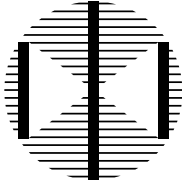

IMPORTANT

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CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED 中港照相器材集團有限公司

(Incorporated in Bermuda with limited liability)

Executive Directors:

Sun Tai Lun, Dennis (*Chairman and Managing Director*)
Tang Kwok Tong, Simon
Ng Yuk Wah, Eileen

Independent Non-executive Directors:

Au Man Chung, Malcolm
Chiang Yun, Rachel
Liu Hui, Allan
Wong Chi Yun, Allan

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

*Principal Place of Business in
Hong Kong:*

8th Floor
Tsuen Wan Industrial Centre
220-248 Texaco Road
Tsuen Wan
Hong Kong

31 July 2003

To the Shareholders

Dear Sir or Madam,

PROPOSED GENERAL MANDATE TO PURCHASE ITS OWN SHARES AND TO ISSUE NEW SHARES

INTRODUCTION

The Rules Governing the Listing of Securities (“the Listing Rules”) on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange (“the Share Buyback Rules”). On 30 August 2002, a general mandate was given to the Directors to exercise the powers of the Company to repurchase its fully paid up shares representing up to a maximum of 10% of the existing issued share capital of the Company (the “Repurchase Proposal”). The Repurchase Proposal will lapse at the conclusion of the forthcoming 2003 Annual General Meeting of the Company.

The purpose of this circular is to seek your approval of the Ordinary Resolutions to be proposed at the forthcoming Annual General Meeting to be held on 28 August 2003.

REASONS FOR SHARE BUYBACK

Although the Directors have no present intention of repurchasing any shares, they believe that the flexibility afforded by the Repurchase Proposal would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company. An exercise of the Repurchase Proposal may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

SHARE CAPITAL

As at 23 July 2003, the latest practicable date prior to the printing of this circular, the issued share capital of the Company comprised 1,163,828,377 fully paid shares of HK\$0.10 each ("Shares").

Subject to the passing of the Ordinary Resolution 5, the Company would be allowed under the buyback mandate to repurchase a maximum of 116,382,837 Shares on the basis that no further shares will be issued prior to the date of the forthcoming Annual General Meeting.

FUNDING OF REPURCHASES

The directors propose that repurchases of shares under the Repurchase Proposal in these circumstances would be financed from the Company's distributable profits and proceeds of a fresh issue of shares in accordance with the Memorandum of Association and Bye-laws of the Company and laws of Bermuda.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31 March 2003) in the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the buyback mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

MARKET PRICES

The highest and lowest prices at which Shares of the Company had been traded on the Stock Exchange during each of the previous 12 months are as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.690	0.475
August	0.500	0.400
September	0.480	0.450
October	0.510	0.435
November	0.570	0.480
December	0.570	0.470
2003		
January	0.530	0.430
February	0.550	0.440
March	0.510	0.470
April	0.480	0.450
May	0.520	0.460
June	0.560	0.485

DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Proposal in accordance with the Listing Rules and laws of Bermuda.

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting of the Company increases, such increase will be treated as an acquisition for the purpose of The Takeovers Code. Accordingly, a shareholder, or 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 23 July 2003, the latest practicable date prior to the printing of this circular, Fine Products Limited, Searich Group Limited and Dr. Sun Tai Lun, Dennis, the Chairman and Managing Director of the Company, beneficially interested in 713,276,214 Shares representing approximately 61.28% of the issued share capital of the Company. Besides holding 1,000,000 shares directly, Dr. Sun Tai Lun, Dennis was also deemed to be interested in the Shares held by Fine Products Limited and Searich Group Limited in the Company. Fine Products Limited and Searich Group Limited are owned by two discretionary trusts set up for Dr. Sun Tai Lun, Dennis and/or his family members.

In the event that the Directors exercise in full the powers to repurchase Shares of the Company in accordance with the terms of the ordinary resolution to be proposed at the Annual General Meeting, the interests of Fine Products Limited, Searich Group Limited and Dr. Sun Tai Lun, Dennis in the issued share capital of the Company would be increased from 61.28% to 68.09%. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any purchases to be made under the Repurchase Proposal. The Directors have no present intention to exercise the power to repurchase Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell shares to the Company under the Repurchase Proposal in the event that the Repurchase Proposal is approved by Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any shares, or that they have undertaken not to sell any shares held by them to the Company in the event that the Repurchase Proposal is approved by its Shareholders.

SHARE PURCHASES MADE BY THE COMPANY

No purchase of Shares have been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

PROXY ARRANGEMENT

A form of proxy for use at the Annual General Meeting is enclosed with the Annual Report for the year ended 31 March 2003. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of the attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's share registrars, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting.

RECOMMENDATION

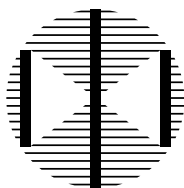
The Directors consider that the Repurchase Proposal and the granting of the general mandate to issue new shares are in the best interests of the Company and its shareholders and accordingly recommend that all shareholders should vote in favour of the Resolutions 5 to 7 to be proposed at the Annual General Meeting as they intend to do themselves in respect of their own holdings.

Yours faithfully,

Sun Tai Lun, Dennis

Chairman and Managing Director

NOTICE OF ANNUAL GENERAL MEETING



CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED 中港照相器材集團有限公司

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at 8th Floor, Tsuen Wan Industrial Centre, 220-248 Texaco Road, Tsuen Wan, Hong Kong on Thursday, 28 August 2003 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 of the Auditors for the year ended 31 March 2003;
2. To declare a special dividend;
3. To elect Directors, to authorise the Board to fix Directors' remuneration and to set a maximum number of Directors;
4. To appoint Messrs Ernst & Young as Auditors and to authorise the Board to fix their remuneration;
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose 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;
 - (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meetings; and
 - (iii) 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 laws to be held”;

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to issue, allot and dispose of additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or disposed of during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or any option scheme similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, the total nominal amount of additional shares issued, allotted, disposed of or agreed conditionally or unconditionally to be issued, allotted or disposed of (whether pursuant to an option or otherwise) shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and
- (b) for the purpose 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;
 - (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meetings; and
 - (iii) 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 laws to be held.”;

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“THAT the general mandate granted to the Directors of the Company pursuant to Resolution 6 above and for the time being in force to exercise the powers of the Company to issue, allot or dispose of additional shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by total nominal amount of shares in the capital of the Company repurchased by the Company since the granting of such general mandate referred to in the above Resolution 5 pursuant to the

NOTICE OF ANNUAL GENERAL MEETING

exercise by the Directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

By order of the Board
Wong Chun Ming
Company Secretary

HKSAR, 17 July 2003

Notes:

- (a) The register of members will be closed from 25 August 2003 (Monday) to 28 August 2003 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 22 August 2003 (Friday).
- (b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or (if holding two or more shares) proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company.
- (c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's Share Registrars in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting.