

# IMPORTANT

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**If you are in doubt** about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional adviser.

**If you have sold** all your shares in ALPHA GENERAL (HOLDINGS) LIMITED (the “Company”), you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited 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.

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## ALPHA GENERAL (HOLDINGS) LIMITED

*(Incorporated in Bermuda with limited liability)*

*Directors:*

Mr. Chu Ka Lok, Peter (*Chairman and President*)

Mr. Wat Hon Keung (*Vice President*)

Mr. Chan Kai Kwok

Ms. Chu Maria Teresa

\*Mr. Chan Chi Keung, Chris

\*Dr. Wu Shu Chih, Alex

*\* Independent non-executive directors*

*Registered Office:*

Clarendon House,

2 Church Street,

Hamilton HM 11,

Bermuda.

*Principal Office in Hong Kong:*

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Hong Kong.

29 July, 2002

*To the Shareholders*

Dear Sir or Madam,

### GENERAL MANDATES FOR ISSUE OF SHARES AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES

#### INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at a Special General Meeting of the Company (the “Special General Meeting”) to be held immediately after its Annual General Meeting convened on 27 August, 2002 (the “Annual General Meeting”). These include resolutions relating to general mandates for the issue of new shares by the Company and for the repurchase by the Company of its own shares.

## **GENERAL MANDATE TO REPURCHASE SHARES**

On 23 August, 2001, a general mandate was given to the Directors of the Company (the “Directors”) to exercise all the powers of the Company to repurchase its own shares which will lapse at the conclusion of the forthcoming Annual General Meeting. An ordinary resolution will therefore be proposed at the Special General Meeting to approve the grant of a general mandate to the Directors to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) shares of the Company up to a maximum of 10 per cent of the issued share capital of the Company at the date of the resolution (the “Repurchase Mandate”).

If the resolution for the Repurchase Mandate is passed at the Special General Meeting, the Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company unless it is renewed at such meeting or until the expiration of the period within which the next annual general meeting of the Company is required by all applicable laws or the Company’s Bye-laws to be held or until revoked or varied by ordinary resolution of the shareholders of the Company (the “Shareholders”) in general meeting prior to the next annual general meeting.

An explanatory statement to provide Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed resolution as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange concerning the regulation of purchases by companies of their own securities on the Stock Exchange is set out in the Appendix to this circular.

## **GENERAL MANDATE TO ISSUE SHARES**

Ordinary resolutions will also be proposed at the Special General Meeting (i) to grant a general mandate to the Directors to issue and otherwise deal with shares of the Company up to a maximum of 20 per cent of the issued share capital of the Company at the date of the resolution (the “General Mandate”) and (ii) to approve the addition to the General Mandate of any shares repurchased by the Company under the authority of the Repurchase Mandate. The Directors have no present intention to issue any new shares.

## **SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting to be held on 27th August, 2002 is set out on pages 10 to 12 of this circular and a blue form of proxy for use at the Special General Meeting is enclosed. Whether or not you intend to be present at the Meeting, you are requested to complete the form of proxy and return it to the Company's principal office in Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the Meeting or any adjourned meeting. Completion and delivery of the form of proxy will not prevent Shareholders from attending, and voting at, the Meeting if they so wish.

## **RECOMMENDATION**

The Directors consider that the Repurchase Mandate and the General Mandate are in the best interests of the Company and the Shareholders and accordingly recommend that you vote in favour of the resolutions referred to above to be proposed at the Special General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**Chu Ka Lok, Peter**  
*Chairman and President*

**SHARE CAPITAL**

It is proposed that up to 10 per cent of the shares of HK\$0.01 each of the Company (“Shares”) in issue at the date of passing the resolution to approve the Repurchase Mandate may be repurchased. As at 26 July, 2002 (the latest practicable date for determining such figure), the number of Shares in issue was 3,915,844,000. On the basis of such figure (assuming no further Shares are issued or repurchased after 26 July, 2002 and up to the date of passing such resolution), the Directors would be authorised to repurchase Shares up to a limit of 391,584,400 Shares.

**REASONS FOR REPURCHASES**

The Directors believe that the ability to repurchase Shares is in the best interests of the Company and the Shareholders. Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share. The Directors are seeking the grant of the Repurchase Mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number(s) of Shares to be repurchased, the price and other terms upon which the same are repurchased, and whether Shares are to be repurchased on any occasion will be decided by the Directors at the relevant time having regard to the factors and circumstances then pertaining. Repurchase Mandate will only be exercised if it is in the best interests of the Company and Shareholders.

**SOURCE OF FUNDS**

It is envisaged that the funds required for any repurchase would be derived from the capital paid up on the Shares being repurchased and from the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purposes of the repurchase, and in the case of any premium payable on such repurchase, funds of the Company which would otherwise be available for dividend or distribution or from the Company’s share premium account before the repurchase, being funds legally available for this purpose in accordance with the Companies Act 1981 of Bermuda and the Bye-laws of the Company.

There might 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 for the year ended 31 March, 2002) if the Repurchase Mandate were 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 the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## MARKET PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
July 2001	0.053	0.041
August 2001	0.043	0.030
September 2001	0.032	0.021
October 2001	0.038	0.025
November 2001	0.042	0.032
December 2001	0.044	0.035
January 2002	0.041	0.032
February 2002	0.038	0.032
March 2002	0.037	0.031
April 2002	0.037	0.032
May 2002	0.044	0.035
June 2002	0.038	0.031

**DISCLOSURE OF INTERESTS**

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 proposed resolution in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their associates, presently intend to sell Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by Shareholders and exercised.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by Shareholders and exercised.

If as a result of a share repurchase, a Shareholder's proportionate interest in the voting rights of the Company will increase, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on 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 may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at 26 July, 2002 (the latest practicable date prior to the printing of this circular), the interests of the Directors and their associates in the share capital of the Company recorded in the register required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

(a) **Shares**

Name of director	Number of Shares of HK\$0.01 each		Percentage of holding
	Personal interests	Other interests	
Mr. Chu Ka Lok, Peter	67,340,000	2,365,200,000	62.12%
		<i>(Note)</i>	
Mr. Wat Hon Keung	18,660,000	—	0.48%
Mr. Chan Kai Kwok	18,710,000	—	0.48%
Ms. Chu Maria Teresa	80,000,000	—	2.04%

*Note:* These shares were held by Charmwood Development Limited. The entire issued share capital of Charmwood Development Limited is held by the trustee of a discretionary trust set up in June 1996 in which Mr. Chu Ka Lok, Peter is included as a beneficiary. He therefore has “Other interests” in such number of shares as described in Practice Note 5 to the Rules Governing the Listing of Securities on the Stock Exchange.

## (b) Options

As at 26 July, 2002, the Directors had personal interests in share options to subscribe for Shares in the Company at an exercise price of HK\$0.02752 and HK\$0.0396 per Share granted on 17 April, 2001 and 17 December, 2001 respectively, exercisable within a ten year period from the date of the grant, as follows:

Name of director	Number of Shares in options		
	Granted on 17 April, 2001	Granted on 17 December, 2001	Outstanding at 26 July, 2002
Mr. Chu Ka Lok, Peter	90,000,000	—	30,000,000
Ms. Chu Maria Teresa	60,000,000		30,000,000
		2,000,000	2,000,000
Mr. Chan Kai Kwok	—	10,000,000	10,000,000
Mr. Wat Hon Keung	—	10,000,000	10,000,000

The above Directors were holding a total of 65.12% of the issued share capital of the Company.

Save as disclosed above, none of the Directors, chief executives or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company as recorded in the register required to be kept under Section 29 of the SDI Ordinance.

As at 26 July, 2002, according to the register kept under Section 16(1) of the SDI Ordinance, the shareholders who had an interest in 10% or more of the issued share capital of the Company was Charmwood Development Limited which held 2,365,200,000 Shares. The interests have also been disclosed as an interest of Mr. Chu Ka Lok, Peter in the directors' interests in Shares of the Company above.



Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

Assuming the Directors exercise the power to repurchase Shares in full pursuant to the Repurchase Mandate, the percentage of holding in Shares by Mr. Chu Ka Lok, Peter will be increased to 69.02% while for the above Directors together will be increased to 72.35%. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase of Shares made under the Repurchase Mandate.

#### **SHARE REPURCHASES MADE BY THE COMPANY**

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) during the six months preceding 26 July, 2002 (the latest practicable date prior to the printing of this circular).



**ALPHA GENERAL (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of the Members of Alpha General (Holdings) Limited (the “Company”) will be held at JW Marriott Hotel, Aberdeen (Level 3), Pacific Place, 88 Queensway, Hong Kong on Tuesday, 27 August, 2002 at 10:15 a.m. (or so soon thereafter as the Annual General Meeting of the Company convened for the same date and place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions (1) to (3) as ordinary resolutions:

**ORDINARY RESOLUTIONS**

(1) “**THAT:**

- (A) subject to 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 and issue or grant shares in the capital of the Company or securities convertible into such shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities, and to make or grant offers, agreements or options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this Resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period;
- (C) the aggregate number of shares 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 given in paragraph (A) of this Resolution, otherwise than pursuant to any offer of any class of securities of the Company made pro rata (apart from fractional entitlements) by the Company to holders of such class of securities (excluding for that purpose any holder who is resident in a place where

## NOTICE OF SPECIAL GENERAL MEETING

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such offer is not permitted under the law of that place) or on the exercise of the subscription rights under any warrants to subscribe for shares of the Company or any share option scheme adopted by the Company or an issue of shares of the Company in lieu of the whole or part of the dividend on shares of the Company in accordance with the Company's Bye-laws, shall not exceed 20 per cent of the existing issued share capital of the Company at the date of passing this Resolution; and

(D) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution 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 law or the Company's Bye-laws to be held; or
- (c) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting of the Company.”

(2) **“THAT:**

(A) subject to 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 shares in the capital of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which securities of the Company may be listed and which is recognised by The Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited for this purpose, subject to and in accordance with all applicable laws, be and the same is hereby generally and unconditionally approved;

(B) the aggregate number of shares to be purchased or agreed conditionally or unconditionally to be purchased by the directors of the Company pursuant to the approval in paragraph (A) of this Resolution during the Relevant Period shall not exceed 10 per cent of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; and

## NOTICE OF SPECIAL GENERAL MEETING

(C) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution 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 law or the Company’s Bye-laws to be held; or
  - (c) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting of the Company.”
- (3) “**THAT** the aggregate number of shares in the capital of the Company which shall have been repurchased by the Company subsequent and pursuant to the passing of Ordinary Resolution (2) (up to a maximum of 10 per cent of the issued shares at the date of passing Ordinary Resolution (2)) shall be added to the aggregate number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to Ordinary Resolution (1) above.”

By Order of the Board  
**Tang Chi Chuen**  
*Company Secretary*

Hong Kong, 29 July, 2002

*Notes:*

- (a) A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or more than one proxy to attend and vote for him in accordance with the Company’s Bye-laws. A proxy need not be a Member of the Company.
- (b) To be valid, forms of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the Company’s principal office in Hong Kong as follows not less than 48 hours before the time fixed for holding the Meeting or at any adjournment thereof.

*Principal office of Hong Kong:*

Room 1503, Dominion Centre,  
43-59 Queen’s Road East,  
Hong Kong