

THIS DOCUMENT 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 a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold and/or transferred all your securities in **Prime Success International Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



永 恩 國 際 集 團 有 限 公 司

PRIME SUCCESS INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 210)

Executive Directors:

Mr Chen Ying-Chieh (*Chairman*)
Mr Chen Hsien Min (*Managing Director*)
Mr Chang Chih-Kai

Independent Non-Executive Directors:

Mr Hsiao Hsi-Ming
Mr Huang Shun-Tsai
Mr Kuo Jung-Cheng

Registered Office:

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

Principal Place of Business:

17th Floor, Fung House
Nos. 19-20 Connaught Road Central
Central
Hong Kong

29 April 2005

To the shareholders of Prime Success International Group Limited (the “**Company**”)

Dear Shareholder(s),

**PROPOSAL FOR
GENERAL MANDATE TO REPURCHASE AND ISSUE SECURITIES**

INTRODUCTION

The purpose of this circular is to provide you with information on the proposal to grant general mandates to the directors of the Company (the “**Directors**”) to repurchase and issue shares of the Company (the “**Shares**”).

GENERAL MANDATE TO REPURCHASE SECURITIES

The general mandate granted to the Directors by the shareholders of the Company (the “**Shareholders**”) at the 2003 annual general meeting of the Company to repurchase Shares will expire at the conclusion of the forthcoming annual general meeting proposed to be held on Wednesday, 25 May 2005 (the “**Annual General Meeting**”). At the Annual General Meeting, the board of Directors (the “**Board**”) will propose an ordinary resolution to grant an unconditional general mandate to the Directors to exercise all powers of and on behalf of the Company to purchase securities (the “**Shares Repurchase Mandate**”) up to a maximum of 10 per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution. In accordance with the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), an explanatory statement is set out in Appendix I to this circular to provide you with the requisite information reasonably necessary to enable you to make an informed decision on the proposed resolution.

GENERAL MANDATE TO ISSUE SHARES

The Directors will also propose at the Annual General Meeting an ordinary resolution to grant to the Directors an unconditional general mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of 20 per cent. of the aggregate nominal value of the share capital of the Company in issue at the date of passing of the resolution and to extend such general mandate by the aggregate nominal amount of the shares repurchased by the Company.

As at 25 April 2005, being the latest practicable date prior to the printing of this circular, the Company had 1,609,892,384 Shares in issue. Subject to the passing of the relevant resolution approving the general mandate to issue Shares and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company would be allowed to issue new Shares up to a maximum of 321,978,476 Shares.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Board considers that the proposed grant of the Shares Repurchase Mandate and the general mandate to issue Shares are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all shareholders to vote in favour of the ordinary and special resolutions to be proposed at the Annual General Meeting, respectively.

Yours faithfully,
CHEN Ying-Chieh
Chairman

The following explanatory statement provides the requisite information to you for your consideration of the proposal to grant a general and unconditional mandate to the Directors 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 5A of the notice of the annual general meeting of the Company to be held on 25 May 2005.

1. SHARE REPURCHASE PROPOSAL

As at the latest practicable date prior to the printing of this explanatory statement, the issued share capital of the Company comprised 1,609,892,384 Shares.

Subject to the passing of the proposed Shares Repurchase Mandate, on the basis that no further securities are issued or repurchased prior to the Annual General Meeting to be held on 25 May 2005 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 160,989,238 Shares which represents a 10 per cent. of the issued share capital of the Company as at the date of the Shares Resolution.

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 a material 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 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 exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements 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 and, (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 Shares Repurchase Mandate is approved by shareholders of the Company, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that they may exercise the powers of the Company to make purchases pursuant to the Shares Repurchase 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 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 27.93 per cent. of the voting rights attaching to the issued share capital of the Company. If the Shares Repurchase Mandate is to be exercised in full, LE would (assuming that there is no change in the relevant facts and circumstances) hold approximately 31.04 per cent. of the voting rights attaching to the issued share capital of the Company. In the absence of any special circumstances, no obligation to make a mandatory offer as referred to above as a result of a share repurchase would arise for so long as the share holding of LE 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 19 October 2001 on the basis of Rule 26.6 of the 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 has notified the Company 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 authorised by shareholders of the Company. The Company will not repurchase Shares which would result in the amount of Shares held by public being reduced to less than 25%.

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 have 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
	<i>HK\$</i>	<i>HK\$</i>
2004		
April	0.640	0.530
May	0.560	0.410
June	0.485	0.360
July	0.570	0.470
August	0.500	0.460
September	0.730	0.460
October	1.200	0.690
November	1.290	1.000
December	1.190	1.060
2005		
January	1.640	1.090
February	1.750	1.500
March	1.730	1.330