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If you have sold or transferred all your shares in AKuP International Holding Limited, you should at once hand this circular 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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AKUP INTERNATIONAL HOLDING LIMITED

艾克國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATE TO ISSUE SECURITIES

AND

GENERAL MANDATE TO REPURCHASE SHARES

This circular, for which the directors of AKuP International Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on the Growth Enterprise Market of the Stock Exchange (“GEM”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* for identification purpose only

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website at <http://www.hkgem.com> in order to obtain up-to-date information on GEM-listed issuers.



AKUP INTERNATIONAL HOLDING LIMITED

艾克國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

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HU Shin-Min, Alex (*President and Chief Executive Officer*)
CHIANG Li-Chin, Grace
HUANG Hsian-Cheng
CHANG Jun-Min
CHU Han-Ping

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26 March 2002

To the shareholders of the Company

Dear Sir or Madam,

**GENERAL MANDATE TO ISSUE SECURITIES
AND
GENERAL MANDATE TO REPURCHASE SHARES**

At a meeting of the board of directors of the Company held on 22 March 2002, the directors of the Company (the “Directors”) resolved that at the forthcoming annual general meeting of the Company to be held on 25 April 2002 (the “AGM”), resolutions for the granting to the Directors of a general mandate to issue securities of the Company (the “Securities”) and to repurchase shares of

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LETTER FROM THE BOARD OF DIRECTORS

HK\$0.10 each, as may be adjusted from time to time, of the Company (the “Shares”) will be proposed for the shareholders of the Company (the “Shareholders”) to approve. The purpose of this circular is to provide Shareholders with details of the proposed general mandates to be dealt with at the AGM.

GENERAL MANDATE TO ISSUE SECURITIES

At the AGM, ordinary resolutions will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with Securities not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution and the aggregate nominal amount of the shares repurchased under the Repurchase Mandate (as defined below). The Directors wish to state that they have no present intention to issue any new Shares pursuant to such general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed to grant a general mandate to the Directors to exercise the power of the Company to repurchase Shares (the “Repurchase Mandate”) up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution. The explanatory statement, required by the GEM Listing Rules to be sent to Shareholders, is set out in the Appendix to this circular, which contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution for the Repurchase Mandate.

RECOMMENDATION

The relevant resolutions for the aforesaid general mandates are set out in the notice of the AGM, which is set out in the 2001 annual report of the Company despatched to the Shareholders together with this circular. The Directors are of the opinion that the granting of general mandates to issue Securities and to repurchase Shares referred to in this circular are in the best interests of the Company and its Shareholders and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
By Order of the Board
AKuP International Holding Limited
HU Shin-Min Alex
President and Chief Executive Officer

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to the GEM Listing Rule.

1. EXERCISE OF THE REPURCHASE MANDATE

As at 22 March 2002, being the latest practicable date (the “Latest Practicable Date”) prior to the printing of this circular, the issued share capital of the Company comprised of 630,000,000 Shares. Subject to the passing of the resolution approving the Repurchase Mandate and on the basis 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 63,000,000 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as it would enable the Directors 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 and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

Any repurchase only be financed out of funds of the Company legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The Company will not repurchase Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its audited consolidated financial statements for the year ended 31 December 2001) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an 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 are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous four months since the listing of the Shares on GEM on 5 November 2001 were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
November 2001	0.380	0.255
December 2001	0.580	0.300
January 2002	0.700	0.270
February 2002	0.315	0.280

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

6. DISCLOSURE OF INTEREST

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

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

7. GENERAL

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

As at the Latest Practicable Date, Sean & Leo Assets Management Limited (“Sean & Leo”) was interested in 25.6% of the issued share capital of the Company, and four other relatives of a Director, namely, Mr. Hu Shin-Min, Alex (“Mr. Hu”), comprising Mr. Hu’s father-in-law, his aunt, his cousin-in-law and his cousin (collectively, the “Hu’s Relatives”), altogether were interested in 5.79% of the issued share capital of the Company. Sean & Leo was beneficially owned, as to 59.33% by Mr. Hu, as to 27.26% by Ms. Chiang Li-Chin, Grace (a Director and Mr. Hu’s wife) and as to 13.41% by two other relatives of Mr. Hu. Details of Sean & Leo and the Hu’s Relatives are set out in the Company’s prospectus dated 30 October 2001.

Assuming the full exercise of the power under the Repurchase Mandate to repurchase Shares, the aggregate interest of Sean & Leo and Hu’s Relatives in the issued share capital of the Company will be increased from around 31.4% to around 34.9% as reduced by such repurchase(s). Sean & Leo, its shareholders and the Hu’s Relative may, according to the Code, be presumed to be acting in concert with each others unless the contrary is established. In the event that Sean & Leo, its shareholders and the Hu’s Relatives being held to be acting in concert with each others, they may become obliged to make a mandatory offer in accordance with Rule 26 of the Code in the event that the Repurchase Mandate is exercised in full. Save as disclosed above, the Directors are not aware of any Shareholder or a group of Shareholders acting in concert who may become obliged to make such mandatory offer in the event that the Repurchase Mandate is exercised in full. The Directors have no present intention to exercise the Repurchase Mandate so as to render any Shareholder or a group of Shareholders acting in concert becoming obliged to make a mandatory offer under Rule 26 of the Code.

8. SHARE PURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company in the previous six months, whether on the Stock Exchange or otherwise.