

**If you are in any 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 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.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**AKUP INTERNATIONAL HOLDING LIMITED**

**艾克國際控股有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

**PROPOSAL TO REFRESH THE 10% GENERAL LIMIT ON  
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME  
AND  
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 [www.hkgem.com](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.**

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be convened and held on 16th May, 2003 at 10:00 a.m. at 4F-1, No. 213, Sec. 5, Nanking East Road Taipei, Taiwan, notice of which is set out in the annual report 2002 of the Company and any adjournment thereof
“associate(s)”	has the same meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“Company”	AKuP International Holding Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares as set out in resolution numbered 6 in the notice convening the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26th March, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Other Schemes”	means other share option schemes (if any) adopted by any member of the Company from time to time, pursuant to which options to subscribe for Shares may be granted
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares as set out in resolution numbered 7 in the notice convening the AGM
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company

---

## DEFINITIONS

---

“Shareholder(s)”	holder(s) for the time being of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution of the Company passed on 24th October, 2001
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars



**AKUP INTERNATIONAL HOLDING LIMITED**

**艾克國際控股有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

*Executive Directors:*

HU Shin-Min, Alex

*(President and Chief Executive Officer)*

CHIANG Li-Chin, Grace

HUANG Hsian-Cheng

CHANG Jun-Min

CHU Han-Ping

*Registered office:*

P.O. Box 1320 GT

Suite D-2

Cayman Business Park

George Town

Grand Cayman

British West Indies

*Independent non-executive Directors:*

HSU Hsiang-Jen

LEE Mun Chee

*Head office and principal*

*place of business in Taiwan:*

4F-1, No. 213

Sec. 5, Nanking East Road

Taipei, Taiwan

*Principal place of business*

*in Hong Kong:*

Unit 906, 9th Floor

Asia Orient Tower

Town Place

33 Lockhart Road

Wanchai, Hong Kong

28th March, 2003

*To the shareholders of the Company*

Dear Sir or Madam,

**PROPOSAL TO REFRESH THE 10% GENERAL LIMIT ON  
GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME  
AND  
GENERAL MANDATE TO ISSUE SECURITIES  
AND GENERAL MANDATE TO REPURCHASE SHARES**

At a meeting of the board of directors of the Company held on 26th March, 2003, the Directors resolved that at the AGM, resolutions to approve the refreshment of the limit on grant of options under the Share Option Scheme and Other Schemes and for the granting to the Directors of a general mandate to issue securities of the Company (the "Securities") and to repurchase Shares, as may be

\* for identification purpose only

---

## LETTER FROM THE BOARD OF DIRECTORS

---

adjusted from time to time, of the Company will be proposed for the Shareholders to approve. The purpose of this circular is to provide Shareholders with details of the proposed refreshment of the 10% general limit on the grant of options under the Share Option Scheme and Other Schemes and the general mandates to be dealt with at the AGM.

### **PROPOSAL TO REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME OF THE COMPANY**

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants, being employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive Directors of the Company or any of its subsidiaries) and any consultants or advisers who will provide or have provided services to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries.

As at 24th October, 2001, being the adoption date of the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and Other Schemes is 63,000,000 Shares, being 10% of the Shares in issue on the adoption date of the Share Option Scheme.

As at the Latest Practicable Date, particulars of the options granted under the Share Option Scheme are set forth below:

	<b>Share Option Scheme adopted on 24th October, 2001</b>
Options outstanding	53,340,000
Options cancelled	—
Options lapsed	6,470,000
Options exercised	—
Options granted (including exercised, outstanding or cancelled but excluding lapsed)	53,340,000

As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 53,340,000 Shares have been granted under the Share Option Scheme. Unless the 10 per cent limit on grant of options under the Share Option Scheme is “refreshed”, only up to 9,660,000 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

It is therefore proposed that subject to the approval of the Shareholders at the AGM and such other requirements prescribed under the GEM Listing Rules, the limit on grant of options under the Share Option Scheme and Other Schemes of the Company will be refreshed to 10 per cent of the Shares in issue as at the date of the approval by the Shareholders in general meeting and options previously granted under Other Schemes (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

---

## LETTER FROM THE BOARD OF DIRECTORS

---

Pursuant to the GEM Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and Other Schemes at any time will not exceed 30 per cent of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30 per cent limit being exceeded.

As at the Latest Practicable Date, there were 630,000,000 Shares in issue. Assuming that no further Shares will be issued prior to the date of approving of the refreshed limit by Shareholders, the maximum number of options that can be granted by the Company under the refreshed limit would be 63,000,000 Shares.

### CONDITIONS

As required by the Share Option Scheme and the GEM Listing Rules, an ordinary resolution will be proposed at the AGM to approve the refreshed limit of the Share Option Scheme and Other Schemes such that the total number of securities which may be issued upon exercise of all options to be granted under the refreshed limit must not exceed 10 per cent of the total number of Shares in issue as at the date of approving of the refreshed limit.

The adoption of the refreshed limit of the Share Option Scheme and Other Schemes is conditional upon the Shareholders passing an ordinary resolution to approve the increase in the limit on grant of options under the Share Option Scheme and Other Schemes of the Company 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.

---

# LETTER FROM THE BOARD OF DIRECTORS

---

## RECOMMENDATION

The relevant resolutions for the aforesaid general mandates and refreshment of the 10% general limit on grant of options under the Share Option Scheme and Other Schemes are set out in the notice of the AGM, which is set out in the annual report 2002 of the Company despatched to the Shareholders together with this circular. The Directors are of the opinion that the granting of approval to increase the limit on grant of options under the Share Option Scheme and Other Schemes and the granting of the 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.

## RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, 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 aspects and not misleading; (ii) there are no other matters the omission of which would make any statement herein 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.

## DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Unit 906, 9th Floor Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong during normal business hours up to and including the date of 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 26th March, 2003, 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 will 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 31st December, 2002) 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 twelve months were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2002</b>		
March 2002	0.335	0.200
April 2002	0.205	0.118
May 2002	0.198	0.130
June 2002	0.165	0.147
July 2002	0.147	0.115
August 2002	0.189	0.110
September 2002	0.280	0.148
October 2002	0.325	0.240
November 2002	0.305	0.210
December 2002	0.248	0.116
<b>2003</b>		
January 2003	0.183	0.108
February 2003	0.120	0.100

#### 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 5.76% 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 30th 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 34.8% 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.