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If you have sold or transferred all your shares in I-China Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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I-CHINA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 240)

PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

AND

PROPOSED AMENDMENTS TO BYE-LAWS

A notice convening the annual general meeting of I-China Holdings Limited to be held at The Constable Room, 1st Floor, InterContinental Grand Stanford Hotel, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 21st June, 2004 at 3:00 p.m. is set out on pages 48 to 56 of the Annual Report March 2004. Whether or not you intend to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Progressive Registration Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjourned meeting if they so wish.

28th May, 2004

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DEFINITIONS

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

“Annual Report March 2004”	the annual report of the Company for the year ended 31st March, 2004;
“AGM”	the annual general meeting of the Company to be convened and held at The Constable Room, 1st Floor, InterContinental Grand Stanford Hotel, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 21st June, 2004 at 3:00 p.m.;
“associates”	the same definition as described under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	I-China Holdings Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	24th May, 2004, being the latest practicable date prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to issue new Shares on the terms set out in the Notice;
“Notice”	the notice convening the AGM;

DEFINITIONS

“Preference Shares”	preference shares of HK\$0.01 each issued by the Company which are convertible into Shares;
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares on the terms set out in the Notice;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the capital of the Company;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Wai Kee”	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange; and
“%”	per cent.

LETTER FROM THE BOARD

I-CHINA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Directors:

Zen Wei Peu, Derek (*Chairman*)

Yu Sai Yen (*Vice Chairman*)

Chow Ming Kuen, Joseph*

Ng Chi Ming, James*

Registered Office:

Argyle House

41A Cedar Avenue

Hamilton HM 12

Bermuda

* *Independent Non-Executive Director*

Principal Place of Business:

Units 1001-1015, 10th Floor

Tower 1, Grand Central Plaza

138 Shatin Rural Committee Road

Shatin, New Territories

Hong Kong

28th May, 2004

To the Shareholders

Dear Sir and Madam,

PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

AND

PROPOSED AMENDMENTS TO BYE-LAWS

INTRODUCTION

At the forthcoming AGM to be held on 21st June, 2004, resolutions will be proposed:

- (a) to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and warrants not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing such resolution;
- (b) to repurchase Shares not exceeding 10% of the aggregate nominal value of the Shares of the Company in issue as at the date of passing such resolution;
- (c) to add to the general mandate for issuing Shares set out in (a) above the number of Shares repurchased by the Company pursuant to the Repurchase Mandate set out in (b) above; and

LETTER FROM THE BOARD

- (d) to amend the Bye-laws of the Company in light of recent changes to the Listing Rules.

PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, it will be proposed, by way of an ordinary resolution, that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase Shares on the Stock Exchange up to a maximum of 10% of the Shares in issue at the date of passing the ordinary resolution.

An explanatory statement containing information relating to the Repurchase Mandate as required pursuant to the Listing Rules is set out on pages 9 to 12 to this circular.

PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, it will also be proposed, by way of an ordinary resolution, that the Directors be given a general and unconditional mandate to exercise all powers of the Company to issue new Shares up to 20% of the aggregate nominal value of the issued share capital of the Company on the date of the passing of the ordinary resolution. In addition, it is further proposed, by way of a separate ordinary resolution, that the New Issue Mandate be extended so that the Directors be given a general mandate to issue further Shares of an aggregate nominal value equal to the aggregate nominal value of the share capital of the Company repurchased under the Repurchase Mandate.

PROPOSED AMENDMENTS TO THE BYE-LAWS

Due to the recent enactment of the SFO and taking into account of the latest changes to the requirements of the Listing Rules, the Directors also proposes to put forward to the Shareholders for approval at the AGM of resolutions to amend the Bye-laws of the Company, amongst other things:

- (a) to amend the definition of “clearing house” and to delete references to “a recognized clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong”;
- (b) to allow corporate communications by electronic means and provision of summary financial reports in place of annual reports and accounts;
- (c) to require that the minimum seven-day period for lodgment by Shareholders of the notice to nominate a Director to commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;

LETTER FROM THE BOARD

- (d) to prohibit Directors from voting at and being counted towards the quorum of the board meeting on any matter in which he or any of his associates has a material interest;
- (e) to exclude the votes cast by a Shareholder in contravention of a requirement or restriction under the Listing Rules;
- (f) to enable the removal of a Director at any time before the expiration of his period of office by ordinary resolution at general meeting;
- (g) to enable the Company to send to persons entitled to the annual report (accompanied by the balance sheet and profit and loss account), a summary of financial statement instead, derived from the Company's annual accounts and prepared in compliance with the Listing Rules, statutes, rules and regulations (where applicable); and
- (h) to allow notice for Shareholders and Directors to be given by, inter alia, electronic means.

Those set out in Special Resolution No. 5 of the Notice in the Annual Report March 2004 are specific amendments to the Bye-laws of the Company that are proposed.

ADDITIONAL DISCLOSURE OF DIRECTORS

Set out below are details of the Directors who will retire from office at the AGM and, being eligible, offer themselves for re-election in accordance with Bye-law 94 of the Company's Bye-laws.

YU Sai Yen, aged 49, has been the Vice Chairman of the Company since 23rd April, 2004. He is the Managing Director of Leader Construction Company Limited which is a member of the Group. He holds a Bachelor of Science Degree in Civil Engineering from the University of Dundee. Mr. Yu is a fellow member of both the Hong Kong Institution of Engineers and the Institution of Civil Engineers. He has over 25 years of experience in project management and contract administration of large-scale civil engineering projects in site formation, reclamation, highway and railway works. He was an Executive Director of Wai Kee between 22nd September, 2000 and 11th September, 2001.

Within the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Yu is deemed to have interests in the Company as he has the right to acquire 166,660,000 Shares granted under the staff share purchasing scheme adopted by Wai Kee on 15th March, 2004. Save as disclosed, Mr. Yu does not have, and is not deemed to have, any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Mr. Yu does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders.

Mr. Yu entered into a service contract with the Company for a term of three years commencing on 1st May, 2004. Mr. Yu is entitled to an annual salary of HK\$2.04 million. He is also entitled to a discretionary bonus under the profit sharing scheme of the Company, life insurance benefit, and the Group's medical insurance scheme and mandatory provident fund scheme.

CHOW Ming Kuen, Joseph, OBE, JP, aged 62, has been appointed as an Independent Non-executive Director of the Company since 23rd April, 2004. He is a professional civil and structural engineer. He is also a fellow member of The Hong Kong Institution of Engineers, the Institution of Civil Engineers and the Institution of Structural Engineers. He is the chairman of Joseph Chow and Partners Limited, a professional consulting engineers firm. Dr. Chow was the president of the Hong Kong Institution of Engineers from 2001 to 2002 and the chairman of the Hong Kong Engineers' Registration Board from 1996 to 1998. Dr. Chow served in many capacities in public services including the Hong Kong Examinations Authority, Hong Kong Polytechnic University, Hospital Authority, Hong Kong Housing Authority, Auxiliary Police Force and Chinese Medicine Council. Dr. Chow is also an independent non-executive director of New Asia Realty and Trust Company, Limited and Chevalier International Holdings Limited, the shares of both companies are listed on the Main Board of the Stock Exchange.

Within the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Chow does not have, and is not deemed to have, any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations.

Mr. Chow does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders.

Mr. Chow has not entered into any service agreement with the Company. Mr. Chow is entitled to a sum of HK\$145,000 being a fee for acting as an independent non-executive director for the period from the last annual general meeting of the Company up to the next annual general meeting of the Company.

NG Chi Ming, James, aged 60, has been appointed as an Independent Non-executive Director of the Company since 23rd April, 2004. He is a director and the chief executive officer of e-New Media Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange. He is a director of Chinachem Group companies, an adviser of the Employers' Federation of Hong Kong, a member of the Election Committee (800) of Hong Kong Chief Executive. Mr. Ng has over 25 years of experience in the banking industry in Hong Kong and the United States. He was the chief executive officer of First Pacific Bank in Hong Kong and the chief executive officer of United Savings Bank in California. Mr. Ng holds a Master of Business Administration Degree from Golden Gate University in San Francisco and a Bachelor Degree in arts from St. Jose State University in the United States.

LETTER FROM THE BOARD

Within the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Ng does not have, and is not deemed to have, any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations.

Mr. Ng does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders.

Mr. Ng has not entered into any service agreement with the Company. Mr. Ng is entitled to a sum of HK\$145,000 being a fee for acting as an independent non-executive director for the period from the last annual general meeting of the Company up to the next annual general meeting of the Company.

RECOMMENDATION

The Directors are of the opinion that the grant of the Repurchase Mandate and the New Issue Mandate and the amendments to the Bye-laws of the Company are in the best interests of the Company and its Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

PROXY FORM

A form of proxy for use at the AGM is enclosed with Annual Report March 2004. Whether or not the Shareholders are able to attend the meeting, they are requested to complete the enclosed form of proxy and return it to the Company's Branch Share Registrars in Hong Kong, Progressive Registration Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the meeting should they wish to do so.

GENERAL

Pursuant to Bye-law 75 of the Bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman;
- (b) at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or
- (c) any member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

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- (d) a member or members present in person or by proxy or by representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Copies of the memorandum of association and the Bye-laws of the Company will be available for inspection at the principal place of business of the Company in Hong Kong at Units 1001-1015, 10th Floor, Tower 1, Grand Central Plaza, 138 Shatin Rural Committee Road, Shatin, New Territories, Hong Kong, during normal business hours from the date of this circular up to 21st June, 2004 (both days inclusive).

Yours faithfully,
For and on behalf of the Board
Zen Wei Peu, Derek
Chairman

SHARE CAPITAL

As at the Latest Practicable Date, there were 7,814,084,941 Shares in issue. Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the date of the AGM, the Company would be authorised to repurchase up to a maximum of 781,408,494 Shares.

REASONS FOR THE REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have general authority from the Shareholders to enable the Directors to repurchase Shares on the Stock Exchange. Such repurchase may, depending on marketing conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share 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 THE REPURCHASES

It is proposed that repurchases of securities under the Repurchase Mandate would be financed from available cash flow or working capital facilities of the Company and its subsidiaries. In repurchasing the securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares, or funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a new issue of Shares made for the purpose of the repurchase. The amount of premium payable on the repurchase may only be paid out of either funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account before the Shares are repurchased.

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 accounts of the Company for the year ended 31st March, 2004), in the event that the proposed Repurchase Mandate was 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 or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

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

	Per Share*	
	Highest	Lowest
	HK\$	HK\$
2003		
May	—	—
June	—	—
July	—	—
August	—	—
September	—	—
October	—	—
November	—	—
December	—	—
2004		
January	—	—
February	—	—
March	—	—
April	0.090	0.022

* The trading of Shares prior to capital restructuring has been suspended since 15th January, 2002. The trading of Shares has been resumed with effect from 27th April, 2004.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any of the Shares to the Company.

No connected person (as defined in the Listing Rules) has notified that he/she has a present intention to sell any of the Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF THE DIRECTORS

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 repurchase pursuant to the proposed resolution in accordance with the Listing Rules and the laws of Bermuda.

EFFECT OF THE TAKEOVERS CODE

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of Takeovers Code. Accordingly, 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 Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and for the purpose of the SFO, the following Shareholder was interested in 10% or more of the issued ordinary share capital of the Company:

Name	Number of Preference Shares held	Number of Shares held	Approximate percentage of the issued ordinary share capital of the Company as at the Latest Practicable Date
Top Horizon Holdings Limited (<i>Note</i>)	1,500,000,000*	5,267,372,705	67.41%

* convertible to 1,500,000,000 Shares at an initial conversion price of HK\$0.01

Note: Top Horizon Holdings Limited is wholly-owned by Wai Kee (Zens) Holding Limited, which in turn is wholly-owned by Wai Kee.

In the event that the Directors exercise in full the power to repurchase the Shares pursuant to the Repurchase Mandate, and Top Horizon Holdings Limited exercises its rights attached to the Preference Shares to convert 1,500,000,000 Preference Shares into Shares in full and do not dispose of any Shares and the Company do not issue any further Shares, the shareholding of Top Horizon Holdings Limited will be increased to approximately 79.31%. However, Wai Kee has given an undertaking to the Stock Exchange on 4th August, 2003, not to exercise the conversion rights attached to the Preference Shares to the extent that following the exercise of such conversion rights, the public float of the Company would fall below 25%. The Directors believe that such an increase should not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of the Shares (whether on the Stock Exchange or otherwise) has been made by the Company during the six months preceding the date of this circular.