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If you have sold or transferred all your shares in Sinocan Holdings Limited, you should at once hand this document and the accompanying form of proxy 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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SINOCAN HOLDINGS LIMITED

德勝集團有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Wong Man Wing (*Chairman*)

Ms. Hou Mai Chin

Mr. Yang Zhen

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Mr. Lee Yuen Kwong

Mr. Lau Wing Keung

*Head office and principal place of
business in Hong Kong:*

Flat B, 6th Floor

Hang Seng Tsuen Wan Building

289 Sha Tsui Road

Tsuen Wan

New Territories

Hong Kong

6 June 2002

To the shareholders of Sinocan Holdings Limited

Dear Sir or Madam,

**GENERAL MANDATE TO ISSUE OF NEW SHARES
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

INTRODUCTION

At the annual general meeting of Sinocan Holdings Limited (the “**Company**”) held on 27 June 2001, the directors (the “**Directors**”) of the Company were granted a general mandate to allot, issue and deal with shares (each a “**Share**”) of HK\$0.10 each in the capital of the

* *for identification only*

Company. This mandate will expire at the conclusion of the forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company convened to be held at Shatin Room, 30/F., Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong on 28 June 2002 at 9:30 a.m. At the Annual General Meeting, resolutions will be proposed:

- (a) to grant a general mandate (the “**General Mandate**”) to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with new Shares up to a maximum of 20 per cent. of the aggregate nominal amount of the issued share capital of the Company at the time of passing of such resolution;
- (b) to grant a repurchase mandate (the “**Repurchase Mandate**”) to the Directors to enable them to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the time of passing such resolution; and
- (c) to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate,

until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, or any other applicable law of Bermuda to be held; and
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company.

Under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange, the Company is required to give to its shareholders all information which is reasonably necessary to enable shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. This document is prepared for such purpose. The explanatory statement required by the Listing Rules to be included in this document is set out in the Appendix.

THE GENERAL MANDATE

The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme providing for an allotment and issue of Shares in lieu of whole or part of a dividend in accordance with the bye-laws of the Company which may be approved by the shareholders of the Company.

THE REPURCHASE MANDATE

At the Annual General Meeting, and as part of the special business of the Annual General Meeting, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors.

ANNUAL GENERAL MEETING

Accompanying this circular is a notice of the Annual General Meeting convened to be held at Shatin Room, 30/F., Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong on 28 June 2002 at 9:30 a.m.. Resolutions in respect of the general mandates as referred to above will be proposed at the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is also enclosed. Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy 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 a form of proxy will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors believe that the General Mandate and the Repurchase Mandate are in the best interests of the Company and its shareholders. The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its shareholders.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2001, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for the Company.

Accordingly, the Directors recommend that all shareholders should vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully
For and on behalf of the board of directors of
Sinocan Holdings Limited
Wong Man Wing
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. Repurchase of securities from connected parties

No connected person (that is, a director, chief executive or substantial shareholder of the Company or their respective associates (as defined in the Listing Rules)) of the Company has notified the Company that he has a present intention to sell any securities to the Company nor has any such connected person undertaken not to sell any of the securities held by him or it to the Company in the event that the Repurchase Mandate is passed.

2. Share capital

As at 31 May 2002, being the latest practicable date prior to the printing of this document (the “**Latest Practicable Date**”), the issued share capital of the Company comprised 849,600,000 Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 84,960,000 Shares. The Company will be allowed under the General Mandate to issue up to 169,920,000 Shares.

3. Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share and will only be made when the Directors believe that a purchase will benefit the Company and its shareholders.

4. Funding of repurchases

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under Bermuda law for the purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2001, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the twelve calendar months immediately preceding the date of this document were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
June 2001	0.090	0.066
July 2001	0.080	0.075
August 2001	0.080	0.060
September 2001	0.082	0.038
October 2001	0.060	0.045
November 2001	0.058	0.046
December 2001	0.070	0.058
January 2002	0.074	0.054
February 2002	0.050	0.042
March 2002	0.054	0.045
April 2002	0.040	0.032
May 2002	0.048	0.034

6. Disclosure of interests and minimum public holding

None of the Directors or their associates (as defined in the Listing Rules), have any present intention to sell to the Company or its subsidiaries any of the securities in the Company if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

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

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code of Takeovers and Mergers (the "**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 Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr Wong Man Wing, the chairman of the Company, and his associates (as defined in the Listing Rules) (together “**Mr Wong Parties**”) were beneficially interested in approximately 29.62 per cent. of the then existing issued Shares. Assuming that Mr Wong Parties will not dispose of any of the Shares prior to the Annual General Meeting, and no new Shares will be issued by the Company as at the date of the Annual General Meeting, if the Repurchase Mandate is exercised in full, the percentage shareholding of Mr Wong Parties in the Company would increase to approximately 32.91 per cent. of the then issued Shares.

On the basis of the current shareholding of Mr Wong Parties, an exercise of the Repurchase Mandate in full will result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeover Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of Mr Wong Parties to make a mandatory offer under the Takeovers Code.

7. Shares repurchase made by the Company

The Company had not purchased any of its securities (whether on the Stock Exchange or otherwise) during the twelve months calendar immediately preceding the date of this circular.

NOTICE OF ANNUAL GENERAL MEETING



SINOCAN HOLDINGS LIMITED

德勝集團有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the annual general meeting of Sinocan Holdings Limited (the “**Company**”) will be held at Shatin Room, 30/F., Panda Hotel, 3 Tsuen Wah Street, Tsuen Wan, New Territories, Hong Kong on 28 June 2002 at 9:30 a.m. to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and reports of the directors (the “**Directors**” and each a “**Director**”) and auditors for the year ended 31 December 2001;
2. to re-elect Director and to authorise the board of Directors (“**Board of Directors**”) to fix the Directors’ remuneration;
3. to re-appoint auditors and to authorise the Board of Directors to fix their remuneration;

and, as special business, to consider and, if thought fit, passing the following resolution as ordinary resolution:

4. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereafter defined) of all the powers of the Company to allot, issue and deal with unissued shares (each a “**Share**”) of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereafter defined) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as hereafter defined);

* for identification only

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereafter defined); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution; and

(bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of passing this resolution until whichever is the earliest 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 bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; and

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors 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 outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all powers of the Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which any Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing this resolution until whichever is the earliest 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 bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

NOTICE OF ANNUAL GENERAL MEETING

“**Shares**” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares of the Company.”

6. “**THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

By order of the Board of Directors

Wong Man Wing

Chairman

Hong Kong, 6 June 2002

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Head office and principal place of

business in Hong Kong:

Flat B, 6th Floor

Hang Seng Tsuen Wan Building

289 Sha Tsui Road, Tsuen Wan

New Territories

Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the annual general meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's Hong Kong branch registrars, Central Registration Hong Kong Limited at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time of the meeting or adjourned meeting. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.
3. In relation to proposed resolution no. 2 above, Ms Hou Mai Chin will retire from her office of Director at the above meeting pursuant to bye-law 87 of the bye-laws of the Company and, being eligible, offer herself for re-election.
4. In relation to the proposed resolutions no. 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
5. In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase Shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the accompanying document.