
IMPORTANT
THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular, 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 Gold Wo International Holdings Limited you should at once hand this circular and the accompanying pink form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



GOLD WO INTERNATIONAL HOLDINGS LIMITED
金禾國際控股有限公司*
(Incorporated in Bermuda with limited liability)

CONSOLIDATION OF SHARES
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
APPROVAL OF NEW SHARE OPTION SCHEME AND
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

A notice of a special general meeting to be held at 10:15 a.m. on 2nd September, 2002 (or so soon thereafter as the annual general meeting of the Company convened for the same day at 10:00 a.m. shall have concluded or adjourned) at Tang Room 1, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong is set out on page 15 to 17 of this circular.

Please complete the pink form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting or adjourned meeting, whether or not you intend to be present at the meeting.

** for identification only*

16th August, 2002

EXPECTED TIMETABLE

2002

Latest time for lodging forms of proxy for the special general meeting	10:15 a.m. on Saturday, 31st August
Special general meeting	10:15 a.m. on Monday, 2nd September
Effective date of the Consolidation	Tuesday, 3rd September
Closure of original counter for trading the existing Shares (in the form of existing share certificates) in board lot of 10,000 Shares temporarily	9:30 a.m. on Tuesday, 3rd September
Commencement of trading in shares of the Company in board lot of 500 New Shares in temporary counter (in the form of existing share certificates)	9:30 a.m. on Tuesday, 3rd September
Commencement of trading in shares of the Company in board lot of 10,000 New Shares in original counter (in the form of new share certificates)	9:30 a.m. on Tuesday, 17th September
Commencement of parallel trading of New Shares in the form of existing share certificates and new share certificates	9:30 a.m. on Tuesday, 17th September
Cessation of parallel trading of New Shares in the form of existing share certificates and new share certificates	4:00 p.m. on Wednesday, 9th October
Closure of temporary counter for trading in shares of the Company (in the form of exiting share certificates) in board lot of 500 New Shares	4:00 p.m. on Wednesday, 9th October
Free exchange for new share certificates	from Tuesday, 3rd September to Monday, 4th November

LETTER FROM THE BOARD



GOLD WO INTERNATIONAL HOLDINGS LIMITED

金禾國際控股有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

Fu Chu Kan (*Chairman and Managing Director*)

Fu Yin Ling (*Deputy Chairman*)

Chan Kit Ming

Wong Kai Tat[#]

Wong Wing Hang, Henry[#]

Principal Office:

Unit 5

34th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

[#] *Independent non-executive directors*

16th August, 2002

To the shareholders

Dear Sir or Madam,

CONSOLIDATION OF SHARES TERMINATION OF THE EXISTING SHARE OPTION SCHEME APPROVAL OF NEW SHARE OPTION SCHEME AND GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

INTRODUCTION

On 26th July, 2002, the directors of Gold Wo International Holdings Limited (the “Company”) announced a proposal on consolidation of 20 existing issued and issued shares of HK\$0.001 each of the Company into one share of HK\$0.02 (the “Consolidation”).

On 26th March, 2001, the Company adopted the existing share option scheme (the “Existing Share Option Scheme”) relating to the grant of options to directors and employees of the Company and its subsidiaries (the “Group”) to subscribe for shares of the Company. As The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has amended Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) relating to share option scheme, it is proposed to adopt a new share option scheme (the “New Share Option Scheme”) to replace the Existing Share Option Scheme.

It is also proposed to grant to the directors of the Company (the “Directors”) general mandates to issue and to repurchase shares of the Company (the “Mandates”).

This circular provides you with details of the Consolidation, the New Share Option Scheme and the Mandates (the “Proposals”), the arrangements on trading of the shares of the Company and exchange of share certificates after the Consolidation, and incorporating a notice convening a special general meeting of the Company to approve the Proposals (the “Special General Meeting”).

** for identification only*

LETTER FROM THE BOARD

This circular also contains the explanatory statement in compliance with the Listing Rules and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares.

CONSOLIDATION OF SHARES

The existing authorised share capital of the Company is HK\$100,000,000 divided into 100,000,000,000 shares of HK\$0.001 each (“Shares”), 6,480,000,000 Shares of which were issued and fully paid as at 12th August, 2002, the latest practicable date for ascertaining certain information included in this circular before its bulk-printing (the “Latest Practicable Date”). The Directors propose to consolidate 20 existing issued and unissued Shares into one share of HK\$0.02 (“New Share”). As at the Latest Practicable Date, the Company had no outstanding warrants, share options or securities convertible into Shares. Assuming no further new Share will be issued up to the implementation of the Consolidation, the Company will have 324,000,000 issued New Shares and 4,676,000,000 unissued New Shares immediately after the Consolidation. The New Shares will rank pari passu in all respects with each other.

The board lot for trading on the Stock Exchange will remain unchanged at 10,000 New Shares upon the Consolidation taking effect.

Fractions of Shares arising from and upon the Consolidation will be aggregated and sold for the benefit of the Company.

REASONS FOR THE CONSOLIDATION

The Directors consider that the Consolidation is appropriate as Shares have been traded on the Stock Exchange at HK\$0.01 for some time recently. Further, the Consolidation will reduce the handling cost of the Company and the transaction cost of shareholders.

CONDITIONS OF THE CONSOLIDATION

The Consolidation is conditional on the following conditions (the “Conditions”):

- (a) the approval of the Consolidation by the shareholders of the Company at a special general meeting; and
- (b) the Listing Committee of the Stock Exchange granting a listing of and permission to deal in the New Shares.

The Company has been advised by its Bermuda legal advisers that no governmental approval is required to be obtained in Bermuda for the Consolidation.

Assuming the Conditions will be fulfilled on 2nd September, 2002, being the date of the Special General Meeting, the Consolidation will become effective on 3rd September, 2002.

EFFECT OF THE CONSOLIDATION

The Consolidation has no impact on the underlying assets, business, operation or financial position of the Company and its subsidiaries (other than the expenses in connection with the Consolidation estimated at approximately HK\$130,000 to be incurred by the Company). It will not change the respective shareholdings of the shareholders or result in any change in the relative rights of the shareholders.

LETTER FROM THE BOARD

LISTING

Application has been made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the New Shares. All necessary arrangements have been made for the New Shares to be admitted into the Central Clearing and Settlement System (“CCASS”) established and operated by Hong Kong Securities Clearing Company Limited (“HKSCC”).

Subject to the granting of listing of, and permission to deal in, the New shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

TRADING AND EXCHANGE OF CERTIFICATES

Trading arrangements

The following arrangements will apply upon the implementation of the Consolidation:

- (1) as from 9:30 a.m. on Tuesday, 3rd September, 2002 (or such later date as may be notified to shareholders) the present original counter for trading in shares of the Company in board lot of 10,000 Shares will be closed temporarily and a temporary counter for trading in shares of the Company in board lot of 500 New Shares will be set up. Only the existing share certificates denominated in the HK\$0.001 form in blue colour can be traded at this counter;
- (2) as from 9:30 a.m. on Tuesday, 17th September, 2002 (or such later date as may be notified to shareholders) when the new share certificates denominated in the HK\$0.02 form are made available for trading, the present original counter will be re-opened and used as a counter for trading in shares of the Company in board lot of 10,000 New Shares (in the form of new share certificates). Only new share certificates denominated in the HK\$0.02 form in purple colour can be traded at this counter; and
- (3) as from Tuesday, 17th September, 2002 up to and including Wednesday, 9th October, 2002 (or such later date as may be notified to shareholders) there will be parallel trading in the above two counters. After the end of the parallel trading period at 4:00 p.m. on Wednesday, 9th October, 2002, the temporary counter for trading in shares of the Company in board lot of 500 New Shares will be removed. With effect from 9:30 a.m. on Thursday, 10th October, 2002, trading will only be in board lots of 10,000 New Shares in the existing counter. The existing share certificates denominated in the HK\$0.001 form will then cease to be marketable and can only be deemed as evidence of legal entitlement to 5 per cent. of that number of New Shares.

Exchange of certificates

As from the date the Consolidation taking effect (which is expected to be 3rd September, 2002), new share certificates will be issued in board lot of 10,000 New Shares (except for odd lots or where the Company’s Hong Kong branch share registrar are otherwise instructed). Existing share certificates can be submitted to the Company’s Hong Kong branch share registrar, Tengis

LETTER FROM THE BOARD

Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong, for exchange for new share certificates free of charge during the period from 3rd September, 2002 to 4:00 p.m. on 4th November, 2002, both days inclusive and thereafter the usual charge of HK\$2.50 (or any such amount as the Stock Exchange may approve from time to time) per new share certificate issued will apply. It is expected that new share certificates will be available for collection 10 business days after submission of the existing share certificates to Tengis Limited for exchange. The new certificates for New Shares will be in purple colour in order to distinguish them from existing certificates for Shares which are blue in colour.

ARRANGEMENT FOR ODD LOT TRADING

In order to facilitate the trading of odd lots of New Shares as a result of the Consolidation, the Company has appointed Ever-Long Securities Company Limited (“Ever-Long”) to provide a “matching service” to those shareholders who wish to top-up or sell their holding of odd lots of New Shares.

Ever-Long will provide the service to match the sale and purchase of odd lots of New Shares during the period from the date the Consolidation taking effect (which is expected to be 3rd September, 2002) to 9th October, 2002, both dates inclusive. Holders of New Shares in odd lots who wish to take advantage of this facility either to dispose of or top up their odd lots to a board lot of 10,000 New Shares may directly or through their broker contact Mr. Ng Shun Fu, Laky of Ever-Long at 18th Floor, Dah Sing Life Building, 99-105 Des Voeux Road, Central, Hong Kong (Telephone: (852) 2581 0668) during such period. Shareholders should note that successful matching of the sale and purchase of odd lots of New Shares is not guaranteed.

Shareholders are recommended to consult their professional advisers if they are in any doubt about the facility described above.

EXISTING SHARE OPTION SCHEME

It is proposed that the Existing Share Option Scheme will be terminated upon the approval of the shareholders at the Special General Meeting.

As at the Latest Practicable Date, no option had been granted under the Existing Share Option Scheme. The Directors have no intention to grant any option under the Existing Share Option Scheme prior to its proposed termination. Upon the termination of the Existing Share Option Scheme, no further option can be granted thereunder.

Except the Existing Share Option Scheme, the Company has not adopted any scheme for granting of options to subscribe for shares of the Company.

NEW SHARE OPTION SCHEME

Principal terms of the New Share Option Scheme

A summary of the rules of the New Share Option Scheme is set out in the appendix to this circular.

LETTER FROM THE BOARD

Reasons for adoption of the New Share Option Scheme

Under the New Share Option Scheme, the Directors may grant options without any initial payment to any director, employee or consultant of the Group or any customer, supplier or consultant whose service to the Group or business with the Group may contribute to the business and operation of the Group. The New Share Option Scheme will enable the Group to offer valuable incentive to attract and retain quality personnel and other persons to work to increase the value of the shares of the Company. To this end, the Directors may specify the minimum period, if any, for which an option must be held or the performance targets, if any, that must be achieved before the option can be exercised.

Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional on:

- (a) the approval of the shareholders of the Company at a special general meeting to be held; and
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the new shares of the Company which may be issued and allotted pursuant to the exercise of options which may be granted under the New Share Option Scheme up to 10 per cent. of the shares of the Company in issue as at the date of approval of the New Share Option Scheme by shareholders in general meeting.

Value of the options

The Directors consider it inappropriate to value all the options that can be granted under the New Share Option Scheme on the assumption that they were granted on the Latest Practicable Date as a number of factors crucial for the valuation cannot be determined. Such factors include the exercise period and the conditions, such as performance targets, if any, that an option is subject to. Accordingly any valuation of the options based on a large number of speculative assumptions would not be meaningful but would be misleading to the shareholders.

Listing and dealings

Application has been made to the Listing Committee of the Stock Exchange for the approval of the New Share Option Scheme, the subsequent granting of options under the New Share Option Scheme and listing of and permission to deal in the new shares of the Company which may be issued and allotted pursuant to the New Share Option Scheme up to 10 per cent. of the shares of the Company in issue as at the date of approval of the New Share Option Scheme by shareholders in general meeting.

The shares of the Company are only listed on the Stock Exchange and not on any other stock exchange.

GENERAL MANDATE TO ISSUE SHARES

It is further proposed to grant a general and unconditional mandate to the Directors to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing of the relevant resolution to provide flexibility to the Company to raise fund by issue of shares efficiently. The mandate will be valid during the period

LETTER FROM THE BOARD

ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

It is also proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase issued and fully paid shares. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent. of the share capital in issue on the date of passing of the relevant resolution. On the Latest Practicable Date, there were in issue an aggregate of 6,480,000,000 Shares. On the assumption that no further Shares will be issued after the Latest Practicable Date up to the date of the Special General Meeting, exercise in full of the mandate could accordingly result in up to 648,000,000 Shares (equivalent to 32,400,000 New Shares) being repurchased by the Company.

The Company's authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules of the Stock Exchange. The mandate allows the Company to make or agree to make purchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The Directors have no present intention to repurchase any shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earning per Share. As compared with the financial position of the Company as at 31st March, 2002 (being the date of its latest audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed purchase period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its memorandum of association and bye-laws to repurchase its shares. Under Bermuda law, no shares of a company shall be repurchased except out of the capital paid up on the relevant shares or out of the funds of the company which would otherwise be available for distribution or dividend or out of 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 a company which would otherwise be available for distribution or dividend or out of the share premium account of the Company. Under Bermuda law, the shares so repurchased will be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares accordingly but the repurchase of shares shall not be taken as reducing the amount of the authorised share capital of the Company.

The Directors intend to apply the capital paid up on the relevant shares or the funds of the Company of which would otherwise be available for distribution or dividend for any purchase of its shares.

LETTER FROM THE BOARD

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 the associates (as defined in the Listing Rules) or any of the Directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules) 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 Company is authorised to make purchases of Shares.

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.

Effect of Takeovers Code

A repurchase of shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Top Master Development Limited, who held approximately 50.46 per cent. of the issued share capital of the Company, was the only substantial shareholder holding more than 10 per cent. of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase shares which is proposed to be granted pursuant to the resolution, the shareholding of Top Master Development Limited, together with its associates, in the Company would be increased to approximately 56.06 per cent. of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code and/or reduce the amount of shares held by the public to less than 25 per cent.. The Directors have no intention to repurchase shares to such an extent which will result in the amount of shares held by the public being reduced to less than 25 per cent..

Stock Exchange Rules for repurchases of shares

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders’ approval

The Listing Rules provide that all shares repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by special resolution in relation to specific transactions.

LETTER FROM THE BOARD

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose under the law of Bermuda and in accordance with Company's memorandum of association and bye-laws.

General

During each of the six months preceding the date of this circular, no securities had been repurchased by the Company.

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 HK\$	Lowest HK\$
2001		
August	0.212	0.126
September	0.214	0.187
October	0.215	0.187
November	0.211	0.161
December	0.211	0.169
2002		
January	0.194	0.131
February	0.159	0.077
March	0.090	0.077
April	0.108	0.042
May	0.039	0.020
June	0.022	0.010
July	0.010	0.010

SPECIAL GENERAL MEETING

You will find on pages 15 to 17 of this circular a notice of the Special General Meeting to be held at 10:15 a.m. on 2nd September, 2002 (or so soon thereafter as the annual general meeting of the Company convened for the same day at 10:00 a.m. shall have concluded or adjourned) at Tang Room 1, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong.

Resolution no. 1 will be proposed as an ordinary resolution to approve the Consolidation.

Resolution no. 2 will be proposed as an ordinary resolution to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

Resolution no. 3 will be proposed as an ordinary resolution to give a general mandate to the Directors to allot, issue and deal with shares with an aggregate nominal value not exceeding 20 per cent. of the share capital of the Company in issue as at the date of the resolution.

LETTER FROM THE BOARD

Resolution no. 4 will be proposed as an ordinary resolution to give a general mandate to the Directors to make on-market purchases of shares of the Company of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5 will be proposed as an ordinary resolution to extend resolution no. 3 to include the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to resolution no. 4.

There is enclosed a pink form of proxy for use at the Special General Meeting. You are requested to complete the form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting or adjourned meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

RECOMMENDATION

The Directors believe that the Proposals are in the best interest of the Company and the shareholders. Accordingly the Directors recommend you to vote in favour of all the resolutions to be proposed at the Special General Meeting.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries and that to the best of their knowledge and belief there are no other facts the omission of which would made any statement therein misleading.

DOCUMENT AVAILABLE FOR INSPECTION

A draft of the rules of the New Share Option Scheme will be available for inspection at the offices of Jennifer Cheung & Co. at Unit A, 19th Floor, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong during normal business hours up to and including the date of the Special General Meeting and at the Special General Meeting.

Yours faithfully,
Fu Chu Kan
Chairman

PURPOSE OF THE SCHEME

The New Share Option Scheme is set up for the purpose of attracting and retaining quality personnel and other persons and providing them with incentive to them to contribute to the business and operation of the Group.

WHO MAY JOIN

The Directors may at their discretion grant options to (i) any director, employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company (“Affiliate”); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any customer, supplier or consultant whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the Directors from time to time to subscribe for shares.

PRICE OF SHARES

Options may be granted without any initial payment for the options at an exercise price (subject to adjustments as provided therein) equal to the highest of (i) the nominal value of the shares of the Company; (ii) the closing price per share of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of the grant of the option; and (iii) the average closing price per share of the Company as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the grant of the option.

MAXIMUM NUMBER OF SHARES

The maximum number of shares which may be issued upon the exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10 per cent. of the shares of the Company in issue at the date of approval of the New Share Option Scheme (the “General Mandate Limit”) provided that:

- (a) the Company may seek approval by shareholders in general meeting to refresh the General Mandate Limit up to 10 per cent. of the shares of the Company in issue as at the date of the shareholders’ approval to renew the limit; and
- (b) the Company may seek separate shareholders’ approval in general meeting to grant options beyond the General Mandate Limit provided that the options in excess of the General Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought,

subject to the limitation that the maximum number of shares which may be issued or issuable upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30 per cent. of the shares of the Company in issue from time to time.

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the New Share Option Scheme to any one grantee in any 12-month period shall

not exceed 1 per cent. of the share capital of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates (the “Connected Persons”) and any discretionary trust whose discretionary objects include any of the Connected Persons must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

Where Options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options would result in the shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the grant of such options to represent in aggregate over 0.1 per cent. of the total issued shares of the Company for the time being and have an aggregate value (based on the closing price of a share of the Company at each date of the grant of these options) exceeding HK\$5,000,000, the proposed grant shall be subject to the approval of shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules.

TIME OF EXERCISE OF OPTION

The holder may subscribe for shares during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the Directors (which shall be less than ten years from the date of issue of the relevant option).

PERFORMANCE TARGETS

The Directors may at their absolute discretion specify the performance targets, if any, that must be achieved before the option can be exercised.

RIGHTS ARE PERSONAL TO GRANTEE

An option may not be transferred or assigned and will be personal to the holder of the option.

RIGHTS ON CEASING EMPLOYMENT

If a holder of an option is disabled or retires in accordance with the terms of his employment, the holder may exercise the option within a period of six months thereafter or at the expiration of the relevant option period, whichever is earlier, failing which the option will lapse.

RIGHTS ON DEATH

If a holder of an option dies, the personal representatives of the holder may exercise the option within a period of six months thereafter or at the expiration of the relevant option period, whichever is earlier, failing which the option will lapse.

RIGHTS ON DISMISSAL

If the holder of an option resigns or is dismissed from the employment of the Group, the option of such holder will thereupon lapse.

EFFECT OF ALTERATIONS TO CAPITAL

In the event of any reduction, sub-division or consolidation of the share capital of the Company or capitalisation issue or rights issue, the number or nominal amount of shares comprised in each option and/or the option price may be adjusted in such manner as the Directors (having received a statement in writing from the auditors of the Company that in their opinion the adjustments proposed satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules) may deem appropriate, provided always that an option holder shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate subscription price relating to any option, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value.

RIGHTS ON A GENERAL OFFER

If a general offer is made to the holders of shares of the Company, each holder of option shall be entitled at any time within the period of six months after such control has been obtained to exercise any option in whole or in part, and to the extent that it has not been so exercised, any option shall upon the expiry of such period cease and determine.

RIGHTS ON WINDING UP

If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every option shall be exercisable in whole or in part at any time thereafter until the resolution is duly passed or defeated or the meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon cease and terminate.

RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its members or creditors is proposed, each holder of option may exercise his option forthwith until the expiry of two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the Court, whichever is earlier, subject to such compromise or arrangement being sanctioned by the Court and becoming effective.

RANKING OF SHARES

Shares allotted on the exercise of options will rank *pari passu* with the other Shares in issue at the date of exercise of the relevant option except in respect of any dividend or other distribution previously resolved or announced to be paid or made if the record date therefor is before the relevant exercise date.

PERIOD OF THE SCHEME

The New Share Option Scheme will remain in force for a period of 10 years from the date of adoption of such scheme.

VARIATION

Except as allowed by the Listing Rules in effect from time to time or with the prior approval of shareholders in general meeting, no alteration shall be made to the provisions of the New Share Option Scheme relating to any of the above matters or of the terms or conditions of the New Share Option Scheme which are of a material nature or change the terms of options granted under the New Share Option Scheme, except where the alteration take effect automatically under the existing terms of the New Share Option Scheme. The Directors may terminate the New Share Option Scheme at any time, but options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the rules of such scheme.

CANCELLATION OF UNEXERCISED OPTION

The Company may cancel an option granted under the New Share Option Scheme but not exercised with the approval of the holder of such option. If the Company cancels options and issues new ones to the same option holder, the issue of such new options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by shareholders as mentioned in the paragraph headed “Maximum number of shares” above.

NOTICE OF SPECIAL GENERAL MEETING



GOLD WO INTERNATIONAL HOLDINGS LIMITED

金禾國際控股有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of Gold Wo International Holdings Limited (the “Company”) will be held at Tang Room 1, 3rd Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on 2nd September, 2002 at 10:15 a.m. (or so soon thereafter as the Annual General Meeting of the Company convened for the same day at 10:00 a.m. shall have concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT** on and subject to the terms and conditions set out in the circular of the Company dated 16th August, 2002 (a copy of which marked “A” has been produced to the meeting and initialled by the Chairman for the purposes of identification), every 20 shares of HK\$0.001 each in the existing issued and unissued share capital of the Company be consolidated into one share of HK\$0.02 (the “Consolidation”), and that the Consolidation shall take effect on the day immediately after fulfilment of all the conditions of the Consolidation.”
2. **“THAT:**
 - (a) the existing share option scheme of the Company adopted on 26th March, 2001 be and is hereby terminated; and
 - (b) the rules of the new share option scheme of the Company (a copy of which marked “B” has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved and that the directors of the Company be and are hereby authorised to implement the same and to grant options and to issue and allot shares of the Company pursuant thereto.”
3. **“THAT:**
 - (a) subject to sub-paragraph (c) of this Resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all powers of the Company to allot shares and to make and grant offers, agreements and options which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
 - (b) the approval in sub-paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period (as defined below) to make and grant offers, agreements and options which would or might require shares to be allotted after the end of the Relevant Period;

* for identification only

NOTICE OF SPECIAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in sub-paragraph (a) of this Resolution, otherwise than pursuant to shares issued as a result of a Rights Issue (as defined below) or a scrip dividend of the Company or the exercise of the subscription rights under the share option scheme of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of this Resolution, and the said approval shall be limited accordingly;

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 or any applicable laws to be held; or
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of securities open for a period fixed by the Directors to holders of shares on the registers of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory).”

4. **“THAT:**

- (a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in sub-paragraph (a) of this Resolution during the Relevant Period (as defined below) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval be limited accordingly; and

NOTICE OF SPECIAL GENERAL MEETING

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 or any applicable laws to be held; or
 - (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
5. “**THAT** conditional upon Resolution no. 3 and Resolution no. 4 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution no. 4 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to Resolution no. 3 above.”

By Order of the Board
Young Chi Shan, Michael
Secretary

Hong Kong, 16th August, 2002

Principal office:
Room 5, 34th Floor
Cable TV Tower
9 Hoi Shing 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 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a pink form of proxy must be deposited at the Company’s principal office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.