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If you have sold or transferred all your shares and warrants in South China Holdings Limited, you should at once hand this circular together with the proxy form enclosed 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 transferee.

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SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Ng Hung Sang, Robert (*Chairman*)
Mr. Richard Howard Gorges
Ms. Cheung Choi Ngor, Christina
Mr. Yuen Kam Tim, Francis

Non-executive Director:

Mr. Tan Boon Seng

Independent Non-executive Directors:

Mr. David Michael Norman
Mr. David John Blackett

Registered Office:

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

*Head Office and Principal Place of
Business in Hong Kong:*

28th Floor
Bank of China Tower
1 Garden Road
Central, Hong Kong

30 April 2003

*To the shareholders and for information only,
the warrant holders*

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES AND WARRANTS

INTRODUCTION

The purpose of this circular is to provide shareholders (the “Shareholders”) of South China Holdings Limited (the “Company”) with information regarding resolutions to be proposed as special

business at the forthcoming annual general meeting of the Company (the “AGM”) to be held at 11:00 a.m on Friday, 30 May 2003 at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. These include resolutions relating to general mandates for the issue of ordinary shares of HK\$0.025 each in the capital of the Company (“Shares”) and the repurchase by the Company of its own Shares and warrants issued by the Company carrying the right to subscribe for Shares on or before 23 July 2003 (“Warrants”).

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed that the directors of the Company (the “Directors”) be given a general and unconditional mandate to allot, issue and deal with additional Shares representing up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of the resolution (the “Issue Mandate”). In addition, if the resolution to authorise the purchase of Shares is passed, an ordinary resolution will be proposed to authorise the Directors to issue further Shares up to an amount equal to the aggregate nominal amount of the Shares purchased under the authority to repurchase.

GENERAL MANDATE TO REPURCHASE SHARES AND WARRANTS

At the last annual general meeting of the Company held on 31 May 2002, general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase its own Shares. Such mandate will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will therefore be proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) the securities in the Company up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue and 10 per cent. of the outstanding Warrants as at the date of the passing of the resolution (the “Repurchase Mandate”).

The Issue Mandate and the Repurchase Mandate, if passed, will continue in force until the conclusion of the next annual general meeting of the Company or at the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held or until revocation or variation of the said resolutions by ordinary resolutions by the Shareholders in general meeting, whichever occurs first.

An explanatory statement as required by the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”) to provide Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed resolution for the granting of the Repurchase Mandate is set out in the Appendix to this circular.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate and the extension of the Issue Mandate are in the best interests of the Company and its Shareholders and so recommend Shareholders to vote in favour of the resolutions relating thereto at the AGM. The Directors will vote all their shareholdings in favour of the resolutions.

PROXY

There is enclosed a proxy form for use at the AGM. Whether or not Shareholders intend to attend the AGM, they are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's Share Registrar, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM or any adjournment thereof if they so wish. In the event that a Shareholder having lodged a proxy form attends the AGM, his proxy form will be deemed to have been revoked.

Yours faithfully,
For and on behalf of the Board
Ng Hung Sang, Robert
Chairman

This serves as an explanatory statement, as required to be sent to all Shareholders under the Listing Rules, to provide all the information in connection with the Repurchase Mandate.

1. SHARE CAPITAL

As at 28 April 2003, the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein (the “Latest Practicable Date”), the issued share capital of the Company comprised 1,823,401,376 Shares and Warrants with total subscription rights of HK\$153,165,715.50 equivalent to the aggregate subscription price for a total of 364,680,275 Shares on the basis of the current subscription price of HK\$0.42 per Share.

Subject to the passing of the resolution for the grant of the Repurchase Mandate and on the basis of 1,823,401,376 Shares in issue and assuming that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 182,340,137 Shares and a maximum of 36,468,027 Warrants carrying rights for the subscription of up to HK\$15,316,571.55 in aggregate for Shares, during the period ending on the earliest of the date of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by any applicable law or the Articles of Association of the Company or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.

2. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases 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 earnings per Share and/or lessen the diluting effect of an exercise of the Warrants and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares or Warrants, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association of the Company, the Listing Rules and the laws of the Cayman Islands. The Company is empowered by its Articles of Association to purchase its shares and warrants. The laws of Cayman Islands provide that Shares may only be repurchased out of the profits of the Company, and/or out of the proceeds of a fresh issue of Shares made for this purposes and/or even out of the capital paid up on the repurchased Shares.

4. GENERAL

There may be a 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 of the Company for the financial year ended 31 December 2002) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period.

However, the Directors 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 its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases of securities of the Company pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any securities to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell securities to the Company nor has undertaken not to do so, in the event that the Company is authorised to make purchases of Shares and Warrants upon Repurchase Mandate is approved by the Shareholders.

6. HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a repurchase of Shares, 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 Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). As a result, a Shareholder or a group of Shareholders acting in concert (as interpreted according to the Takeovers Code), depending on the level of the increase of the Shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Ng Hung Sang, Robert ("Mr. Ng") personally and through companies wholly-owned or controlled by him, held approximately 74 per cent. of the issued share capital of the Company, was the substantial shareholder of the Company. In the event that the Directors exercise the proposed Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same), the shareholding of Mr. Ng in the Company would be increased to approximately 82 per cent. of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but will reduce the amount of Shares held by the public to less than 25 per cent. of the total issued share capital of the Company. The Directors have no intention to repurchase Shares to such an extent which will result in the amount of Shares held by the public being reduced to less than 25 per cent.

7. SECURITIES PURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of its securities (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

8. MARKET PRICES

The highest and lowest prices at which Shares and Warrants of the Company have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows: –

	Price per Share		Price per Warrant	
	Highest (HK\$)	Lowest (HK\$)	Highest (HK\$)	Lowest (HK\$)
APRIL 2002	0.380	0.340	N/A (Note a)	N/A (Note a)
MAY 2002	0.410	0.360	N/A (Note a)	N/A (Note a)
JUNE 2002	0.420	0.410	N/A (Note a)	N/A (Note a)
JULY 2002	0.440	0.390	0.027	0.013
AUGUST 2002	0.430	0.350	0.027	0.013
SEPTEMBER 2002	0.350	0.335	N/A (Note b)	N/A (Note b)
OCTOBER 2002	0.330	0.290	N/A (Note b)	N/A (Note b)
NOVEMBER 2002	0.290	0.270	N/A (Note b)	N/A (Note b)
DECEMBER 2002	0.310	0.250	N/A (Note b)	N/A (Note b)
JANUARY 2003	0.290	0.250	N/A (Note b)	N/A (Note b)
FEBRUARY 2003	0.270	0.270	N/A (Note b)	N/A (Note b)
MARCH 2003	0.270	0.245	N/A (Note b)	N/A (Note b)

Notes:

- (a) Dealings in the Warrants on the Stock Exchange commenced on 25 July 2002.
- (b) There was no transaction on the Warrants recorded for the month.



SOUTH CHINA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of South China Holdings Limited (the “Company”) will be held at 11:00 a.m. on Friday, 30 May 2003, at 28/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong to transact the following:-

1. To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 31 December 2002.
2. To re-elect Directors and to authorise the Board of Directors to fix the Directors’ fees.
3. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.

ORDINARY RESOLUTIONS

4. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions as Ordinary Resolutions:

(A) “**THAT:**

- (a) subject to sub-paragraph (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in sub-paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue as hereinafter defined; or (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by Company or any securities which are convertible into shares of the Company; or (iii) the exercise of options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) an issue of shares as scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution: -

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:-

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares in the share capital of the Company or an offer or issue of warrants or options or similar instruments to subscribe for shares in the share capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company).”

(B) **“THAT:**

- (a) subject to sub-paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued shares in the capital of the Company and warrants (the “Warrants”) issued by the Company to subscribe for such shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other exchange on which the securities of the Company may be listed and recognised for this purpose by The Securities and Futures Commission of Hong Kong and the Stock Exchange (“Recognised Stock Exchange”) subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time (the “Listing Rules”) or that of any other Recognised Stock Exchange, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares which may be purchased pursuant to the approval in sub-paragraph (a) of this Resolution, shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, the aggregate number of Warrants which may be repurchased pursuant to such approval shall not exceed 10 per cent. of the aggregate amount of Warrants of the Company outstanding as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:-

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:-

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

(C) “**THAT:**

conditional upon the Resolutions Nos. 4(A) and 4(B) set out in the notice convening this Meeting being passed, the aggregate nominal amount of the number of shares which are repurchased by the Company after the date of the passing of this Resolution (up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue immediately following the Resolutions Nos. 4(A) and 4(B) in the notice convening this meeting taking effect) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to Resolution No. 4(A) set out in the notice convening this Meeting.”

5. To transact any other ordinary business.

By Order of the Board
Yuen Kam Tim, Francis
Company Secretary

Hong Kong Special Administrative Region of the People's Republic of China
25 April 2003

Notes:

1. tled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's Share Registrar, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the Meeting or any adjournment thereof should he so wishes.
3. The Register of Members of the Company will be closed from 29 May 2003 to 30 May 2003, both days inclusive, during which period no share transfers will be registered. To qualify for the attendance of the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 28 May 2003, for registration.
4. With regard to resolution set out in Resolution No. 4(B) of this notice, the Directors wish to state that they have no immediate proposals either to issue or repurchase any securities of the Company. Approval is being sought from members as a general mandate pursuant to the Listing Rules of the Stock Exchange.
5. An explanatory statement containing the information regarding Resolution No. 4(B) of this notice will be sent to members together with the Company's 2002 annual report.