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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Lerado Group (Holding) Company Limited, you should hand this circular and the accompanying form of proxy at once to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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**LERADO GROUP (HOLDING) COMPANY LIMITED**  
**(隆成集團(控股)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**PROPOSAL FOR**  
**ADOPTION OF A NEW SHARE OPTION SCHEME**  
**AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

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A notice convening an annual general meeting of Lerado Group (Holding) Company Limited to be held at Chater Room III, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Thursday, 30th May, 2002 at 3:00 p.m. is reproduced on page 13 to 16 of this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

\* For identification purpose only

29th April, 2002

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“Annual General Meeting”	the annual general meeting of the Company to be held on 30th May, 2002, to consider and, if thought fit, approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme
“Board”	the board of Directors
“Company”	Lerado Group (Holding) Company Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Eligible Participant”	means any full time employees, executives or officers, directors of the Company or any of its subsidiaries and any suppliers, consultants, agents and advisers who have contributed to the Group
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 2nd December, 1998 for the grant of share options to executives, full-time executive directors and full-time employees of the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	22nd April, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company, further information and summary of the principal terms are set out in The Appendix
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

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LETTER FROM THE BOARD

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**LERADO GROUP (HOLDING) COMPANY LIMITED**  
**(隆成集團(控股)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

*Directors:*

Mr. Huang Ying Yuan (*Chairman*)  
Mr. Tsang Yat Kiang (*Vice Chairman*)  
Mr. Chen Hsing Shin (*Vice Chairman*)  
Ms. Huang Chen Li Chu (*Vice Chairman*)  
Mr. Chen An Hsin  
Mr. Leung Man Fai  
Mr. Chen Jo Wan\*  
Mr. Lin John Sian-zu\*  
Ms. Chan Lai Sha, Liza\*  
Mr. Lim Pat Wah Patrick\*\*  
Mr. Ng Kwun Wan\*\*

\* *non-executive director*

\*\* *independent non-executive director*

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Head Office and principal place  
of business in Hong Kong*

Unit 18, 17th Floor  
China Merchants Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

29th April, 2002

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR  
ADOPTION OF A NEW SHARE OPTION SCHEME  
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

**1. INTRODUCTION**

At the Annual General Meeting, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme and to terminate the Existing Share Option Scheme. The purpose of this circular is to provide you with further details in respect of the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### 2. ADOPTION OF A NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

At the Annual General Meeting, an ordinary resolution will be proposed for the Company to terminate the Existing Share Option Scheme and to approve and adopt the New Share Option Scheme, pursuant to which Eligible Participants may be granted options to subscribe for Shares upon and subject to the terms and conditions of the rules of the New Share Option Scheme.

As at the Latest Practicable Date, there were 722,448,724 Shares in issue. The particulars of the options granted under the Existing Share Option Scheme prior to 1st September, 2001 (being the date on which the new Listing Rules governing share option schemes came into effect) as at the Latest Practicable Date are set forth below:

	<b>As at 1st September, 2001</b>	
	<b>No. of Shares</b>	<b>% of issued Shares</b>
Share Options granted (including those exercised, outstanding or cancelled but excluding those lapsed)	27,614,000	3.8%
Share Options exercised	6,832,000	0.9%
Share Options outstanding	20,782,000	2.9%

*Note:* Since 1st September, 2001 to the Latest Practicable Date, a total number of 282,000 Share Options have lapsed.

A summary of the principal terms of the New Share Option Scheme is set out in The Appendix to this circular.

On 2nd December, 1998, the Company adopted the Existing Share Option Scheme. As a result of the Stock Exchange amending Chapter 17 (Share Option Schemes) of the Listing Rules on 1st September, 2001, certain terms of the Existing Share Option Scheme are no longer in compliance with Chapter 17 of the Listing Rules and the Company can no longer grant any further options under the Existing Share Option Scheme without being in breach of Chapter 17 of the Listing Rules. Accordingly, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules and to terminate the Existing Share Option Scheme. Except that no further options may be granted under the Existing Share Option Scheme consequent upon its termination, all the other provisions of the Existing Share Option Scheme will remain in force so as to give effect to the exercise of all outstanding options granted under the Existing Share Option Scheme prior to 1st September, 2001 and all such options will remain valid and exercisable in accordance with the provisions of the Existing Share Option Scheme.

Assuming that no further Shares will be issued prior to the date of approval and adoption of the New Share Option Scheme by Shareholders, the maximum number of options that can be granted by the Company under the New Share Option Scheme would be 44,912,872 Shares representing 6.22 per cent. of the number of Shares in issue as at the Latest Practicable Date.

The Directors are of the view that contributions or anticipated contributions of the employees, executives, officers, directors, suppliers, consultants, agents and advisers of the Group are of paramount importance to the success of the Group as a whole and therefore they consider it to be in the interests of the Group as a whole for such persons to be given incentives to participate in the growth of the Group in the form of options to subscribe for Shares.

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## LETTER FROM THE BOARD

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None of the Directors are appointed as trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees of the New Share Option Scheme.

A further announcement will be made on the outcome of the Annual General Meeting regarding the adoption of the New Share Option Scheme on the business day following such meeting.

### **General**

There is no general requirement of any minimum period for which an option must be held before it can be exercised although the Board will be empowered under the New Share Option Scheme to impose at its discretion any such minimum period at the time of grant of any particular option. In addition, the Board will be empowered to determine the exercise price of a Share in respect of any particular option granted under the New Share Option Scheme on the basis set out in paragraph 5 of the Appendix so that the Eligible Participants will be encouraged to subscribe the Shares pursuant to the options granted by the Company as incentives and rewards for their contribution to the Group. The subscription of Shares by the Eligible Participants will further contribute towards the profitability and success of the Group.

### **Application for Listing**

Application has been made to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the New Share Option Scheme.

### **3. RESPONSIBILITY STATEMENT**

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The information contained herein relating to the Company has been supplied by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any statement contained herein misleading insofar as it relates to the Company.

### **4. RECOMMENDATION**

The Directors are of the opinion that it is in the interest of the Company to adopt the New Share Option Scheme and to terminate the Existing Share Option Scheme. The Directors therefore recommend the Shareholders to vote in favour of the resolution to be proposed at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 18, 17th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong during normal business hours for a period of 14 days before the date of the Annual General Meeting (i.e. from 16th May, 2002 to 29th May, 2002 (both dates inclusive)) and at the Annual General Meeting:

- (i) the memorandum and articles of association of the Company; and
- (ii) the rules of the New Share Option Scheme.

Yours faithfully  
For and on behalf of the Board  
**Huang Ying Yuan**  
*Chairman*

**NEW SHARE OPTION SCHEME****Summary of terms**

The following is a summary of the principal terms of the New Share Option Scheme to be adopted at the Annual General Meeting:

1. *Purpose*

The purpose of the New Share Option Scheme is to enable the Company to grant options to employees, executives or officers, directors of the Company or any of its subsidiaries and any suppliers, consultants, agents and advisers who have contributed to the Group as incentives and rewards for their contribution to the Company or such subsidiaries.

2. *Who may join*

The Board may, at its discretion, offer Eligible Participants, being, employees, executives or officers, directors of the Company or any of its subsidiaries and any suppliers, consultants, agents and advisers who have contributed to the Group, options to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

3. *Maximum number of Shares*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10 per cent. of the Shares in issue on the date of approval and adoption of the New Share Option Scheme by the Shareholders (which is expected to be the date of the Annual General Meeting). Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10 per cent. limit.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (a) refresh this limit at any time to 10 per cent. of the Shares in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed); and/or
- (b) grant options beyond the 10 per cent. limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30 per cent. of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30 per cent. limit being exceeded.

4. *Maximum number of options to any one individual*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1 per cent. of the Shares in issue as at the date of grant.

Any further grant of options in excess of this 1 per cent. limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

5. *Price of Shares*

The subscription price for a Share in respect of any particular option granted under the New Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the options); (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

6. *Granting options to connected persons*

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of its associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) of the Company or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue on the date of the offer; and
- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each offer,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person (as defined in the Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular.

7. *Restrictions on the time of grant of options*

A grant of options may not be made after a price-sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price-sensitive information has been published in the newspaper. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting for the approval of the Company's annual or interim results; and (b) the deadline for the Company to publish its interim or annual results announcement under the listing agreement and ending on the date of actual publication of the results announcement.

8. *Rights are personal to grantee*

An option is personal to the grantee and the grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or attempt to do so.

9. *Time of exercise of option*

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the New Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the New Share Option Scheme by Shareholders by resolution at a general meeting.

10. *Performance Target*

The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the New Share Option Scheme can be exercised.

11. *Rights on ceasing to be an Eligible Participant and death*

- (a) In the event of the grantee ceasing to be an Eligible Participant for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph 12 below, the grantee may exercise the option up to his or her entitlement at the date of cessation of being an Eligible Participant (to the extent not

already exercised) or within such period to be determined in the absolute discretion of the Board following the date of such cessation. In relation to a grantee who is an Eligible Participant by reason of his or her employment with the Company or any of its subsidiaries, the date of cessation of being an Eligible Participant shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not.

- (b) In the case of the grantee ceasing to be an Eligible Participant by reason of death and none of the events which would be a ground for termination of his or her relationship with the Company and/or any of its subsidiaries under paragraph 12 below arises, the legal representative(s) of the grantee shall be entitled within a period of one month or such longer period as the Board may determine from the date of death to exercise the Option in full (to the extent not already exercised).

12. *Lapse of option on misconduct, bankruptcy or dismissal etc.*

If a grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Company and/or any of its subsidiaries on any one or more of the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or in relation to an employee of the Company and/or any of its subsidiaries (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the company or the relevant subsidiary, his or her option will lapse and not be exercisable on the date of termination of his or her relationship with the Company and/or any of its subsidiaries.

13. *Rights on takeover*

If a general offer is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the grantee (or his or her legal personal representatives) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

14. *Rights on scheme of arrangement for the Company*

Subject to the periods specified in paragraph 11(b) above, if a general offer by way of a scheme of arrangement is made to all the holders of Shares and the scheme has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his or her legal personal representatives) may, thereafter (but before such time as shall be notified by the Company and in any case, before the scheme becomes effective) exercise the Option to its full extent or to the extent specified in such notice.

15. *Rights on winding-up*

In the event of an effective resolution being passed by the Shareholders for the voluntary winding-up of the Company or an order of the Court is made for the winding-up of the Company, the grantee of an option (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if his option (to the extent not

already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the exercise price which would otherwise have been payable in respect thereof.

#### 16. *Lapse of the options*

An option will lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry date relevant to that option;
- (b) the expiry of any of the periods referred to in paragraphs 11, 13 and 14 above;
- (c) the date of commencement of the winding-up of the Company (as determined in accordance with the applicable law) as referred to in paragraph 15 above;
- (d) the date on which the scheme for the reconstruction of the Company or its amalgamation with any other company or companies, becomes effective as referred to in paragraph 14 above;
- (e) in the event the grantee is under employment with the Company and/or any of its subsidiaries, the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his employment on any one or more of the grounds specified in paragraph 12 above. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in paragraph 12 above shall be conclusive;
- (f) the date on which the grantee ceases to be an Eligible Participant on or after committing any act of bankruptcy or becoming insolvent or making any arrangements or composition with his creditors generally; or
- (g) the date on which the grantee commits a breach of the prohibitions specified in paragraph 8 above or the options are cancelled in accordance with paragraph 19 below.

#### 17. *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue.

#### 18. *Effect of alterations to capital*

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the

exercise price of each outstanding option and/or the number of Shares in respect of which any further options may be granted as the auditors of the Company or the independent financial adviser shall certify in writing to the Board to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules and the note thereto. Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

19. *Alteration of New Share Option Scheme*

The New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;
- (b) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the New Share Option Scheme),

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect an option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall still comply with the Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

20. *Cancellation of options*

Any cancellation of options granted but not exercised must be approved by the grantee of the relevant options. Where the Company cancels options and issues new ones to the same grantee, the issue of such new options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by Shareholders.

21. *Termination of the New Share Option Scheme*

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further option shall be offered but the provisions of New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options granted prior to such termination at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

22. *Condition of the New Share Option Scheme*

The New Share Option Scheme is conditional on (a) the Shareholders' approval at the Special General Meeting; and (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of options granted pursuant thereto.

23. *Disclosure in annual and interim reports*

The Company will disclose details of the New Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

24. *Present status of the New Share Option Scheme*

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the New Share Option Scheme.

**Values of all options that can be granted under the New Share Option Scheme**

The Directors consider that it is not appropriate or helpful to Shareholders to state the value of all options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **LERADO GROUP (HOLDING) COMPANY LIMITED** **(隆成集團(控股)有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Lerado Group (Holding) Company Limited (the “Company”) will be held at Chater Room III, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Thursday, 30th May, 2002 at 3:00 p.m. to transact the following ordinary business:

1. to receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31st December, 2001;
2. to declare a final dividend for the year ended 31st December, 2001;
3. to re-elect directors of the Company;
4. to authorize the board of directors to fix the remuneration of the Directors for the year ending 31st December, 2002; and
5. to appoint the auditors and authorize the board of directors to fix their remuneration.

To consider as special business and, if thought fit, pass with or without amendments, the following resolutions each as an ordinary resolution:

6(A). “**THAT:**

- (a) subject to sub-paragraph (c) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options, including bonds, warrants and debentures convertible into shares of the Company, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options, including bonds, warrants and debentures convertible into shares of the Company, which might require the exercise of such powers 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 pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) the exercise of rights of subscription or

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) the exercise of options under any option scheme or 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 or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. 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 earlier 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 law to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion 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 recognized regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

6(B). **“THAT:**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other exchange on which the shares of the Company may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases (the “Recognized Stock Exchange”) subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time or that of any other Recognized Stock Exchange, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which may be purchased pursuant to the approval in sub-paragraph (a) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and

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- (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;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

6(C). “**THAT** conditional upon resolution 6(A) and resolution 6(B) set out in the notice convening this meeting of which this resolution forms part being passed, the aggregate nominal amount of the shares of the Company which are repurchased by the Company after the date of the passing of this resolution (up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company as stated in resolution 6(B) set out in the notice convening this meeting of which this resolution forms part) 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 6(A) set out in the notice convening this meeting of which this resolution forms part.”

7. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange granting listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company (“Shares”) to be issued pursuant to the exercise of options which may be granted under the new share option scheme, a copy of which is produced to this meeting and signed by the chairman of this meeting for the purpose of identification) (“New Scheme”),

- (a) the operation of the existing share option scheme (“Existing Scheme”) adopted by the Company by ordinary resolution of its shareholders on 2nd December, 1998 be terminated and that no further options will be granted under the Existing Scheme but in all other respects the provisions of the Existing Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Scheme and options granted prior to such termination shall continue to be valid the exercisable in accordance with the Existing Scheme; and
- (b) the rules of the New Scheme be and are hereby approved and adopted and that the directors of the Company be and they are hereby authorized to:
  - (i) to administer the New Scheme under which the options will be granted to eligible participants under the New Scheme to subscribe for Shares;
  - (ii) to modify and/or amend the rules of the New Scheme from time to time subject to the provisions of such rules;
  - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Scheme; and

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- (iv) to make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time issued and allotted pursuant to the exercise of the options under the New Scheme.”

By Order of the Board  
**Leung Man Fai**  
*Company Secretary*

Hong Kong, 16th April, 2002

*Head office and principal place  
of business in Hong Kong:*

Unit 18, 17th Floor  
China Merchants Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

**Notes:**

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The form of proxy shall be executed under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's branch share registrar in Hong Kong, Secretaries Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting.
4. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.