



Prime Orient International Limited

(Incorporated in the British Virgin Islands with limited liability)

JACKLEY HOLDINGS LIMITED 美吉利國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 353)

JOINT ANNOUNCEMENT (1) Acquisition of shares in Jackley Holdings Limited by Prime Orient International Limited and (2) Mandatory conditional cash offer by



KINGSTON SECURITIES LIMITED

on behalf of Prime Orient International Limited
to acquire all the issued shares in Jackley Holdings Limited
(other than those already owned by
Prime Orient International Limited and parties acting in concert with it)

FINANCIAL ADVISER TO PRIME ORIENT INTERNATIONAL LIMITED



KINGSTON CORPORATE FINANCE LIMITED

FINANCIAL ADVISER TO JACKLEY HOLDINGS LIMITED



SOMERLEY LIMITED

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE OF JACKLEY HOLDINGS LIMITED
Watterson Asia Limited

THE SALE AND PURCHASE AGREEMENT

The boards of directors of the Offeror and the Company announce that the Sale and Purchase Agreement was entered into between the Offeror and the Vendors on 18 June 2004, pursuant to which the Offeror agreed to purchase and the Vendors agreed to sell an aggregate of 511,725,000 Sale Shares for a consideration of HK\$15,351,750 (equivalent to HK\$0.03 per Sale Share). The Sale Shares represent approximately 41.10% of the entire issued share capital of the Company as at the date of this announcement. The Acquisition was completed on 18 June 2004.

THE OFFER

Immediately before the Acquisition, the Offeror did not have any shareholding interest in the Company. Following the Acquisition, the Offeror and parties acting in concert with it own in aggregate 511,725,000 Shares, representing approximately 41.10% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares not already owned by it and parties acting in concert with it.

The principal terms of the Offer are set out under the section headed "Mandatory conditional cash offer" below. Kingston Corporate Finance has been engaged by the Offeror as its financial adviser in respect of the Offer and Kingston Securities will make the Offer on behalf of the Offeror. Kingston Securities has provided the Offeror with a loan facility for the purpose of financing the total consideration for the Offer and both Kingston Corporate Finance and Kingston Securities are satisfied that there are sufficient financial resources available to the Offeror for meeting full acceptance of the Offer. Somerley Limited has been engaged by the Company as its financial adviser in respect of the Offer.

DESPATCH OF COMPOSITE OFFER DOCUMENT

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company will combine the offer document and the Company's circular in respect of the Offer in the Composite Offer Document to be posted within such period. The Independent Board Committee to advise the independent Shareholders in respect of the Offer has been established by the Company. Watterson Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 21 June 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 July 2004.

THE SALE AND PURCHASE AGREEMENT

Date: 18 June 2004 (as supplemented by an agreement dated 26 June 2004 entered into by the Vendors and Offeror)

Vendors: Sinotime (in respect of 325,361,000 Sale Shares)
Brilliant Path (in respect of 186,364,000 Sale Shares)
Both Sinotime and Brilliant Path are beneficially owned by Mr. Lam Yat Sing, former executive Director and chairman of the Company who resigned on 8 July 2003. Both Sinotime and Brilliant Path confirm that no parties acting in concert with them hold any Shares as at the date of this announcement. Prior to completion of the Sale and Purchase Agreement, Sinotime held 325,361,000 Shares, representing approximately 26.13% of the issued Shares, and Brilliant Path held 296,364,000 Shares, representing approximately 23.81% of the issued Shares.

Purchaser: Prime Orient International Limited, which is independent of and neither connected with nor acting in concert with the Company, the directors, chief executive or substantial shareholders of the Company and the Vendors or any of their respective subsidiaries, or any of their respective associates.

Sale Shares: An aggregate of 511,725,000 Sale Shares, representing approximately 41.10% of the issued Shares as at the date of this announcement.

The Sale Shares were acquired by the Offeror free from all liens, charges, encumbrances and any other third-party rights together with all rights attaching thereto on or after the Completion.

Consideration: HK\$15,351,750 (equivalent to HK\$0.03 per Sale Share) for the Acquisition, payable in cash as to HK\$9,760,830 to Sinotime and as to HK\$5,590,920 to Brilliant Path. The Acquisition was completed on 18 June 2004 immediately following the signing of the Sale and Purchase Agreement.

The price of the Sale Shares was determined after arm's length negotiations between the Offeror and the Vendors with reference to, amongst other things, the recent price performance of the Shares.

MANDATORY CONDITIONAL CASH OFFER

Immediately before the Acquisition, the Offeror and parties acting in concert with it did not have any shareholding interest in the Company. Immediately following the Acquisition, the Offeror and parties acting in concert with it own in aggregate 511,725,000 Shares, representing approximately 41.10% of the issued Shares. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares not already owned by it and parties acting in concert with it.

Kingston Corporate Finance has been engaged by the Offeror as its financial adviser in respect of the Offer and Kingston Securities will make the Offer on behalf of the Offeror. Kingston Securities has provided the Offeror with a loan facility for the purpose of financing the total consideration for the Offer and both Kingston Corporate Finance and Kingston Securities are satisfied that there are sufficient financial resources available to the Offeror for meeting full acceptance of the Offer. Somerley Limited has been engaged by the Company as its financial adviser in respect of the Offer.

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the

Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company will combine the offer document and the Company's board circular in the Composite Offer Document to be posted within such period. The Independent Board Committee to advise the independent Shareholders in respect of the Offer has been established by the Company. Watterson Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

The Offer

For each Share HK\$0.03 in cash
The Offer Price is the same as the price paid by the Offeror for each Sale Share under the Sale and Purchase Agreement.

There is no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date of this announcement.

Comparison of value

The Offer Price of HK\$0.03 per Share represents:

- a discount of approximately 57.75% to the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on 18 June 2004, being the last trading day before the release of this announcement;
- a discount of approximately 57.26% to the average closing price of approximately HK\$0.0702 per Share as quoted on the Stock Exchange over the last 10 consecutive trading days up to and including 18 June 2004;
- a discount of approximately 56.77% to the average of closing price of the Shares of HK\$0.0694 per Share as quoted on the Stock Exchange over the last 20 consecutive trading days up to and including 18 June 2004; and
- a discount of approximately 74.14% to the consolidated audited net asset value per Share of approximately HK\$0.116 as at 31 December 2003.

Total consideration

As at the date of this announcement, there are 1,245,000,000 Shares in issue. As disclosed in the circular of the Company dated 9 October 2003, the Group entered into the Purchase Agreement with Hao Sheng He on 15 September 2003 to acquire 49% equity interests in 惠陽協興地毯有限公司 (Hui Yang Xie Kai Cheng Carpet Co. Ltd.) for a consideration of HK\$62,000,000, further details of which are set out below under the section headed "Information on the Company". Pursuant to the Purchase Agreement, the consideration would be settled in four installments. The first three installments had been fully settled. The final installment of HK\$15,000,000 will be settled by the issue of the Consideration Shares at HK\$0.3 each to Hao Sheng He, credited as fully paid, upon its obtaining of all the relevant approvals from the relevant PRC authorities. Save for being a connected person of the Company by virtue of its 49% equity interests in Hui Yang Xie Kai Cheng Carpet Co. Ltd as mentioned above, Hao Sheng He is not in any other way connected with the Company or any of its substantial Shareholders and is not a party acting in concert with Mr. Lam Yat Sing and/or the Offeror. The issue of the Consideration Shares would be regarded as a frustrating action under Rule 4 of the Takeovers Code which will be subject to the approval of the Shareholders pursuant to Rule 4 of the Takeovers Code. The Company will apply to the Executive for a waiver from the general requirement to obtain such approval.

On the basis of the Offer Price at HK\$0.03 per Share and assuming the Consideration Shares have been issued, the entire issued share capital of the Company is valued at approximately HK\$38,850,000 under the Offer. The Offer is being made for 783,275,000 Shares, inclusive of the Consideration Shares which may be issued as described above, are valued at approximately HK\$23,498,250 based on the Offer Price.

Condition of the Offer

The Offer will be subject to the Offeror receiving acceptances in respect of Shares, which together with Shares already owned by it and parties acting in concert with it before or during the Offer, will result in the Offeror and parties acting in concert with it holding 50% or more of the voting rights of the Company.

The Offeror does not intend to extend the period of the Offer if the above acceptance condition is not fulfilled by the first closing date of the Offer which is expected to be on or before 16 August 2004, but reserves the right to do so subject to the approval by the Executive.

Effect of accepting the Offer

By accepting the Offer, Shareholders will sell their Shares and all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date of the Sale and Purchase Agreement.

Stamp duty

Stamp duty arising in connection with acceptance of the Offer amounting to HK\$1.00 for every HK\$1,000 or part thereof of the amount payable in respect of relevant acceptances by the Shareholders, or the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will then pay the stamp duty deducted to the stamp duty office.

INFORMATION ON THE COMPANY

The Group is principally engaged in the design, manufacture and sale of a wide range of carpets under its own brand name and trading of carpets with various brand names.

The following table sets out the shareholding structure of the Company before and immediately after the Acquisition:

	Before the Acquisition		After the Acquisition assuming the Consideration Shares has been issued	
	No. of Shares	Approximate%	No. of Shares	Approximate%
Sinotime (Note 1)	325,361,000	26.13	-	-
Brilliant Path (Note 1)	296,364,000	23.81	110,000,000	8.49
	(Note 2)			
Offeror	-	-	511,725,000	39.52
Hao Sheng He	-	-	50,000,000	3.86
Public	623,275,000	50.06	623,275,000	48.13
Total	1,245,000,000	100.00	1,295,000,000	100.00

Notes:

- The entire issued share capital of both Sinotime and Brilliant Path are beneficially owned by Mr. Lam Yat Sing, former executive Director and chairman of the Company who resigned from both positions with effect from 8 July 2003.
- Such 296,364,000 Shares represent 186,364,000 Sale Shares and 110,000,000 Shares which were previously charged by Brilliant Path as security for a loan in accordance with a loan agreement entered into between Brilliant Path and a lender (the "Charged Shares"). However, Brilliant Path alleges that the lender was in breach of the loan agreement and failed to advance such loan to Brilliant Path. Brilliant Path commenced an action in February 2004 claiming for the return of the Charged Shares. The Charged Shares are still subject to litigation as at the date of this announcement.

Based on the Group's audited consolidated financial results, it recorded profit before tax of approximately HK\$9.90 million and profit after tax of approximately HK\$8.85 million for the year ended 31 December 2002, and recorded loss before tax of approximately HK\$45.74 million and loss after tax of approximately HK\$49.24 million for the year ended 31 December 2003. The Group had audited net asset values of

approximately HK\$172.16 million and HK\$144.39 million respectively as at 31 December 2002 and 31 December 2003. The Company had a market capitalisation of approximately HK\$88.40 million based on the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on 18 June 2004.

Legal proceedings involving the Group

1. Claims for arrears of payroll by the Company's former employees

On 19 May 2004, five former employees of the Company (the "Company Employees") brought claims against the Company at the Labour Tribunal claiming for arrears of payroll for the period from 1 March 2004 to 5 May 2004 in an aggregate amount of HK\$349,952.40 which the Company denies such quantum and would only deal with HK\$348,477.40 of the claims. The status of these claims is as follows:

- one of the Company Employees withdrew her claims of HK\$22,697.70 after negotiation with the Company;
- settlement arrangements in respect of part of the claims made by the other four of the Company Employees in the aggregate amount of HK\$252,264.3 have been reached; and
- a hearing in relation to the sum of HK\$73,515.40 claimed by one of the Company Employees referred to in part (b) above that is still subject to dispute has been fixed on 6 July 2004.

2. Claims for arrears of payroll against Charvix Jackley Co., Ltd. ("Charvix"), a wholly owned subsidiary of the Company

(a) On 23 April 2004, four former employees of Charvix (the "Charvix Employees") brought claims against Charvix at the Labour Tribunal claiming for the arrears of payroll for the period from 1 March 2004 to 23 April 2004 in an aggregate amount of HK\$323,715.71 and the status of these claims is as follows:

- settlement arrangements in respect of part of the claims made by the Charvix Employees in the aggregate amount of HK\$210,000, have been reached; and
- a hearing in relation to the remaining amount that is still subject to dispute, has been fixed on 22 July 2004; and

(b) On 19 May 2004, another four former employees of Charvix brought claims against Charvix at the Labour Tribunal claiming for the arrears of payroll for the period from 1 March 2004 to 3 May 2004 in an aggregate amount of HK\$442,621.39 and the status of these claims is as follows:

- one of these four former employees withdrew her claims of HK\$42,013.80 after negotiating with Charvix;
- settlement arrangements in respect of part of the claims made by the other three former Charvix employees in the aggregate amount of HK\$162,347.99, have been reached; and
- a hearing in relation to the remaining amount that is still subject to dispute has been fixed on 6 July 2004.

3. Winding up petition

On 29 December 2003, a winding up petition, which was based on judgment obtained summarily for US\$887,382.10 and €7,672.42 in High Court Action 3097 of 2003, has been presented by Interface Heuga Singapore Pte Ltd. against the Company. On 4 May 2004, after negotiations between Company and Interface Heuga Singapore Ptd Ltd., a settlement was reached between the parties, and the said petition was dismissed by an order of the High Court.

Save as disclosed above, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claims of material importance and no litigation or arbitration or claims of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries. Further announcement in relation to the status of the claims against the Group will be made as and when appropriate.

Other information

Acquisition of 49% equity interests in 惠陽協凱晟地毯有限公司 (Hui Yang Xie Kai Cheng Carpet Co. Ltd.).

On 15 September 2003, Jackley America, as the purchaser, entered into the Purchase Agreement with Hao Sheng He, as the vendor, in respect of the remaining 49% equity interests in 惠陽協凱晟地毯有限公司 (Hui Yang Xie Kai Cheng Carpet Co. Ltd.), a sino-foreign equity joint venture, in which the Group already owns 51% of its equity interests. Completion for the acquisition under the Purchase Agreement is conditional on, among other things, Hao Sheng He having obtained all necessary approvals from relevant PRC authorities. Further details in relation to this transaction are set out in the circular of the Company dated 9 October 2003. On 3 June 2004, Jackley America and Hao Sheng He entered into a supplemental agreement reaffirming their respective position and obligations under the Purchase Agreement.

Except for an unexpected delay in obtaining certain regulatory approval from relevant PRC authorities, all other conditions to the Purchase Agreement have been fulfilled as at the date of this announcement. The Board has been liaising with Hao Sheng He and anticipates that all relevant approvals from the relevant PRC authorities will be obtained on or before 31 July 2004, whereupon the Consideration Shares will be issued to Hao Sheng He.

The status of the Purchase Agreement has been duly reported in the Company's annual report dated 29 April 2004, which was despatched to the Shareholders on 6 May 2004.

Cancellation of the Subscription

The Company announced on 8 March 2004 that it entered into a subscription agreement with Cheertop Limited, on independent third party, on 5 March 2004 in relation to a subscription of 200 million new Shares by Cheertop Limited at HK\$0.10 each. On 6 April 2004, Cheertop Limited informed the Company that while it is still interested in subscribing for such new Shares, it could only confirm the Subscription after the outcome of the winding-up petition as referred to in paragraph 3 under the sub-section headed "Legal proceedings involving the Group". The status of the Subscription has been disclosed in the annual report of the Company dated 29 April 2004, which was despatched to the Shareholders on 6 May 2004. On 11 May 2004, Cheertop Limited informed the Company of its decision to terminate the Subscription.

INFORMATION ON THE OFFEROR AND ITS INTENTION REGARDING THE COMPANY

The Offeror is an investment holding company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Lam Shu Chung, who is also the sole director of the Offeror. Save for the entering into of the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation on 22 March 2004.

Mr. Lam Shu Chung, aged 48, has around 20 years of experience in Hong Kong financial market, ranging from the field of securities, foreign exchange to corporate banking. Furthermore, he has been actively participating in the management of a number of reputable financial institutions over 10 years.

Mr. Lam is currently the marketing director of Young Champion Securities Limited and director of Young Champion Investment Limited. Mr. Lam is also a non-executive director of Haywood Investments Limited, a company the issued shares of which are listed on the Stock Exchange.

Immediately prior to Completion, neither the Offeror nor the parties acting in concert with it owned any Shares. Save for the entering into of the Sale and Purchase Agreement, none of the Offeror and parties acting in concert with it has dealt in any Shares during the period commencing on the date falling six months prior to the date of the Sale and Purchase Agreement and up to the date of this announcement.

Following the close of the Offer and assuming the Offer become unconditional, the Offeror intends to continue the existing business of the Group and will regularly review its business activities and assets. The Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror has no intention to inject any assets or businesses into the Company.

As at the date of this announcement, the Company has three executive Directors, namely Mr. Anthony Henry Serra, Mr. Khoo Chuan Teng and Mr. Chew Kean Eng and two independent non-executive Directors, namely Mr. Liu Ngai Wing and Mr. Ong Hong Hoon. It is intended that there will be a change in the management of the Company and new Directors may be appointed to the Board at the earliest time as allowed under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement will be made upon any appointment of new Directors.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or**
- that there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. Each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has also stated that, if the Company remains a listed company, any future injections of assets into or disposals of assets of the Company will be subject to the provisions of the Listing Rules. The Stock Exchange also has the power pursuant to the Listing Rules, to aggregate a series of acquisitions or disposals by the Company and any such acquisitions or disposals may, in any event, result in the Company being treated as a new applicant for listing and subject to the requirements for new applicants as set out in the Listing Rules.

WARNING

The Offer will be subject to the Offeror receiving acceptances in respect of Shares, which together with Shares already held by it and parties acting in concert with it before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. As the Offer may or may not proceed, the Shareholders and investors should exercise caution in dealings in the Shares.

GENERAL

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer. The Offeror and the Company will combine the offer document and the Company's circular in respect of the Offer in the Composite Offer Document to be posted within such period. The Independent Board Committee to advise the independent Shareholders in respect of the Offer has been established by the Company. Watterson Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 21 June 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 6 July 2004.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Acquisition"	acquisition of the Sale Shares by the Offeror in accordance with the terms and condition of the Sale and Purchase Agreement
"associates"	has the meaning ascribed thereto in the Listing Rules
"Brilliant Path"	Brilliant Path Limited, a company wholly and beneficially owned by Mr. Lam Yat Sing, one of the Vendors
"Board"	board of Directors
"Company"	Jackley Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Composite Offer Document"	the document to be jointly issued by and on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, terms and conditions of the Offer, the forms of acceptance and transfer in respect of the Offer, the advice of the independent financial adviser to the Independent Board Committee in respect of the Offer, and the advice of the Independent Board Committee to the Shareholders (other than the Offeror and parties acting in concert with it) in relation to the Offer
"Consideration Shares"	50,000,000 new Shares to be issued subject to completion of an acquisition of 49% equity interests in 惠陽協凱晟地毯有限公司 Hui Yang Xie Kai Cheng Carpet Co. Ltd., a 51% owned subsidiary of the Company

"Director(s)"	director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Group"	the Company and its subsidiaries
"Hao Sheng He"	深圳市豪盛和實業有限公司 (transliterated as Shenzhen Hao Sheng He Industrial Company Limited), a company established in the PRC, which owns 49% equity interests in 惠陽協凱晟地毯有限公司 (Hui Yang Xie Kai Cheng Carpet Co. Ltd.)
"High Court"	High Court of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising Mr. Liu Ngai Wing and Mr. Ong Hong Hoon established for the purpose of advising the Shareholders (other than the Offeror and parties acting in concert with it) in relation to the Offer
"Jackley America"	Jackley International of America Ltd., a company incorporated in Hong Kong with limited liability, an indirectly wholly owned subsidiary of the Company
"Kingston Corporate Finance"	Kingston Corporate Finance Limited, a licensed corporation to carry on business in types 4 and 6 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Kingston Securities"	Kingston Securities Limited, a deemed licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Offer"	the mandatory conditional cash offer for all the issued Shares not already owned by the Offeror and parties acting in concert with it at the Offer Price to be made by Kingston Securities on behalf of the Offeror in accordance with the Takeovers Code
"Offeror" or "Purchaser"	Prime Orient International Limited, a company wholly and beneficially owned by Mr. Lam Shu Chung
"Offer Price"	HK\$0.03 per Share
"Purchase Agreement"	the sale and purchase agreement dated 15 September 2003 entered into between Jackley America and Hao Sheng He in respect of the acquisition of 49% equity interests in 惠陽協凱晟地毯有限公司 (Hui Yang Xie Kai Cheng Carpet Co. Ltd.)
"Sale and Purchase Agreement"	the sale and purchase agreement dated 18 June 2004 entered into between the Vendors and the Offeror (as supplemented by an agreement dated 26 June 2004 entered into by the same parties) in relation to the sale by the Vendors and the purchase by the Offeror of the Sale Shares
"Sale Shares"	511,725,000 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	share(s) of HK\$0.10 each in the share capital of the Company
"Shareholders"	holders of the Shares
"Sinotime"	Sinotime Limited, a company wholly and beneficially owned by Mr. Lam Yat Sing, one of the Vendors
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	subscription of 200,000,000 new Shares by Cheertop Limited, pursuant to an agreement entered into between the Company and Cheertop Limited on 5 March 2004 which was subsequently terminated on 11 May 2004
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vendors"	together, Brilliant Path and Sinotime
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"€"	the currency of twelve European Union countries
"%"	per cent.

By order of the board Prime Orient International Limited Mr. Lam Shu Chung Director	By order of the board Jackley Holdings Limited Mr. Anthony Henry Serra Chief Executive Officer
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Hong Kong, 5 July 2004

** For identification purpose only*

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Group, and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement, other than those relating to the Group, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Offeror, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement, other than that relating to the Offeror, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.