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CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

Directors:

Lui Chi (*Chairman*)

Brad Huang

(*Deputy Chairman*)

Lui Shing Ming, Brian

Lui Shing Cheong

Lui Shing Chung, Victor

Lung Wai Kee

Lam Chun Kong*

Wang Chu Hong, James*

Lo Wing Man*

* *Independent Non-executive Director*

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Bermuda

Head Office and Principal

Place of Business:

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Kwai Chung, New Territories

Hong Kong

31st July, 2003

To the shareholders

Dear Sir or Madam,

GENERAL MANDATE TO ISSUE NEW SHARES AND REPURCHASE SHARES

Introduction

It is proposed that at the annual general meeting of Cheong Ming Investments Limited (the "Company") for the year ended 31st March, 2003, resolutions will be put forward to shareholders to grant to the board of directors (the "Directors") of the Company general mandates to issue and to

repurchase shares of the Company. This circular contains the explanatory statement on the proposed share repurchase mandate in compliance with the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in order to give all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve repurchase by the Company of its own shares.

General Mandate to Repurchase Shares

At the annual general meeting of the Company for the year ended 31st March, 2003 to be held on 5th September, 2003, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent. of the share capital of the Company in issue on the date of the resolution (the “Repurchase Mandate”). The Company’s authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules of the Stock Exchange. On 28th July, 2003 (the “Latest Practicable Date”), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 432,331,061 shares of HK\$0.1 each in the Company (“Shares”). Exercise in full of the Repurchase Mandate, on the basis that no further Shares are issued prior to the date of the annual general meeting, will accordingly result in up to 43,233,106 Shares being repurchased by the Company. The Repurchase Mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the Company’s Bye-laws or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

Reason for the Repurchase Mandate

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase when it is appropriate and beneficial to the Company. Such repurchases may enhance the net asset value of the Company and/or earnings per Share. As compared with the financial position of the Company as at 31st March, 2003, being the date of its latest audited accounts, the Directors consider that there might be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed mandate period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

Funding of Repurchases

The Company is empowered by its memorandum of association and Bye-laws to repurchase its Shares. The Directors will only use funds legally available for making repurchase of shares in accordance with the Company’s constitutive documents and the laws of Bermuda. Under Bermuda law, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital of the Company will not be reduced.

General Mandates to Issue Shares

At the annual general meeting, an ordinary resolution will be proposed to grant to the Directors a general mandate to allot, issue and deal with additional Shares representing not more than 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

Subject to the passing of the aforesaid ordinary resolutions of the Repurchase Mandate and general mandate to issue shares, an ordinary resolution will also be proposed to authorize the Directors to allot, issue and deal with additional Shares in the issued share capital of the Company up to an amount equal to the aggregate nominal amount of the Shares purchased pursuant to the Repurchase Mandate. In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any repurchase of Shares without the prior approval of the Stock Exchange.

Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during the previous twelve months were as follows:

Month	Per Share	
	Highest HK\$	Lowest HK\$
2002		
July	0.450	0.340
August	0.420	0.300
September	0.335	0.260
October	0.300	0.201
November	0.300	0.240
December	0.295	0.260
2003		
January	0.320	0.265
February	0.335	0.280
March	0.320	0.255
April	0.310	0.270
May	0.330	0.275
June	0.385	0.320

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the memorandum of association and Bye-laws of the Company.

Directors, their Associates and Connected Persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the shareholders.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has the present intention to sell Shares to the Company nor has he/she undertaken not to do so, in the event that the Repurchase Mandate is granted by the shareholders.

Hong Kong Code on Takeovers and Mergers

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Harmony Link Corporation, a substantial shareholder of the Company, held approximately 54.3 per cent. of the issued share capital of the Company. On this basis, in the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Harmony Link Corporation in the Company would be increased to approximately 60.3 per cent. of the issued share capital of the Company and such increase would not give rise to any obligation to make a mandatory offer under Rule 26 of the Code. The Directors are not aware of the existence of any other substantial shareholders as at the Latest Practicable Date.

Share Repurchases made by the Company

In the six months preceding the Latest Practicable Date, no repurchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise).

Recommendation

The Directors of the Company are of the opinion that the grant of the Repurchase Mandate is in the best interests of the Company and shareholders and recommend you to vote in favour of the resolution to be proposed at the annual general meeting to approve the Repurchase Mandate.

Yours faithfully,

For and on behalf of

Cheong Ming Investments Limited

Lui Chi

Chairman