

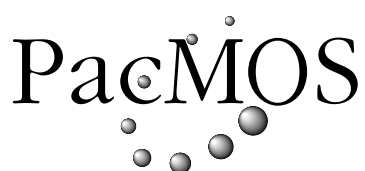
## IMPORTANT

**If you are in doubt** as to any aspect of this document, you should contact a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in PacMOS Technologies Holdings Limited, you should at once hand this document to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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### **PacMOS Technologies Holdings Limited** **( 弘 茂 科 技 控 股 有 限 公 司 )**

*(incorporated in Bermuda with limited liability)*

*Board of Directors:*

*Executive Directors:*

Seto Yee Woon, John (*Chairman*)

Yip Chi Hung

Pang Hong

*Independent Non-executive Directors:*

Fung Choi On

Wong Chi Keung

*Principal Office:*

12th Floor  
PCL Group Building  
18 Lee Chung Street  
Chai Wan  
Hong Kong

19th April, 2002

*To all shareholders of the Company*

Dear Sir or Madam,

### **PROPOSED GENERAL MANDATE TO PURCHASE SHARES**

#### **1. EXPLANATORY STATEMENT OF GENERAL MANDATE TO PURCHASE SHARES**

This document contains the Explanatory Statement required to be sent to shareholders of the Company under Rule 10.06 (1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong

Limited (the “Listing Rules”) in connection with the proposed ordinary resolution set out in paragraph 5 of the notice of Annual General Meeting of the Company to be held on 27th June, 2002 (the “AGM Notice”) contained in the annual report of the Company for the year ended 31st December, 2001, for the grant of the general mandate to the directors of the Company (the “Directors”) to purchase fully paid up shares of the Company and securities which carry a right to subscribe or purchase shares of the Company. Reference in this document to “Shares” means share(s) in the capital of the Company and, where the context requires or permits, securities which carry a right to subscribe or purchase shares of the Company.

Whilst the Directors do not presently intend to purchase any Shares, they believe that the flexibility afforded by the mandate granted to them if the ordinary resolution set out in paragraph 5 of the AGM Notice (the “Purchase Mandate”) is passed would be beneficial to the Company. The general mandate of same nature was granted in last year’s annual general meeting dated 28th June, 2001 and will be expired at the forthcoming Annual General Meeting.

The following is a summary of the principal provisions under the Listing Rules concerning the purchase by the Company of Shares as well as all the information reasonably necessary to enable the Company’s shareholders to make a decision on whether to vote for or against the relevant ordinary resolution in the forthcoming Annual General Meeting.

### **Maximum number of shares to be purchased**

It is proposed that up to 10 percent of the Shares in issue at the date of the passing of the resolution to approve the Purchase Mandate may be purchased. As at 19th April, 2002, being the latest practicable date for determining such figures, the issued share capital of the Company comprised 336,587,142 Shares. Subject to the passing of the ordinary resolution approving the Purchase Mandate and on the basis that no further Shares are issued prior to the forthcoming Annual General Meeting, the Directors would be authorised to purchase up to 33,658,714 Shares during the period up to the conclusion of the next annual general meeting of the Company, 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 or the date of the revocation or variation of the Purchase Mandate by an ordinary resolution of the Company in general meeting, whichever occurs first.

### **Reasons for purchases**

Purchases of Shares will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders. Such purchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets of the Company and/or earnings and/or dividend per Share.

### **Funding of purchases**

Purchases may only be funded out of funds legally available for the purpose in accordance with the Company’s constitutional documents and the laws of Bermuda, the jurisdiction in which the Company is incorporated.

Purchases pursuant to the Purchase Mandate would be financed entirely from the Company’s available cash flow. In purchasing Shares, the Directors may only apply funds of the Company legally permitted to be utilized in this connection, including profits otherwise available for distribution.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements as at 31st December, 2001) in the event that the Purchase Mandate is exercised in full. However, the Directors do not propose to exercise the Purchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company.

### **Disclosure of interests**

None of the Directors, and to the best of their knowledge, having made all reasonable enquires, none of their associates, has any present intention, in the event that the Purchase Mandate is approved by shareholders of the Company, to sell Shares to the Company.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Purchase Mandate is approved by shareholders of the Company.

### **Directors' undertaking**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Purchase Mandate in accordance with the Listing Rules and the laws of Bermuda, the jurisdiction in which the Company is incorporated.

### **Share purchases made by the Company**

There have been no purchases of Shares by the Company and/or its subsidiaries during the previous six months (whether on the Stock Exchange or otherwise).

### **Takeover Code consequences**

If as a result of a purchase of Shares, 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 Hong Kong Code on Takeovers and Mergers ("Takeover Code"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at 19th April, 2002 (the latest practicable date prior to the printing of this document), Texan Management Limited ("Texan") and Vision2000 Venture Ltd. ("Vision2000"), the substantial shareholders of the Company owned approximately 43.3 percent (145,610,000 shares) and 31.5 percent (106,043,142 shares) of the shares of the Company respectively. If the Directors exercise the Purchase Mandate in full, Texan will own approximately 48 percent of the shares of the Company and Vision2000 will own 35 percent of the shares of the Company. Such increase in the shareholding of Vision2000 will give rise to obligation to make a mandatory offer under Rule 26 of the Takeover Code. However, the Directors have no present intention to exercise the proposed Purchase Mandate to such extent as would result in such takeover obligation. In addition, the Directors should not exercise the Purchase Mandate to be granted pursuant to the resolution to be proposed at the forthcoming Annual General Meeting if the purchase would result in the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25 percent under the Listing Rules.

Save as the aforesaid, the Directors are not aware of any shareholder, or group of shareholders acting in concert who may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code in the event that the Directors exercise the power to purchase Shares pursuant to the Purchase Mandate.

### Market prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during the previous twelve months before the printing of this document are as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2001</b>		
March	0.90	0.90
April	—	—
May	0.91	0.91
June	—	—
July	0.81	0.70
August	0.80	0.69
September	—	—
October	—	—
November	—	—
December	—	—
<b>2002</b>		
January	0.70	0.70
February	—	—

## 2. THE AGM NOTICE

The AGM Notice is set out in the annual report of the Company sent to shareholders on the same date of this document.

## 3. RECOMMENDATION

The Directors consider that the proposed general mandate to purchase Shares is in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolution.

Yours faithfully,  
By order of the Board  
**Seto Yee Woon, John**  
*Chairman*