
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 shares in Jackley Holdings Limited, you should at once hand this circular, together with the enclosed 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.

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JACKLEY HOLDINGS LIMITED
美吉利國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE NEW SHARES OF THE COMPANY
AND
REFRESHMENT OF THE LIMIT OF THE
EXISTING SHARE OPTION SCHEME**

A notice convening the annual general meeting of Jackley Holdings Limited to be held at Meeting Rooms 1 & 2, Business Center, PM/F, The Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Tuesday, 8 July 2003 at 9:30 a.m. is set out in the 2002 annual report. Whether or not you propose to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrar in Hong Kong, Tengis 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 the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting should they so wish.

* for identification purpose only

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DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at Meeting Rooms 1 & 2, Business Center, PM/F, The Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong on Tuesday, 8 July 2003 at 9:30 a.m., notice of which is set out in the 2002 Annual Report;
“associates”	has the same meaning as ascribed in the Listing Rules;
“Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Company”	Jackley Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“connected persons”	has the same meaning as ascribed in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Eligible Participants”	any employees, executives or officers of the Company or any of its subsidiaries (including executive directors, non-executive and independent non-executive directors of the Company or any of its subsidiaries) and suppliers, consultants and advisers to the Group;
“Existing Scheme Mandate Limit”	10% of the issued share capital of the Company as at the date of adoption of the Existing Share Option Scheme which may be issued upon exercise of all options granted/to be granted under the Existing Share Option Scheme and any other schemes of the Company;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 6 June 2002;
“General Mandate Resolutions”	the ordinary resolutions to be proposed and passed at the Annual General Meeting for approving the granting of the Buyback Mandate and the Issuance Mandate to the Directors;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;

DEFINITIONS

“Latest Practicable Date”	9 June 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Registrar”	Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, the Company’s Branch Registrar in Hong Kong;
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“HK\$”	Hong Kong dollars.

LETTER FROM THE BOARD



JACKLEY HOLDINGS LIMITED

美吉利國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Lam Yat Sing (*the Chairman*)
Wong Kwai Wah
Chew Kean Eng
Khoo Chuan Teng
Anthony Henry Serra

Registered Office:

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Non-executive Directors:

Ahmad Tajuddin Ahmad Zainuddin
Azizul Rahim Abdul Rahman
Saharuddin Zamri (*an alternate non-executive Director
to Azizul Rahim Abdul Rahman*)

Principal Place of Business:

12th Floor
Tai Sang Commercial Building
24-34 Hennessy Road
Wan Chai
Hong Kong

Independent Non-executive Directors:

Liu Ngai Wing
Ong Hong Hoon

13 June 2003

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES OF THE COMPANY AND REFRESHMENT OF THE LIMIT OF THE EXISTING SHARE OPTION SCHEME

I. GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

1. INTRODUCTION

The purpose of this circular is to provide you with information relating to the General Mandate Resolutions to be proposed at the forthcoming Annual General Meeting to grant to the Directors the Buyback Mandate and the Issuance Mandate.

* for identification purpose only

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2. BUYBACK AND ISSUANCE MANDATES

Ordinary resolutions will be proposed at the Annual General Meeting to approve the grant of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to ten per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of passing such resolution (“Buyback Mandate”);
- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to twenty per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution (“Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in resolutions numbered 4 and 5 set out in the notice of the Annual General Meeting.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Buyback Mandate. An explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix A to this circular.

II. REFRESHMENT OF THE EXISTING SCHEME MANDATE LIMIT

Pursuant to the resolution passed by the Shareholders at the 2002 annual general meeting of the Company held on 6 June 2002, the Existing Share Option Scheme was adopted. The purpose of the Existing Share Option Scheme is to enable the Company to provide incentives or rewards to the Eligible Participants, being employees, executives or officers of the Company or any of its subsidiaries (including executive directors, non-executive and independent non-executive directors of the Company or any of its subsidiaries) and suppliers, consultants and advisers to the Group for their contribution to the Group.

Under the Existing Share Option Scheme, the Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Existing Share Option Scheme. The Company may grant options of up to Existing Scheme Mandate Limit, i.e. 10% (equivalent to 124,500,000 Shares) of the issued share capital of the Company as at the date of adoption of the Existing Share Option Scheme.

Since the passing of resolution on adoption of the Existing Share Option Scheme on 6 June 2002 and up to the Latest Practicable Date, options carrying the rights to subscribe for 86,140,000 Shares, representing approximately 6.92% of the issued share capital of the Company as at the date of adoption of the Existing Share Option Scheme, have been granted under the Existing Share Option Scheme on 31 December 2002.

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All the grantees of the options fell within the category of Eligible Participants under the Existing Share Option Scheme and all these options were granted in accordance with the rules of the Existing Share Option Scheme and the relevant requirements of the Listing Rules. The following table shows the options being granted to different types of Eligible Participants:

Eligible Participants		Number of options granted
4	Executive Directors	17,124,000
2	Non-Executive Directors	2,488,000
18	Employees	45,152,000
1	Supplier	6,000,000
18	Consultants and advisers	15,376,000

As stated above, the options were granted to the Eligible Participants as the incentives and rewards to them, but none of the grantees has been granted with options which exceed the limit of 1% of the issued share capital of the Company for the time being (i.e. 12,450,000 Shares). Other than the Directors, none of the grantees is a connected person of the Company.

All of the options granted were outstanding as at the Latest Practicable Date. Accordingly, pursuant to the Existing Scheme Mandate Limit, the Company is only permitted to grant further options to subscribe for 38,360,000 Shares, representing approximately 3.08% of the issued share capital of the Company as at the date of adoption of the Existing Share Option Scheme.

Apart from the Existing Share Option Scheme, the Company has no other share option scheme currently in force. The Directors consider that the Company should refresh the Existing Scheme Mandate Limit so that the Company could have more flexibility to provide incentives to those Eligible Participants of the Existing Share Option Scheme by way of granting share options to them. If the refreshment of the Existing Share Option Scheme is approved at the Annual General Meeting, based on the 1,245,000,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to grant further options under the Existing Share Option Scheme for subscription of up to a total of 124,500,000 Shares, representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting.

The number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Share Option Scheme will not in aggregate exceed 30% of the issued share capital of the Company for the time being. The Directors consider that the refreshment of the Existing Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other Eligible Participants under the Existing Share Option Scheme.

The refreshment of the Existing Scheme Mandate Limit is conditional upon:

- (i) the passing of the ordinary resolution at the Annual General Meeting; and

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- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Existing Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the ordinary resolution at the Annual General Meeting.

III. ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is contained in the Company's 2002 Annual Report. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Buyback Mandate and the Issuance Mandate, the extension of the Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate and the refreshment of the limit of the Existing Share Option Scheme.

A form of proxy for use at the Annual General Meeting is also enclosed with the Company's 2002 Annual Report. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the 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 at the Company's Branch Share Registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude shareholders from attending and voting at the Annual General Meeting if they so wish.

IV. RECOMMENDATION

The Directors consider that the Buyback Mandate and granting/extension of the Issuance Mandate and the refreshment of the limit of the Existing Share Option Scheme are in the interests of the Company and the Group and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

V. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix A to this circular.

Yours faithfully,
Lam Yat Sing
Chairman of the Board

APPENDIX A EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

This Appendix serves an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Buyback Mandate.

1. REASONS FOR SHARE BUYBACK

The Directors believe that the proposed granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net assets and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number 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.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,245,000,000 Shares.

Subject to the passing of the resolution no.4 set out in the notice of the Annual General Meeting and assuming that no further Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 124,500,000 Shares during the period in which the Buyback Mandate remains in force.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the laws of the Cayman Islands and other applicable laws.

The Company is empowered by its memorandum and articles of association to repurchase its Shares. The laws of the Cayman Islands provide that the amount of capital paid in connection with a share repurchase may only be paid out of either the profits of the Company or the proceeds of a fresh issue of Shares made for such purpose or, subject to the provisions of the Cayman Islands laws, out of capital. The amount of premium payable on repurchase may be paid out of the profits of the Company or out of the share premium account of the Company, or, subject to the provisions of the Cayman Islands laws, out of capital, before the shares are repurchased.

There might be 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 of the Company for the year ended 31 December 2002) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback 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.

4. GENERAL

None of the Directors or, to the best of their knowledge and having made all reasonable enquiries, any of their respective associates, have any present intention to sell any Shares to the Company or its subsidiaries in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person of the Company has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so in the event that the granting of the Buyback Mandate is approved by the Shareholders.

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, 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 for all Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Mr Lam Yat Sing, a director of the Company, was interested in 59.27% of the total issued Shares. On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Buyback Mandate, the shareholdings of Mr Lam Yat Sing in the Company would be increased to approximately 65.85% (on the assumption that no further Shares will be issued or repurchased by the Company) of the total issued share capital of the Company and this will not give rise to an obligation to make a mandatory offer in accordance with the Takeovers Code. The Directors will not make repurchase of Shares on the Stock Exchange if the result of the repurchase would be that less than 25% of the issued share capital of the Company would be in public hands. Same as disclosed above, the Directors are not aware of any consequences which will arise under the Takeovers Code as a consequence of any repurchases pursuant to the Buyback Mandate.

APPENDIX A EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have been traded on the Stock Exchange during each of the previous 12 months from 1 June 2002 to 31 May 2003 were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
June	0.500	0.370
July	0.370	0.249
August	0.300	0.151
September	0.400	0.295
October	0.365	0.335
November	0.370	0.310
December	0.350	0.250
2003		
January	—	—
February	0.325	0.127
March	0.151	0.131
April	0.206	0.160
May	0.325	0.215

6. SHARE REPURCHASES MADE BY THE COMPANY

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