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EXPLANATORY STATEMENT ON GENERAL MANDATE TO REPURCHASE SHARES

At the last Annual General Meeting of the Company held on 7th June, 2002, the Directors of the Company were given a general and unconditional mandate to exercise all powers of the Company to repurchase shares on the Stock Exchange in the Company. This mandate will lapse at the conclusion of the forthcoming Annual General Meeting of the Company.

At the Annual General Meeting of the Company to be held on 30th April, 2003, an ordinary resolution will be proposed to seek shareholders' approval for the renewal of the general and unconditional mandate given to the Directors of the Company to exercise all powers of the Company to repurchase shares on the Stock Exchange in the Company up to a maximum of 10% of the shares of the Company in issue at the date of passing the ordinary resolution (the "Repurchase Mandate"). At the same meeting, an ordinary resolution for granting the Directors of the Company a general mandate to exercise all powers of the Company to allot, issue or otherwise deal with shares of the Company up to a maximum of 20% of the shares of the Company in issue at the date of passing this resolution (the "Issue Mandate") and an ordinary resolution for the extension of the Issue Mandate by adding to the aggregate number of shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of shares purchased under the Repurchase Mandate, if granted, will be proposed.

This explanatory statement includes information required under the Listing Rules to be given to the Shareholders of the Company (the "Shareholders") regarding the proposed Repurchase Mandate to be granted to the Directors of the Company.

The Stock Exchange Rules for Share Repurchases

The following is a summary of the principal provisions of the Listing Rules relating to the repurchase of its shares on the Stock Exchange by a company whose primary listing is on the Stock Exchange.

(a) Shareholders' approval

The Listing Rules provide that all share repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific resolution in relation to specific transactions. The shares to be repurchased are fully paid. The Listing Rules require an explanatory statement such as is contained herein to be sent to Shareholders to give Shareholders adequate information to enable them to decide whether to approve the mandate.

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(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's Memorandum and Articles of Association (the "Memorandum" and "Articles") and the Companies Law of the Cayman Islands (the "Companies Law"). A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if so authorised by the Articles and subject to the Companies Law, out of capital.

(c) Reasons for repurchases

The Directors believe that it is in the best interest of the Company and its Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(d) No material adverse changes

As compared with the position disclosed in the Company's audited financial statements as at 31st December, 2002, and taking into account the current working capital position of the Company, the Directors consider that no material adverse effect on the working capital and gearing position of the Company may result in the event that the Repurchase Mandate was to be exercised in full in the period before the Repurchase Mandate expires. The Directors however do not propose to exercise the Repurchase 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.

Exercise in full of the Repurchase Mandate, on the basis of 80,000,000 existing ordinary shares of HK\$0.01 each of the Company in issue as at 2nd April, 2003, being the latest practicable date prior to the printing of this explanatory statement for ascertaining certain information contained herein (the "Latest Practicable Date"), and on the basis that no new shares are issued or repurchased prior to the date of the resolution approving the Repurchase Mandate could accordingly result in up to 8,000,000 shares, representing 10% of the issued share capital at the Latest Practicable Date, being repurchased by the Company during the course of the period from the date of resolution granting the Repurchase Mandate until the earlier of (i) the conclusion of

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the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of the Company or any applicable law of the Cayman Islands to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting.

(e) *Share prices*

The highest and lowest prices at which the shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	Shares	
	Highest HK\$	Lowest HK\$
2002		
April	0.385	0.370
May	N/A	N/A
June	0.410	0.410
July	N/A	N/A
August	0.300	0.280
September	N/A	N/A
October	0.192	0.192
November	0.200	0.192
December	0.455	0.200
2003		
January	0.445	0.445
February	0.410	0.350
March	0.390	0.350

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(f) Undertaking

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention, to sell any shares to the Company or its subsidiaries if the Repurchase Mandate is approved.

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 its subsidiaries, or have undertaken not to do so, if the Repurchase Mandate was approved by Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong and the Cayman Islands.

(g) Hong Kong Code on Takeovers and Mergers

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the levels of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeover Code.

As at the Latest Practicable Date, the register maintained by the Company pursuant to Section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that Mr. Hung Fung, Terry holds 16,000,000 shares representing 20% of the issued share capital of the Company. Apart from Mr. Hung Fung, Terry, the Directors are not aware of any single Shareholder who holds more than 10% of the issued share capital of the Company. If, which is not presently contemplated, the Company was to exercise the Repurchase Mandate in full, the percentage shareholding of Mr. Hung Fung, Terry would increase to 22.2%.

The Directors are not aware of any consequences which the exercise in full of Repurchase Mandate will have under the Takeover 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 and Rule 32 of the Takeover Code in the event that the Directors exercise the power in full to repurchase the shares pursuant to the Repurchase Mandate.

(h) Share repurchase made by the Company

The Company has not repurchased any of its shares, whether on the Stock Exchange or otherwise, during the previous six months preceding the Latest Practicable Date.