was appointed INED of the Company on 24th June 2004 and is currently a member of the audit committee. Save as the aforesaid, Ms. Tam does not hold any positions within the Group.

She was educated at London University, qualified as a barrister-at-law at Gray's Inn, London, and practised in Hong Kong. She was a member of the Preparatory Committee for the Hong Kong Special Administrative Region (P.R.C.) and Hong Kong Affairs Advisor (P.R.C.). She is a board member of Airport Authority Hong Kong and the Urban Renewal Authority, and a member of the Policy Committee of the Independent Commission Against Corruption. She is a deputy to the National People's Congress of The People's Republic of China and a member of the Hong Kong Basic Law Committee. She is also a member of various community services agencies.

As at the Latest Practicable Date, Ms. Tam holds directorships in the following listed public companies:–

1. non-executive director of eSun Holdings Limited;
2. INED of Guangnan (Holdings) Limited;
3. INED of Onfem Holdings Limited;
4. INED of Sinopec Kantons Holdings Limited;
5. INED of Tong Ren Tang Technologies Company Limited; and
6. INED of Wing On Company International Limited.

The term of directorship of Ms. Tam is for three years effective 24th June 2004 with Director's fee at HK\$234,000 per annum, which is determined with reference to her experience, industry standards and prevailing market conditions. Ms. Tam was granted share option by the Company on 29th June 2004 to subscribe for 1,000,000 Shares at an exercise price of HK\$3.00 per Share with the exercise period from 29th June 2005 to 28th June 2014. As at the Latest Practicable Date, none of these options has been exercised. Save as aforesaid, Ms. Tam has neither interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance nor any relationship with any Directors, senior management or substantial or controlling Shareholders nor any service contract with the Company.

There is no other matters that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Mrs. Lee Look Ngan Kwan, Christina

Mrs. Lee, aged 80, was appointed INED of the Company in May 1997 and has been re-designated as the non-executive Director on 24th June 2004. Mrs. Lee is currently a member of the compensation committee of the Company. Save as aforesaid, Mrs. Lee does not hold any positions within the Group.

Mrs. Lee is the widow of Mr. Lee Hsiao-wo, the founder of Television Broadcasts Limited, a listed public company. She has been a director of Television Broadcasts Limited since 1981 and is actively involved in Caritas, Hong Kong, a local charitable organization.

The re-designation of Mrs. Lee as the non-executive Director was for a term of three years commencing 24th June 2004 with Director's fee at HK\$234,000 per annum, which is determined with reference to her experience, industry standards and prevailing market conditions. Prior to 24th June 2004, Mrs. Lee, as INED of the Company, was not appointed for a specific term but subject to retirement by rotation at the annual general meetings in accordance with the Articles of Association. As at the Latest Practicable Date, Mrs. Lee holds 1,148,000 Shares and she is an aunt of Mr. Look Guy, an executive Director. Save as aforesaid, Mrs. Lee has neither interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance nor any relationship with any Directors, senior management or substantial or controlling Shareholders nor any service contract with the Company.

There is no other matters that need to be brought to the attention of the Shareholders.

Dr. Leung Kwok Fai, Thomas, J.P.

Dr. Leung, aged 55, was appointed INED of the Company in January 2000 and he is currently the chairman of the compensation committee and a member of the audit committee of the Company. Save as aforesaid, Dr. Leung does not hold any positions with the Group.

He has over 20 years' experience in management consultancy and is an expert in the design and implementation of leading edge human resources policies. He holds a Ph.D. in Business Administration from the University of Illinois. He is very active in public service and was formerly Chief Executive – Asia for the Hay Group, one of the world's leading management consultancies.

The three-year term directorship of Dr. Leung was expired in December 2002 and subsequently extended for a further term of three years commencing 1st January 2003 with Director's fee at HK\$234,000 per annum, which is determined with reference to his experience, industry standards and prevailing market conditions. Dr. Leung was granted share option by the Company on 16th December 2002 to subscribe for 1,000,000 Shares at an exercise price of HK\$0.76 per Share with the exercise period from 16th December 2003 to 15th December 2012. As at the Latest Practicable Date, none of these options has been exercised. Save as aforesaid, Dr. Leung has neither interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance nor any relationship with any Directors, senior management or substantial or controlling Shareholders nor any service contract with the Company.

There is no other matters that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

Proxy Arrangement

A form of proxy for use at the AGM is enclosed in the Annual Report. Whether or not Shareholders are able to attend the AGM in person, Shareholders should complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share and transfer office, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should Shareholders so wish.

Procedure for Demanding a Poll by Shareholders

Pursuant to Article 80 of the Articles of Association, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the Chairman of the meeting; or
- (ii) at least five members present in person or by proxy and entitled to vote; or
- (iii) any member or members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (iv) member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

6. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 facts the omission of which would make any statement herein misleading.

7. RECOMMENDATIONS

The Directors are of the opinion that the Scheme Mandate, the grant of the General Mandates and the amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole, and recommend Shareholders to vote in favour of the ordinary and special resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at 14/F, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong during normal business hours up to and including the date of the AGM.

By Order of the Board

Kwok Siu Ming, Simon

Chairman and Chief Executive Director

The following is an explanatory statement required by the Listing Rules to be presented to Shareholders concerning the Purchase Mandate.

1. STOCK EXCHANGE RULES FOR PURCHASES OF SECURITIES

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarised below:

The Listing Rules provide that all proposed purchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the securities to be purchased must be fully paid up.

2. FUNDING OF PURCHASES

Any purchases will be made out of funds which are legally available for the purpose in accordance with the Company's memorandum and Articles of Association and the Companies Law of the Cayman Islands. As compared with the financial position of the Company as at 31st March 2004 (being the date of its latest audited accounts), the Directors consider that there will not be a material adverse impact on the working capital or on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period.

The Directors do not propose to exercise the Purchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position of the Company as determined from time to time by the Directors.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,301,151,506 Shares.

Subject to passing of the resolution for the grant of Purchase Mandate and on the basis of 1,301,151,506 Shares in issue and that no further Shares are issued or purchased prior to the date of AGM, the Company will be allowed under the Purchase Mandate to purchase a maximum of 130,115,150 Shares during the course of the period ending on the earlier of the date of the annual general meeting in the year 2005, the date by which the next annual general meeting of the Company is required to be held by law or by the Articles of Association and the date upon which such General Mandates are revoked or varied.

4. REASONS FOR PURCHASES

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to purchase Shares on the market. Such purchases may, depending on market conditions and funding arrangements at the

time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Purchase Mandate in accordance with the Listing Rules, the applicable laws of Cayman Islands and in accordance with its memorandum and Articles of Association.

6. EFFECT OF TAKEOVERS CODE

As at the Latest Practicable Date, Mr. Kwok Siu Ming, Simon and his wife, Mrs. Kwok Law Kwai Chun, Eleanor together with their associates were beneficially interested in 918,870,400 Shares, representing approximately 70.62 per cent. of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercise in full the power to purchase Shares under the Purchase Mandate, the attributable shareholdings of Mr. Kwok Siu Ming, Simon and Mrs. Kwok Law Kwai Chun, Eleanor together with their associates in the Company would be increased to approximately 78.47 per cent. of the issued share capital of the Company. Such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, as a result of such purchase there may not be sufficient public float in the Shares pursuant to Rule 8.08 of the Listing Rules.

The Directors have no present intention to exercise the Purchase Mandate to such extent as to jeopardize the public float requirement pursuant to the Listing Rules. The Directors are not aware of any consequence which the exercise in full of the Purchase Mandate would have under the Takeovers Code. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

7. DIRECTORS, THEIR ASSOCIATES AND THEIR CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Purchase Mandate is approved by Shareholders, to sell Shares to the Company. No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

8. GENERAL

(a) SHARE PURCHASE 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 Latest Practicable Date.

(b) SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
July	1.29	0.92
August	1.66	1.19
September	2.10	1.63
October	1.90	1.53
November	1.86	1.65
December	2.20	1.77
2004		
January	2.925	2.000
February	2.800	2.450
March	3.175	2.600
April	3.175	2.850
May	3.125	2.200
June	3.225	2.600