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If you are in doubt as to any aspect of 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 Karce International Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the 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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KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

(泰盛實業集團有限公司*)

(Incorporated in Bermuda with limited liability)

GENERAL MANDATE TO REPURCHASE SHARES

30 April 2003

* for identification only

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company for the year ended 31 December 2002 to be held on 28 May 2003, to consider and, if thought fit, to approve, among others, the audited annual results of the Company for the year ended 31 December 2002 and the repurchase by the Company of its own shares
“associates”	having the meaning as ascribed in the Listing Rules
“Company”	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	23 April 2003, 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
“Shareholders”	holders of the Share and a “Shareholder” shall be construed accordingly
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time) and a “Share” shall be construed accordingly
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

(泰盛實業集團有限公司*)

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Tong Shek Lun
Mr. Li Ka Fai, Fred
Ms. Ko Lai King, Kinny
Ms. Chung Wai Yu, Regina
Mr. Tam Lung Shor (resigned on 14 January 2002)
Mr. Wu Yong Yei (resigned on 1 June 2002)

Principal Office:

Units 1 and 2
29th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

Independent non-executive Directors:

Mr. Sun Yaoquan
Mr. Tsao Kwang Yung, Peter
Mr. Goh Gen Cheung

Non-executive Directors:

Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

30 April 2003

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATE TO REPURCHASE SHARES

A. INTRODUCTION

At the Annual General Meeting for the year ended 31 December 2002 of the Company to be held at Sheung Shui and Fanling Rooms, 30th Floor, Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong on 28 May 2003 at 11:00 a.m., a resolution will be proposed to grant to the Directors regarding, inter alia, a general mandate to repurchase Shares. This circular contains the explanatory statement in compliance with the Listing Rules and to give all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to grant to the Directors of such mandate.

* for identification only

LETTER FROM THE BOARD

B. GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted a general mandate (the “**Repurchase Mandate**”) to exercise all powers of the Company to repurchase issued and fully paid Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution. The Repurchase Mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of (i) the date of the next annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by law or by its bye-laws or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

C. EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

D. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The information contained herein relating to the Company has been supplied by the Directors, who jointly and severally 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, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement contained herein misleading insofar as it relates to the Company.

E. GENERAL INFORMATION

The notice for the Annual General Meeting is set out in the 2002 Annual Report of the Company. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the principal office of the Company at Units 1 and 2, 29th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

LETTER FROM THE BOARD

F. RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate is in the interest of the Company. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting. The Directors will vote in favour of such resolutions in respect of their shareholdings (if any) in the Company.

Yours faithfully,

By Order of the Board

Karce International Holdings Company Limited

Tong Shek Lun

Chairman and Managing Director

This Appendix serves as an explanatory statement given to all Shareholders, as required by the Listing Rules, to provide requisite information of the Repurchase Mandate.

1. LISTING RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares subject to certain restrictions, the more important of which are summarised below:

(a) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolutions granting the Repurchase Mandate. The Company's authority is restricted to purchases in accordance with the Listing Rules. On the Latest Practicable Date, there were in issue an aggregate of 550,776,000 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the Annual General Meeting, would accordingly result in up to 55,077,600 Shares being repurchased by the Company. The Shares repurchased by the Company shall, subject to applicable law, be automatically cancelled upon such repurchase.

(b) Reasons for repurchase

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchase when appropriate and is beneficial to the Company. Such repurchases may, depending on the 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. As compared with the financial position of the Company as at 31 December 2002 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. In the circumstances, the Directors do not propose to exercise the Repurchase Mandate in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

(c) Funding of repurchases

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum and bye-laws of the Company and the applicable laws of Bermuda.

The Company is empowered by its memorandum and bye-laws to repurchase its Shares. Bermuda law provides that the amount of capital repaid in connection with a Share repurchase may only be paid out of either the capital paid up on the Shares repurchased, or the funds of the Company that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of Shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. The repurchased Shares will remain part of the authorised but unissued share capital.

(d) Directors, their associates and 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 associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the Listing Rules) of the Company 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 Repurchase Mandate is granted.

(e) Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in the proposed resolution in accordance with the Listing Rules, the memorandum and bye-laws of the Company and the applicable laws of Bermuda.

(f) Effect of the Takeovers Code

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 purpose of Rule 26 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the register of the substantial Shareholders maintained by the Company pursuant to Section 336 under Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of Shareholder	Number of Shares held	Approximate percentage of the shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Sapphire Profits Limited (Note 1)	231,180,000	42.0%	46.6%
Perfect Treasure Investment Limited (Note 2)	88,100,000	16.0%	17.8%

Notes:

1. Mr. Tong Shek Lun, Mr. Li Ka Fai, Fred, Ms. Ko Lai King, Kinny and Ms. Chung Wai Yu, Regina each owns 90.41%, 3.46%, 3.46% and 2.67% of the issued share capital of Sapphire Profits Limited, respectively.
2. Perfect Treasure Investment Limited is an indirectly wholly owned subsidiary of Global China Group Holdings Limited, a listed company on the Stock Exchange.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above substantial Shareholders would be increased to approximately the respective percentages shown in the last column above and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in the amount of Shares held by the public being reduced to less than 25% of the total issued share capital of the Company.

2. SHARE PURCHASE MADE BY THE COMPANY

During the six months preceding the date of this circular, the Company repurchased its own Shares through the Stock Exchange as follows:

Date of repurchase	Number of Shares	Price per Share		Aggregate Price
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
2002				
4 October	3,000,000	0.128	0.125	380,500
15 October	320,000	0.121	0.118	38,720
25 November	1,500,000	0.138	0.132	207,000
27 November	224,000	0.143	0.137	30,888

3. SHARE PRICES

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
April	0.280	0.235
May	0.265	0.250
June	0.260	0.216
July	0.245	0.172
August	0.200	0.164
September	0.170	0.129
October	0.132	0.118
November	0.143	0.121
December	0.150	0.126
2003		
January	0.145	0.121
February	0.190	0.129
March	0.184	0.130