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If you have sold all your shares in **Lung Kee (Bermuda) Holdings Limited**, you should at once hand this circular 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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LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

PROPOSALS FOR GENERAL MANDATES TO PURCHASE ITS OWN SHARES AND TO ISSUE SHARES

The notice convening the annual general meeting of Lung Kee (Bermuda) Holdings Limited (the "Company") to be held at Peacock Room, 1st Floor, Mandarin Oriental Hotel, 5 Connaught Road Central, Hong Kong on Monday, 5th May, 2003 at 3:30 p.m. (the "Annual General Meeting") was given on 28th March, 2003 and is contained in the annual report of the Company for the period of nine months from 1st April, 2002 to 31st December, 2002 (the "Annual Report"). Shareholders are advised to read the notice and to complete and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting (as the case may be).



LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Siu Tit Lung (*Chairman*)
Mr. Siu Yuk Lung (*Managing Director*)
Mr. Mak Koon Chi
Mr. Wai Lung Shing
Mr. Fung Wai Hing

Non-Executive Director:

Mr. Chan Chun Sing, Colin

Independent Non-Executive Directors:

Mr. Liu Wing Ting, Stephen, *JP*
Dr. Lee Tat Yee

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and

Principal Place of Business:

2nd Floor
Cheung Kong Electronic Building
4 Hing Yip Street
Kwun Tong
Kowloon
Hong Kong

3rd April, 2003

To the shareholders of the Company

Dear Sir or Madam,

PROPOSALS FOR GENERAL MANDATES TO PURCHASE ITS OWN SHARES AND TO ISSUE SHARES

INTRODUCTION

This circular gives details of the proposed general mandates to purchase its own fully paid up shares ("Shares") and to issue Shares.

At the annual general meeting of the Company held on 9th September, 2002, a general mandate was given to the Directors to exercise the powers of the Company to purchase Shares and another general mandate was given to the Directors to allot, issue and deal with Shares. These general mandates will lapse at the conclusion of the Annual General Meeting.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO PURCHASE ITS OWN SHARES

An ordinary resolution will be proposed at the Annual General Meeting to approve a fresh general mandate to be given to the Directors to exercise the powers of the Company to purchase at any time until the next annual general meeting of the Company or such earlier date on which the authority given under this resolution is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, Shares up to a maximum of 10% of the share capital of the Company in issue (the “Share Repurchase Mandate”).

An explanatory statement as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to provide the requisite information is set out in the appendix hereto.

GENERAL MANDATE TO ISSUE SHARES

There will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the share capital of the Company in issue until the next annual general meeting of the Company or such earlier date on which the authority given under this resolution is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting (the “Share Issue Mandate”) and adding to such general mandate so granted to the Directors any Share purchased by the Company under the Share Repurchase Mandate.

ANNUAL GENERAL MEETING

At the Annual General Meeting, ordinary resolutions will be proposed to approve the Share Repurchase Mandate and Share Issue Mandate.

The notice convening the Annual General Meeting was given on 28th March, 2003 and is contained in the Annual Report. Shareholders are advised to read the notice and to complete and return the form of proxy enclosed with the Annual Report in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company at 2nd Floor, Cheung Kong Electronic Building, 4 Hing Yip Street, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting (as the case may be).

RECOMMENDATION

The Directors believe that the Shares Repurchase Mandate and the Share Issue Mandate are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolutions relating to such matters to be proposed at the Annual General Meeting.

Yours faithfully,
Siu Tit Lung
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide 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.

LISTING RULES

The Listing Rules permit companies with a primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to repurchase their securities on the Stock Exchange. The Shares proposed to be purchased by a company are fully paid up.

SHAREHOLDER’S APPROVAL

All proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

EXERCISE OF THE SHARE REPURCHASE MANDATE

As at 28th March, 2003, the latest practicable date prior to printing of this circular for ascertaining certain information contained in this circular (the “Latest Practicable Date”), there were 486,843,643 Shares in issue.

Subject to the passing of the ordinary resolution nos. 8 and 9 set out in the notice convening the Annual General Meeting and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 48,684,364 Shares.

REASONS FOR THE REPURCHASE OF SHARES

The Directors believe that the Share Repurchase Mandate is in the best interest of the Company and its shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Bermuda and the memorandum of association and the bye-laws of the Company. It is envisaged that the funds required for any repurchase would be derived from those funds of the Company legally permitted to be utilised in this connection, including capital paid up on the shares of the Company to be repurchased, funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares of the Company and any premium payable on a repurchase shall be provided out of funds of the Company otherwise available for dividend or distribution or sums standing to the share premium account 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 latest published audited consolidated accounts contained in the Annual Report in the event that Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share 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.

SHARE PRICES

The monthly highest and lowest prices at which the Shares had traded on the Stock Exchange during the twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2002		
March	1.43	1.25
April	1.45	1.33
May	1.75	1.40
June	1.56	1.28
July	1.41	1.10
August	1.27	1.11
September	1.22	1.14
October	1.20	1.13
November	1.29	1.19
December	1.60	1.29
2003		
January	1.98	1.51
February	2.25	1.95

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Listing Rules, the applicable laws and regulations of Bermuda and the memorandum of association and the by-laws of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell Shares to the Company or its subsidiaries in the event that the Share Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell the Shares to the Company, or has undertaken not to do so in the event that the Company is authorised to make repurchases of Shares.

TAKEOVER CODE

If as a result of repurchase of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of The Codes on Takeovers and Mergers and Share Repurchases (the "Takeovers Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, Mr. Siu Tit Lung and Mr. Siu Yuk Lung together with their respective associates are beneficially interested in 354,730,030 Shares representing approximately 72.86% of the issued share capital of the Company.

In the event that the Share Repurchase Mandate is exercised in full, the interests of Mr. Siu Tit Lung and Mr. Siu Yuk Lung and their associates in the Company would be increased to 80.96% 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 Takeover Code. The Directors have no intention to exercise the Share Repurchase Mandate to such an extent. However, such full exercise of the Share Repurchase Mandate would cause the Shares held in the hands of the public to fall below the minimum requirement to approximately 19.04% of the issued share capital of the Company. The Directors will use their best endeavours to ensure that the Share Repurchase Mandate will not be exercised to the extent that the Company will infringe the minimum 25% public float requirement under the Listing Rules.

SHARES PURCHASE BY THE COMPANY

Neither the Company nor any of its subsidiaries has purchased any of the Shares on the Stock Exchange in the six months preceding the Latest Practicable Date.