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## IMPORTANT

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**If you are in any doubt** about this circular or as to the action to be taken, 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 Spread Prospects Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, the bank manager, 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.

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**Spread Prospects Holdings Limited**

**展鴻控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 572)

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
RE-ELECTIONS OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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Resolutions will be proposed at the annual general meeting of Spread Prospects Holdings Limited to be held at Boardroom II, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 3 June 2005 at 10:00 a.m. to approve the matters referred to in this circular. If you are unable to attend the annual general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

19 April 2005

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

“Annual Report”	the audited consolidated financial statements and the reports of the Directors and auditors of the Company for the year ended 31 December 2004;
“AGM”	the annual general meeting of the Company to be held at Boardroom II, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, on 3 June 2005 at 10:00 a.m. at which the Annual Report will be adopted;
“Company”	Spread Prospects Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the proposed issue mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving this issue mandate;
“Latest Practicable Date”	13 April 2005, being the latest practicable date prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Repurchase Mandate”	the proposed mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the resolution approving this repurchase mandate;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;

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## DEFINITIONS

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“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their securities in the Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases approved by the Securities and Futures Commission as amended from time to time.

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## LETTER FROM THE BOARD

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**Spread Prospects Holdings Limited**

**展鴻控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 572)

*Directors:*

Mr. Yang Zongwang

*(Chairman and Chief Executive Officer)*

Mr. Xue Xi

Mr. Xue De Fa

Mr. Ng Kin Sun

Mr. Liu Zhi Qiang

Mr. Tong Hing Wah\*

Mr. Chong Hoi Fung\*

Mr. Ng Wai Man\*

*Registered Office:*

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head Office and*

*Principal Place of Business:*

Unit 2603, 26th Floor

Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

19 April 2005

\* *Independent Non-executive Directors*

*To the Shareholders,*

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
RE-ELECTIONS OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approval of:

- (i) granting to the Directors general mandate to repurchase Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such a resolution;

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## LETTER FROM THE BOARD

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- (ii) granting to the Directors general mandate to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such a resolution;
- (iii) granting to the Directors general mandate to extend the Issue Mandate to the nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital) of any Shares repurchased by the Company; and
- (iv) re-elections of Directors.

These general mandates will remain in effect until whichever is the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting is required to be held by law; and (iii) the date upon which such an authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company. The Directors wish to state that they have no present intention to repurchase any Shares or issue any new Shares in the event that these general mandates are approved.

An explanatory statement as required under the Share Repurchase Rules, given certain information regarding the Repurchase Mandate, is set out in Appendix I to this circular.

### **RE-ELECTIONS OF DIRECTORS**

In relation to ordinary resolution number 3 in the AGM Notice regarding the re-elections of directors, Mr. Liu Zhi Qiang and Mr. Chong Hoi Fung shall retire by rotation at the AGM pursuant to article 108(A) of the articles of association of the Company; Mr. Ng Wai Man shall retire at the AGM pursuant to the article 112 of the articles of association of the Company; and, being eligible, will offer themselves for re-election. Biographical details of the retiring Directors are set out in Appendix II to this circular.

### **RIGHT TO DEMAND A POLL**

Pursuant to article 72 of the articles of association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person (or, in case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

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## LETTER FROM THE BOARD

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- (d) any Shareholder or Shareholders present in person (or, in case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### NOTICE OF ANNUAL GENERAL MEETING

The notice of AGM is set out on pages 11 to 13 of this circular.

There is enclosed a form of proxy for use at the AGM. Pursuant to article 85 of the articles of association of the Company, any Shareholder entitled to attend and vote at the AGM shall be entitled to appoint another person to attend and vote in his stead. A Shareholder who is a holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the AGM. A proxy need not be a Shareholder.

If you are unable to attend the AGM in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

### RECOMMENDATION

The Directors consider that the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate and the re-elections of Directors are in the best interests of the Company and its Shareholders as a whole; therefore they recommend you to vote in favour of the resolutions at the forthcoming AGM.

Yours faithfully,  
For and on behalf of the Board of  
**SPREAD PROSPECTS HOLDINGS LIMITED**  
**Yang Zongwang**  
*Chairman*

Hong Kong, 19 April 2005

The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the AGM authorising the Repurchase Mandate.

## **1. EXERCISE OF THE REPURCHASE MANDATE**

As at the Latest Practicable Date, the ordinary share capital of the Company in issue comprised 422,800,000 Shares. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of such a resolution, the Directors would be authorised to repurchase up to 42,280,000 Shares (being 10% of the Shares in issue) during the period up to the next annual general meeting in 2006 or the expiration of the period within which the next annual general meeting of the Company is required by law to be held or the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

## **2. REASONS FOR REPURCHASE**

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings per Share and will be made only when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

## **3. GENERAL**

As compared with the financial position of the Company as disclosed in its most recent published audited consolidated accounts for the year ended 31 December 2004, the Directors consider that there might be a material adverse impact on the working capital and gearing position of the Company in the event that the Repurchase Mandate was to be exercised in full during the proposed repurchase period. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of the Company.

## **4. FUNDING OF REPURCHASES**

Repurchases must be made out of the funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

## **5. DIRECTORS, THEIR RESPECTIVE ASSOCIATES AND CONNECTED PERSONS**

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

No connected person (as defined in the Listing Rules) of the Company has notified the Company of a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so in the event that the proposed Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases of its Shares pursuant to the Repurchase Mandate and in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

## **6. EFFECT OF TAKEOVERS CODE**

If on exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such an increase will be treated as an acquisition for the purpose 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 rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Fu Teng Global Limited (whose sole shareholder is Mr. Yang Zongwang, the Chairman, chief executive officer and an executive director of the Company) holding approximately 220,900,000 Shares and representing approximately 52.25% in the total number of Shares in issue, was the substantial Shareholder holding more than 10% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted by the Shareholders pursuant to the resolution, the shareholding of Fu Teng Global Limited in the Company would be increased to approximately 58.05% of the Shares in issue. It is considered that such an increase in shareholding of Fu Teng Global Limited in the Company will not give rise to an obligation to make a mandatory offer under the Takeovers Code. The Company will not repurchase Shares if that repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the share capital of the Company in issue.

## **7. SHARE PURCHASE MADE BY THE COMPANY**

The Company has not repurchased any of its Shares during the six months period preceding the Latest Practicable Date.



## 8. SHARE PRICES

During each of the previous twelve months preceding the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:

Months	Per Share	
	Highest HK\$	Lowest HK\$
<b>2004</b>		
April	0.8800	0.6900
May	0.7700	0.6300
June	0.7100	0.4200
July	0.5700	0.5000
August	0.5400	0.4500
September	0.5400	0.4600
October	0.5600	0.4950
November	0.6500	0.5400
December	0.6900	0.5600
<b>2005</b>		
January	0.6300	0.5600
February	0.6300	0.5900
March	0.6300	0.5800
April*	0.6800	0.6100

\* Up to and including the Latest Practicable Date

The following are the biographical details of the Directors who will be required to retire from their office at the AGM pursuant to the articles of association of the Company and, being eligible, offer themselves for re-elections.

**Mr. Liu Zhi Qiang** (劉志強), aged 43, is an executive Director since June 2003 and has been responsible for the Group's administration. Mr. Liu gained about 19 years of experience in corporate finance and project management. He has held various senior positions in a number of recognised financial institutions and companies in the PRC and Hong Kong, including 中國光大國際信託投資公司 (China Everbright Trust and Investment Company), 日本櫻花銀行 (Sakura Global Capital Co., Ltd.), 京華山一國際(香港)有限公司 (Core Pacific — Yamaichi International (H.K.) Limited) and 中國星火有限公司 (China Spark Co., Ltd.). He was also previously employed by the statistic department of 中國人民銀行 (People's Bank of China). Save as disclosed above, Mr. Liu has not held any position in the Company and its subsidiaries. Mr. Liu is currently studying an Executive Master of Business Administration programme at the Guanghua School of Management of the Peking University. Mr. Liu has not held other directorships in listed public companies in the last three years.

There is a service contract between Mr. Liu and the Company entered for an initial term of three years commenced on 2 June 2003 and renewable thereafter automatically for successive terms of one year, but will be subject to retirement from office by rotation at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Liu will be entitled to an annual payment of HK\$130,000 for the performance of his duties as an executive Director, which is determined with reference to the prevailing market rate, the director's time commitment and expertise in the Company's affairs.

**Mr. Chong Hoi Fung** (庄海峰), aged 34, is an independent non-executive Director since June 2003. He has been a deputy general manager of a property development company in the PRC for 6 years. He has also held senior positions in other property development companies in Hong Kong and the PRC. Save as disclosed above, Mr. Chong has not held any position in the Company and its subsidiaries. Mr. Chong graduated from Xiamen University with a bachelor degree in Economics in 1993. He has about 9 years of experience in property development and 2 years of experience in international trading in the PRC. Mr. Chong has not held other directorship in listed public companies in the last three years.

There is no service contract between Mr. Chong and the Company and Mr. Chong will have no fixed term of service with the Company, but will be subject to retirement by rotation at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Chong will be entitled to an annual payment of HK\$120,000 for the performance of his duties as an independent non-executive Director, which is determined with reference to the prevailing market rate and the director's time commitment and expertise in the Company's affairs.

**Mr. Ng Wai Man** ( 吳偉文 ), aged 34, is an independent non-executive Director since September 2004. He is currently a financial controller of an international reputable investment management company in Hong Kong and has accumulated over 9 years of experience in the investment management industry. Save as disclosed above, Mr. Ng has not held any positions with the Company or its subsidiaries. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. He obtained a bachelor degree in Commerce in Australia. Mr. Ng has not held other directorships in listed public companies in the last three years.

There is no service contract between Mr. Ng and the Company and Mr. Ng will have no fixed term of service with the Company, but will be subject to retirement by rotation at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Ng will be entitled to an annual payment of HK\$120,000 for the performance of his duties as an independent non-executive Director, which is determined with reference to the prevailing market rate and the Director's time commitment and expertise in the Company's affairs.

None of Mr. Liu, Mr. Chong or Mr. Ng has any relationship with any directors, senior management or substantial or controlling shareholders of the Company, nor has interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance as at the Latest Practicable Date.

Save as disclosed above, there is no other matter in relation to the re-elections of Mr. Liu as executive Director, and Mr. Chong and Mr. Ng as independent non-executive Directors that needs to be brought to the attention of the Shareholders or the Stock Exchange.

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## NOTICE OF ANNUAL GENERAL MEETING

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**Spread Prospects Holdings Limited**

**展鴻控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 572)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Spread Prospects Holdings Limited (the “Company”) will be held at Boardroom II, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 3 June 2005 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2004;
2. To declare a final dividend;
3. To re-elect directors and to authorize the board of directors to fix their remuneration;
4. To re-appoint auditors and to authorize the board of directors to fix their remuneration; and
5. To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

#### A. “THAT

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of the subscription rights under the share option scheme of the Company; or (iii) an issue of

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## NOTICE OF ANNUAL GENERAL MEETING

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shares as scrip dividends pursuant to the memorandum and articles of association of the Company from time to time shall not exceed 20% of the aggregate 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

(d) for the purposes of this resolution:-

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

### **B. “THAT**

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and
- (c) for the purposes 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

### C. “THAT

conditional upon resolution nos. 5A and 5B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5A above.”.

By order of the Board  
**Yang Zongwang**  
*Chairman*

Hong Kong, 19 April 2005

*Principal Office:*  
Unit 2603, 26th Floor  
Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

*Notes:-*

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) The Register of Members of the Company will be closed from 30 May 2005 to 3 June 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for receiving the final dividends and attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:00 p.m. on 27 May 2005.