
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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 Anex International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying 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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ANEX INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND TO ISSUE NEW SHARES AND PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT

A notice convening the forthcoming Annual General Meeting of the Company to be held at The Ritz-Carlton Hong Kong, Chater Room III, Function Room Level (B1), 3 Connaught Road Central, Hong Kong on Monday, 15 September 2003 at 9:30 a.m. is set out on page 11.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's 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 but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from attending and voting at the meeting should you so wish.

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on 15 September 2003, Monday at 9:30 a.m.;
“Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Board”	the board of Directors of the Company for the time being;
“Company”	Anex International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Directors”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	25 July 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;
“Ordinary Resolutions”	the proposed ordinary resolutions as referred to in the notice of the Annual General Meeting;
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;

DEFINITIONS

“Share Premium Reduction”	the proposed reduction of an amount of HK\$103,948,000 standing to the credit of the share premium account of the Company as at 31 March 2003;
“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.

LETTER FROM THE BOARD



ANEX INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Kwok Hon Ching (*Chairman*)

Kwok Hon Kau, Johnny

Kwok Hon Lam

Chau Kwok Wai

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

*Chow Chouk Lap

*Wong Lung Tak, Patrick

Lee Ho Man, Eric

*Principal Place of Business in
Hong Kong:*

9th Floor,

Mai Shun Industrial Building

18-24 Kwai Cheong Road

Kwai Chung

New Territories

Hong Kong

* *Independent Non-executive Directors*

31 July 2003

Dear Sir or Madam

GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND TO ISSUE NEW SHARES AND PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT

1. INTRODUCTION

At the annual general meeting of the Company held on 9 September 2002, the Company granted a Buyback Mandate to the Board to exercise the powers of the Company to repurchase shares of the Company. An Issuance Mandate was also granted to the Directors enabling them to issue new shares. Such mandates will lapse at the conclusion of the forthcoming Annual General Meeting of the Company. In addition, the Board announced on 28 July 2003 that it intends to put forward a proposal to the Shareholders to reduce the share premium account of the Company.

The purpose of this circular is to provide you with information in respect of the Ordinary and Special Resolutions to be proposed at the Annual General Meeting for the approval of (i) the Issuance and the Buyback Mandates; and (ii) to approve and to implement the Share Premium Reduction.

LETTER FROM THE BOARD

2. BUYBACK AND ISSUANCE MANDATES

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

- (a) to purchase Shares of the Company on the Stock Exchange of an aggregate nominal amount of up to 10% 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 20% 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 I to this circular.

3. REDUCTION OF SHARE PREMIUM

As at the Latest Practicable date, the amount standing to the credit of the share premium account of the Company was HK\$103,948,000. It is proposed that, subject to the conditions set out below, the share premium account of the Company be reduced by HK\$103,948,000 to zero of which HK\$98,953,000 will be applied towards the elimination of the accumulated losses of the Company and the remaining balance of HK\$4,995,000 will be credited to the distributable reserve account of the Company. As a result, the accumulated loss of the Company as at 31 March 2003 will be reduced from HK\$98,953,000 to zero upon the Share Premium Reduction becoming effective.

The Board believes that the Share Premium Reduction is in the best interests of the Company and the Shareholders.

LETTER FROM THE BOARD

(A) REASONS FOR THE SHARE PREMIUM REDUCTION

The Board considers that it is unnecessary to maintain the share premium account. The Company is subject to the restrictions under Bermuda law on the use of the funds standing in the share premium account which, in summary, limit its use to the issue of bonus shares and paying the costs arising on the issue of shares. The application of funds in the share premium account is therefore more restricted than that of the distributable reserve. The Board considers that it is in the best interests of the Company and the Shareholders to proceed with the Share Premium Reduction. In particular, the Board believes that the Share Premium Reduction will eliminate in full an accumulated loss of HK\$98,953,000 of the Company as at 31 March 2003. The Share Premium Reduction will enable the Company to make payment of dividends from future retained earnings at an earlier time, although the Board has no intention to declare any dividend for the time being.

(B) EFFECTS OF THE SHARE PREMIUM REDUCTION

The effect of the Share Premium Reduction on the components of the shareholders' funds of the Company as at 31 March 2003 is set out below:

	Before Share Premium Reduction as at 31 March 2003 (HK\$ million)	Pro-forma upon Share Premium Reduction becoming effective (HK\$ million)
SHAREHOLDERS' FUNDS		
Share capital	45.752	45.752
Share premium	103.948	—
Distributable Reserve (excluding contributed surplus)	—	4.995
Accumulated loss	(98.953)	—
Total	<u>50.747</u>	<u>50.747</u>

The implementation of the Share Premium Reduction will not affect the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the shareholders of the Company, other than as a result of the related professional fees, printing costs and postages of approximately HK\$100,000. Save as the aforesaid expenses of the Share Premium Reduction, the Directors of the Company consider that the Share Premium Reduction will not cause any loss in the shareholders' funds of the Company and the Group. The Directors of the Company consider that the Proposal will not have a material adverse effect on the financial position of the Company and the Group.

LETTER FROM THE BOARD

(C) CONDITIONS OF THE SHARE PREMIUM REDUCTION

The Share Premium Reduction is conditional upon (i) the passing of a special resolution to approve the Share Premium Reduction at the Annual General Meeting; and (ii) the compliance of section 46 of the Companies Act 1981 of Bermuda, including the publication of a notice of the Share Premium Reduction in an appointed newspaper in Bermuda. The Company is also required to file a memorandum of reduction of capital with the Registrar of Companies in Bermuda within 30 days after the date from which the reduction has effect. No court sanction for the proposed Share Premium Reduction is required under section 46 of the Companies Act 1981 of Bermuda.

The Share Premium Reduction will become effective immediately following the passing of the special resolution at the Annual General Meeting.

4. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate, granting/extension of the Issuance Mandate and the Reduction of Share Premium are in the best interests of the Company, 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.

5. GENERAL INFORMATION

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

Yours faithfully,
For and on Behalf of the Board
Anex International Holdings Limited
Kwok Hon Ching
Chairman

This Appendix serves as 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 THE REPURCHASE

The Directors believe that the Buyback Mandate is in the best interests of the Company and its shareholders. An exercise of the Buyback Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and its Shareholders.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 457,524,848 Shares.

Subject to the passing of the resolution for the grant of the Buyback Mandate (resolution numbered 4 as set out in the notice convening the Annual General Meeting contained in this circular), and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Buyback Mandate to repurchase a maximum of 45,752,484 Shares.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the Listing Rules, the laws of Bermuda and other applicable laws.

Taking into account the current working capital position of the Company, the Directors consider that, if the Buyback Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2003, the date to which the last audited accounts of the Company were made up. However, the Directors do not intend to make any repurchases to such an extent as would, in circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares of the Company were traded on the Stock Exchange during each of the previous 12 months from July 2002 to June 2003, were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.0750	0.0400
August	0.0600	0.0400
September	0.0500	0.0460
October	0.0500	0.0410
November	0.0460	0.0400
December	0.0400	0.0400
2003		
January	0.0470	0.0400
February	0.0750	0.0450
March	0.0720	0.0640
April	0.0710	0.0640
May	0.0700	0.0620
June	0.0740	0.0580

5. DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Proposal in accordance with the Listing Rules and the laws of Bermuda.

The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases to be made under the Buyback Mandate. However, if as a result of a 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 Rule 32 of the Takeovers Code. Accordingly, a shareholder or a 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 Rules 26 and 32 of the Takeovers Code.

The shareholding of the Directors and substantial shareholders as at the Latest Practicable Date prior to the printing of the circular and upon the exercise in full of the powers of the Company to make purchases under the Buyback Mandate are as follows:

Directors	Notes	Latest Practicable Date	Percentage over existing issued capital	Percentage over the issued capital on full exercise of Buyback Mandate
Kwok Hon Ching	(a), (c)	158,900,000	34.73	38.59
Kwok Hon Kau, Johnny	(b), (c)	158,900,000	34.73	38.59
Kwok Hon Lam	(c)	83,900,000	18.34	20.38
Lee Ho Man, Eric		2,000,000	0.44	0.49
Chau Kwok Wai		1,000,000	0.22	0.24

Substantial Shareholders (other than Kwok Hon Ching, Kwok Hon Kau, Johnny and Kwok Hon Lam)	Notes	Latest Practicable Date	Percentage over existing issued capital	Percentage over the issued capital on full exercise of Buyback Mandate
Hui Mei Heung		75,000,000	16.39	18.21
Kwok Lee Shu Noo	(d)	158,900,000	34.73	38.59
Leung Wai Shan, Christina	(e)	158,900,000	34.73	38.59
Cheng Mei Chu	(f)	83,900,000	18.34	20.38
Armstrong Inc.		75,000,000	16.39	18.21
Prominent Field Inc.		75,000,000	16.39	18.21
Saramade Company Limited		75,000,000	16.39	18.21
Pierson Heldring & Pierson (Bahamas) Limited	(g)	225,000,000	49.18	54.64

Notes:

- (a) 75,000,000 Shares are held by Saramade Company Limited, a trustee of a unit trust owned by a discretionary trust established for the benefit of the family members of Mr. Kwok Hon Ching.
- (b) 75,000,000 Shares are held by Prominent Field Inc., a trustee of a unit trust owned by a discretionary trust established for the benefit of the family members of Mr. Kwok Hon Kau, Johnny.
- (c) 75,000,000 Shares are held by Armstrong Inc., a trustee of a unit trust owned by a discretionary trust established for the benefit of the family members of Madam Hui Mei Heung, including Messrs, Kwok Hon Ching, Kwok Hon Lam and Kwok Hon Kau, Johnny.

- (d) 158,900,000 Shares are deemed to be held by Mrs Kwok Lee Shu Noo by virtue of her being the spouse of Mr Kwok Hon Ching.
- (e) 158,900,000 Shares are deemed to be held by Ms Leung Wai Shan, Christina by virtue of her being the spouse of Mr Kwok Hon Kau, Johnny.
- (f) 83,900,000 Shares are deemed to be held by Ms Cheng Mei Chu by virtue of her being the spouse of Mr Kwok Hon Lam.
- (g) Pierson Holding & Pierson (Bahamas) Limited is the trustee of the discretionary trusts mentioned in notes (a), (b) and (c) above.

In the opinion of the Directors, the increase of proportionate interest arising from the full exercise of the Buyback Mandate may give rise to an obligation for Mr Kwok Hon Ching, Mr Kwok Hon Kau, Johnny, Mrs Kwok Lee Shu Noo, Ms Leung Wai Shan, Christina and Pierson Holding & Pierson (Bahamas) Limited.

The Directors do not have any present intention to exercise the proposed Buyback Mandate to such an extent as would give rise to such an obligation.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell Shares to the Company under the Buyback Mandate in the event that the Buyback Mandate is approved by shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Buyback Mandate is approved by its shareholders.

SHARES PURCHASES MADE BY THE COMPANY

No purchase of Shares has been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



ANEX INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the 2003 Annual General Meeting of the Company will be held at The Ritz-Carlton Hong Kong, Chater Room III, Function Room Level (B1), 3 Connanght Road Central, Hong Kong on Monday, 15 September 2003 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Report of the Directors and of the Auditors for the year ended 31 March 2003;
2. To re-elect the retiring Directors and to authorise the Board of Directors to fix the Directors' remuneration and to set a maximum number of Directors;
3. To appoint Messrs Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration;
4. To consider and, if thought fit, pass by way of special business, with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the shares of the Company to be purchased pursuant to the approval in paragraph (a) during the Relevant Period above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) 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 law to be held.”;

5. To consider and, if thought fit, pass by way of special business, with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period of all powers of the Company to allot shares and to make and grant offers, agreements, securities convertible into shares, warrants and options which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make and grant offers, agreements, securities convertible into shares, warrants and options which would or might require shares to be allotted after the end of the Relevant Period;
- (c) the total 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 paragraph (a), otherwise than pursuant to shares issued as a result of a Rights Issue where shares are offered to holders of shares on the register 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) or any agreements and arrangements entered into by the Directors of the Company pursuant to the general mandate previously granted to the Directors which would or might require shares to be allotted during the Relevant Period or the share option scheme of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue as at 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 revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) 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 law to be held.”; and

- 6. To consider and, if thought fit, pass by way of special business, with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** the general mandate granted to the Directors of the Company pursuant to Resolution 5 above and for the time being in force to exercise the powers of the Company to issue and allot additional shares and to make or grant offers, agreements, securities convertible into shares, warrants and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company since the granting of such general mandate referred to in the above Resolution 4 pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”; and

- 7. To consider and, if thought fit, pass by way of special business, with or without amendments, the following resolution as a Special Resolution:

“**THAT**

- (a) the share premium account of the Company be reduced by the amount of HK\$103,948,000 and that the directors of the Company be and are hereby authorised to apply such reduced amount towards the elimination of the accumulated losses of the Company in the amount of HK\$98,953,000 and to credit the remaining balance of HK\$4,995,000 to the distributable reserve account of the Company; and
- (b) the directors of the Company be and are hereby authorised generally to do all acts and things which they may consider appropriate, necessary or desirable to give effect to or implement the foregoing.”

By Order of the Board
Chau Kwok Wai
Company Secretary

Hong Kong, 31 July 2003

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Register of Members of the Company will be closed from Tuesday, 9 September 2003 to Monday, 15 September 2003 (both days inclusive) during which period no transfer of shares will be registered. In order to attend the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 September 2003.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy so appointed.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited, 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 Meeting.
4. An explanatory statement containing further details regarding Resolutions Nos. 4 to 7 above will be despatched to shareholders together with the 2003 Annual Report.
5. The proposed maximum number of directors under Resolution No. 2 is 10, which is to reconfirm the existing maximum number. Pursuant to Bye-laws 86(2) of the Company Bye-laws, the Directors have the power to appoint any qualified persons as a director up to the maximum number determined from time to time by the members in general meeting.