IMPORTANT

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Prime Success International Group Limited (the "Company"), you should at once hand this circular to the purchaser or transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

永 恩 國 際 集 團 有 限 公 司

PRIME SUCCESS INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:
Mr. Chang Wen I *(Chairman)*
Mr. Chen Hsien Min *(Managing Director)*
Mr. Chen Ying-Chieh

Independent Non-Executive Directors:
Mr. Kuo Jung-Cheng
Mr. Huang Shun-Tsai

Registered Office:
Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal Place of Business:
Room 608, Austin Tower
22-26A Austin Avenue
Tsimshatsui
Kowloon
Hong Kong

29th April, 2002

To the shareholders of the Company:

GENERAL MANDATE FOR THE REPURCHASE OF SHARES

The purpose of this circular is to give shareholders the explanatory statement in connection with the proposed general mandate for the repurchase of the shares of HK$0.10 each in the Company (the "Share(s)").

EXPLANATORY STATEMENT

This explanatory statement provides the requisite information to you for your consideration of the proposal to grant a general and unconditional mandate to the director(s) of the Company (the "Director(s)") to exercise the powers of the Company to repurchase up to a maximum of

10 per cent. of the issued share capital of the Company as at the date of the relevant resolution (the "Shares Resolution") referred to in item 4B of the notice of the annual general meeting of the Company to be held on 23rd May, 2002 (the "Shares Repurchase Mandate").

1. SHARE REPURCHASE PROPOSAL

As at 26th April, 2002 (the latest practicable date prior to the printing of this explanatory statement), the issued share capital of the Company comprised 1,498,392,384 Shares.

Subject to the passing of the Shares Resolution, on the basis that no further securities are issued or repurchased prior to the Annual General Meeting to be held on 23rd May, 2002 and ignoring other restrictions, such as the limitation on the basis of trading volume mentioned above, the Company would be allowed under the Shares Repurchase Mandate to purchase up to a maximum of 149,839,238 Shares.

2. REASONS FOR THE REPURCHASE

The Directors believe that the ability to repurchase Shares is in the interests of the Company and its shareholders.

Repurchases may, depending on the circumstances, result in an enhancement in the net assets and/or earnings per Share. The Directors are seeking grant of a general 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 on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

3. FUNDING OF REPURCHASES

There may be an adverse impact on the working capital or gearing position of the Company (as compared with the financial position disclosed in its latest published audited financial statements) in the event that the proposed securities repurchases were to be carried out in full at any time during the proposed repurchase period. However, repurchases must be made out of funds entirely from the Company's available cash flow or working capital facilities, which will be funded legally available for such purpose in accordance with the memorandum and articles of association of the Company, the laws of the Cayman Islands and any other applicable laws. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

The Directors do not intend to make any repurchase as would, in the circumstances, have a material adverse effect on the working capital or the gearing position of the Company unless the Directors consider that such purchases are in the best interest of the Company notwithstanding such material adverse impact.

4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

There are no Directors (to the best of the knowledge of the Directors, having made all reasonable enquiries) or any associates (as defined in the Listing Rules) of the Directors, who have a present intention, in the event that the general mandate is approved by shareholders of the Company, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases pursuant to the general mandate only in accordance with the Listing Rules, the laws of Hong Kong and all applicable laws of the Cayman Islands.

If, as a result of a share repurchase, 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 Hong Kong Code on Takeovers and Mergers ("the Takeovers Code"). As a result, a shareholder or group of shareholders acting in concert (depending on the level of increase of shareholders' interests), 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 26th April, 2002 (the latest practicable date prior to the printing of this explanatory statement), Lucky Earn International Limited ("LE") was beneficially interested in 449,669,995 Shares, which constituted approximately 30.01 per cent. of the voting rights attaching to the issued share capital of the Company. If the Shares Repurchase Mandate were to be exercised in full, LE would (assuming that there is no change in the relevant facts and circumstances) hold approximately 33.34 per cent. of the voting rights attaching to the issued share capital of the Company.

It is considered that, in the absence of any special circumstances, an obligation to make a mandatory offer as referred to above as a result of a Shares repurchase would not arise under rule 26.1 of the Takeovers Code for so long as LE's share holding remains in the range of 30 per cent. to less than 35 per cent. of the voting rights attaching to the issued share capital of the Company and until 10 years after 19th October, 2001 on the basis of rule 26.6 of Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Shares Repurchase Mandate.

No connected persons (as defined in the Listing Rules) of the Company have notified it of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any of the Shares held by them to the Company in the event that the general mandate is authorized by shareholders of the Company.

5. SHARES REPURCHASES MADE BY THE COMPANY

During the six months prior to the latest practicable date before the printing of this circular, the Company has not purchased any Shares (whether on the Stock Exchange or otherwise).

6. SECURITIES PRICES

The highest and lowest prices at which Shares has traded on the Stock Exchange during each of the previous twelve months preceding the latest practicable date before the printing of this circular are as follows:–

	Share	
	Highest	**Lowest**
	HK$	*HK$*
2001		
April	0.107	0.086
May	0.166	0.100
June	0.156	0.125
July	0.149	0.125
August	0.192	0.144
September	0.149	0.136
October	0.150	0.138
November	0.160	0.138
December	0.168	0.155
2002		
January	0.175	0.155
February	0.160	0.150
March	0.157	0.130

Yours faithfully,
By Order of the Board
CHANG WEN I
Chairman