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## IMPORTANT

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**If you are in any doubt** about this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Hop Hing Holdings Limited, you should at once hand this document to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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## HOP HING HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

*Directors:*

Hung Hak Hip\* (*Chairman*)  
Liu Chi Keung, Ricky (*Vice-Chairman & CEO*)  
Wong Yu Hong, Philip\*\*  
Sze Tsai To, Robert\*\*  
Cheung Wing Yui, Edward\*\*  
Hung Chiu Yee\*  
Lee Pak Wing\*  
Han Kin Yee  
Chan Sai On, David  
Wong Kwok Ying

\* *non-executive director*

\*\* *independent non-executive director*

*Registered Office:*

Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

*Principal Place of Business  
in Hong Kong:*

Units E and F, 2nd Floor  
Hop Hing Building  
9 Ping Tong Street East  
Tong Yan San Tsuen  
Yuen Long  
New Territories  
Hong Kong

26 April 2002

*To Shareholders*

Dear Sir or Madam,

### **GENERAL MANDATE FOR REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

#### **INTRODUCTION**

This document is submitted to you in accordance with the requirements of the relevant rules set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) to regulate the repurchase by companies with a primary listing on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) of their own securities on the Stock Exchange (“Share Buy Back Rules”).

## **GENERAL MANDATE TO THE DIRECTORS FOR REPURCHASE OF SHARES**

The purpose of this circular is to seek your approval of ordinary resolutions (“the Ordinary Resolutions”) to be proposed at the Annual General Meeting of the Company to be held at Units E and F, 2nd Floor, Hop Hing Building, 9 Ping Tong Street East, Tong Yan San Tsuen, Yuen Long, New Territories on 22 May 2002 at 11:30 a.m. to give a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the next Annual General Meeting or such earlier period as stated in the Ordinary Resolutions shares of HK\$0.10 each in the capital of the Company and securities which carry a right to subscribe or purchase its shares (“Shares”) subject to the following: (a) the aggregate nominal amount of the Shares to be repurchased by the Company shall not exceed 10% of the issued share capital of the Company as at the date of the Ordinary Resolutions and (b) the total amount of warrants which may be repurchased by the Company may not exceed 10% of the warrants of the Company to be approved by the Shareholders at a special general meeting on the date of the ordinary resolutions as referred to in the advertisement of the Company dated 24 April 2002 (“the Repurchase Proposal”).

The Ordinary Resolutions are set out in full in items 5B and 5C in the notice of the Annual General Meeting set out on pages 59 and 60 of the Annual Report accompanying this circular.

### **RECOMMENDATION**

The Directors consider that the Repurchase Proposal is in the best interest of the Company and its shareholders (the “Shareholders”) and accordingly recommend that all Shareholders should vote in favour of the Ordinary Resolutions.

Yours faithfully,

**HUNG HAK HIP**  
*Chairman*

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide requisite information to you for your consideration of the Repurchase Proposal. For this purpose, "Shares" is defined in the Share Buy Back Rules to mean shares of all classes and securities which carry a right to subscribe or purchase such shares.

## **1. SHARE CAPITAL**

It is proposed that the general repurchase mandate will authorise the repurchase of the Shares subject to the following: (a) the aggregate nominal amount of the Shares to be repurchased by the Company shall not exceed 10% of the issued share capital of the Company as at the date of the Ordinary Resolutions and (b) the total amount of warrants which may be repurchased by the Company may not exceed 10% of the warrants of the Company to be approved by the Shareholders at a special general meeting on the date of the ordinary resolutions as referred to in the advertisement of the Company dated 24 April 2002.

As at 24 April 2002 (the "Latest Practicable Date"), the issued share capital of the Company comprised 409,113,021 Shares.

Based on 409,113,021 Shares in issue as at the Latest Practicable Date, the total number of the bonus warrants to be issued will be up to 81,822,604 units, entitling the holders thereof to subscribe for 81,822,604 Shares representing 20% of the existing issued share capital as at the Latest Practicable Date.

Subject to the passing of the Ordinary Resolutions and on the basis that no further Shares are issued from the Latest Practicable Date to the Annual General Meeting (whether as a result of the exercise of subscription rights attaching to share options presently in issue or otherwise), the Company would be allowed under the buy back mandate to repurchase a maximum of 40,911,302 fully-paid Shares and, assuming that the Shareholders approve the proposed issue of bonus warrants as referred to in the advertisement of the Company dated 24 April 2002, a maximum of 8,182,260 warrants.

## **2. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Proposal is in the best 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 of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

## **3. FUNDING OF REPURCHASE**

Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose as well as in accordance with its Memorandum of Association and Bye-Laws and the laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company, legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

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 consolidated accounts contained in the annual report for the year ended 31 December 2001) in the event that the proposed Share 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 have traded on the Stock Exchange during each of the previous twelve months before the printing of this circular were as follows:

	For shares		For warrants**	
	Highest HK\$	Lowest HK\$	Highest HK\$	Lowest HK\$
<b>2001</b>				
April	0.265	0.240	—*	—*
May	0.260	0.260	—	—
June	0.395	0.260	—	—
July	—*	—*	—	—
August	0.250	0.249	—	—
September	0.240	0.230	—	—
October	0.185	0.185	—	—
November	0.380	0.250	—	—
December	—*	—*	—	—
<b>2002</b>				
January	0.380	0.370	—	—
February	0.310	0.310	—	—
March	0.330	0.260	—	—

\* There were no normal transactions during the month.

\*\* Warrants were cancelled upon their expiration on 30 April 2001.

#### 5. UNDERTAKING

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 Resolutions and in accordance with the Listing Rules and the applicable laws of Bermuda.

#### 6. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company if the Repurchase Proposal is approved by the Shareholders.

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 the Shareholders.

#### 7. HONG KONG CODES ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code on Takeovers and Mergers ("Takeovers Code"). As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal.

#### 8. SHARE PURCHASE MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.