
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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 or transferred all your shares in **Sinolink Worldwide Holdings Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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A copy of this circular has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance of Hong Kong. A copy of this circular has been filed with the Registrar of Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda. The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as the contents of this circular.



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

**PROPOSED BONUS ISSUE OF WARRANTS
(ONE WARRANT FOR EVERY TEN SHARES),
GENERAL MANDATES TO REPURCHASE SECURITIES AND
TO ISSUE SHARES AND
PROPOSALS INVOLVING
ADOPTION OF A NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

A notice convening the special general meeting of Sinolink Worldwide Holdings Limited to be held at Chatham Room, Level 7, Conrad Hotel, Pacific Place 88, Queensway, Hong Kong on Friday, 24th May, 2002 at 10:45 a.m. (or so soon thereafter as the annual general meeting convened at the same place and date at 10:30 a.m. shall have been concluded or adjourned) or any adjournment thereof and the proxy form are despatched to Shareholders (as defined herein) together with this circular. Whether or not the Shareholders propose to attend the meeting, they are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Central Registration Hong Kong Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the meeting should they so wish.

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:—

“Announcement”	the announcement of the Company dated 23rd April, 2002 relating to the Bonus Warrant Issue;
“associated companies”	the associates and/or associated companies of the Company as disclosed in the latest annual report of the Company;
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being;
“Bonus Warrant Issue”	the issue of Warrants on the basis of one Warrant for every ten Shares subject to and upon the terms and conditions set out in this circular;
“business day”	a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Act”	Companies Act 1981 of Bermuda (as amended);
“Company”	Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company for the time being;
“Excluded Shareholders”	Shareholders whose registered addresses recorded in the register of members of the Company on the Record Date are outside Hong Kong;
“Existing Share Option Scheme”	the existing share option scheme for the employees of the Company and its subsidiaries adopted by the Company on 11th May, 1998;

DEFINITIONS

“Grantee”	any Participant who accepts an offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company, its subsidiaries and its associated companies;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China;
“Latest Practicable Date”	2nd May, 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 new share option scheme to be adopted by the Company, summary of the principal terms of which is set out in Appendix III hereto;
“Offer Date”	the date on which an offer of the grant of an Option is made by the Board to a Participant in accordance with the New Share Option Scheme, which date must be a business day;
“Option(s)”	a right to subscribe for Shares pursuant to the terms of the New Share Option Scheme;
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years after the date of the grant of the Option;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the SGM Notice;

DEFINITIONS

“Participant”	any employee and director of the Company or any of its subsidiaries or associated companies as absolutely determined by the Board;
“Record Date”	24th May, 2002, being the record date by reference to which entitlements to the Bonus Warrant Issue will be determined;
“Registrar”	Central Registration Hong Kong Limited, the branch share registrar and warrant registrar of the Company, whose registered office is situate at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Repurchase Mandate”	the general mandates to the Directors to exercise the powers of the Company to repurchase (i) Shares representing up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company as at the date of the passing of Ordinary Resolution No. 2 in the SGM Notice during the period as set out in Ordinary Resolution No. 2 and (ii) subscription rights attached to the Warrants representing up to 10 per cent. of the total amount of subscription rights attached to the Warrants to be issued by the Company pursuant to Ordinary Resolution No. 1 in the SGM Notice during the period as set out in Ordinary Resolution No. 5;
“Securities”	the Shares and the Warrants collectively;
“SGM”	the special general meeting of the Company to be held at Chatham Room, Level 7, Conrad Hotel, Pacific Place 88, Queensway, Hong Kong on Friday, 24th May, 2002 at 10:45 a.m. (or so soon thereafter as the annual general meeting convened at the same place and date at 10:30 a.m. shall have been concluded or adjourned) or any adjournment thereof;
“SGM Notice”	the notice convening the SGM as set out on pages 36 to 42 of this circular;

DEFINITIONS

“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Buyback Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities;
“Share Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to allot and issue Shares representing up to 20 per cent. of the issued share capital of the Company as at the date of passing Ordinary Resolution No. 3 during the period as set out in Ordinary Resolution No. 3;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeover Code”	Hong Kong Codes on Takeovers and Mergers;
“Warrants”	warrant(s) to be issued by the Company in registered form in units of subscription rights of HK\$1.00 each entitling the holder(s) to subscribe in cash up to an aggregate amount of approximately HK\$181,995,700 for new Shares at an initial subscription price of \$1.00 per Share (subject to adjustment) at any time from the date of issue of the warrants (which is expected to be on Friday, 31st May, 2002) up to Saturday, 29th November, 2003 (or such earlier date as provided in the instrument constituting the warrants), both days inclusive; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

EXPECTED TIMETABLE FOR THE BONUS WARRANT ISSUE

2002

Last day of dealings in Shares cum entitlements to the Bonus Warrant Issue	Wednesday, 15th May
First day of dealings in Shares ex entitlements to the Bonus Warrant Issue	Thursday, 16th May
Latest time for lodging share transfers for entitlements to the Bonus Warrant Issue	4:00 p.m. on Friday, 17th May
Register of members closes (both days inclusive) from	Tuesday, 21st May
to	Friday, 24th May
Latest time for proxy forms to be returned	10:45 p.m. on Wednesday, 22nd May
Record date for determination of entitlements to the Bonus Warrant Issue	Friday, 24th May
SGM	10:45 a.m. (or so soon thereafter as the annual general meeting convened at the same place and date at 10:30 a.m shall have been concluded or adjourned) on Friday, 24th May
Register of members reopens	Monday, 27th May
Expected date for despatch of the Warrant certificates	Friday, 31st May
Commencement of dealings in the Warrants	Wednesday, 5th June

RESPONSIBILITY STATEMENT

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

LETTER FROM THE BOARD



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:—

Ou Yaping (*Chairman and Managing Director*)

Law Sze Lai

Chen Wei

Tang Yui Man, Francis

Registered Office:—

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-Executive Directors:—

Cheung Wing Yui

Tsang Yu Chor, Patrick

Liang Xiaoting

Head office and principal place

of business in Hong Kong:—

25th Floor, Vicwood Plaza

199 Des Voeux Road Central

Hong Kong

7th May, 2002

To the Shareholders

Dear Sir or Madam,

**PROPOSED BONUS ISSUE OF WARRANTS
(ONE WARRANT FOR EVERY TEN SHARES),
GENERAL MANDATES TO REPURCHASE SECURITIES AND
TO ISSUE SHARES AND
PROPOSALS INVOLVING
ADOPTION OF A NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

1. INTRODUCTION

It was announced on 23rd April, 2002 that the Directors proposed to make a bonus issue of Warrants to the Shareholders (excluding the Excluded Shareholders) whose names appear on the Company's register of members on the Record Date.

At the annual general meeting of the Company held on 25th May, 2001, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10 per cent. of the then issued share

* For identification purposes only

LETTER FROM THE BOARD

capital of the Company representing 152,000,000 Shares. At the special general meeting of the Company held on 26th October, 2001, other general mandates were given to the Directors to issue Shares up to 20 per cent. of the then issued share capital of the Company representing 304,000,000 Shares and to extend the general mandate to issue Shares by adding to it the number of Shares repurchased under the repurchase mandate granted at the annual general meeting held on 25th May, 2001.

On 11th May, 1998, the Existing Share Option Scheme was adopted by written resolution of the then sole shareholder of the Company, whereupon the Board may at any time within 10 years commencing from 11th May, 1998 grant options to any employee of the Company under the Existing Share Option Scheme as the Board may in its absolute discretion determine.

The purpose of this circular is to provide you with information regarding the proposed Bonus Warrant Issue, Share Issue Mandate, extension of the Share Issue Mandate, Repurchase Mandate and New Share Option Scheme and to seek your approval of the ordinary resolutions relating to these matters at the SGM.

2. THE BONUS WARRANT ISSUE

Under the Bonus Warrant Issue, Warrants carrying aggregate subscription rights of up to HK\$181,995,700 will be issued in the proportion of one Warrant carrying subscription rights of HK\$1.00 for every ten Shares held by the Shareholders whose names appear on the register of members of the Company on the Record Date (except for the Excluded Shareholders). **The Warrants will be issued in registered form and will entitle holders thereof to subscribe for Shares at an initial subscription price of HK\$1.00 per Share, subject to adjustment, at any time from the date of issue of the Warrants (which is expected to be on Friday, 31st May, 2002) up to the expiry of the Warrants on Saturday, 29th November 2003 (or such earlier date as provided in the instrument constituting the Warrants) (both days inclusive).** Since the instrument constituting the Warrants provides that the date on which subscription rights attaching to a Warrant are duly exercised is to fall on any business day during the subscription period for the Warrants, the last day for the exercise of the subscription rights attaching to the Warrants will be Friday, 28th November, 2003. Shares falling to be issued upon exercising the subscription rights attaching to the Warrants will rank *pari passu* in all respects with the then existing Shares on the relevant subscription date.

On the basis of 1,819,957,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares will be issued prior to the Record Date, a total number of 181,995,700 Warrants will be issued pursuant to the Bonus Warrant Issue. Assuming that no adjustment is made to the initial subscription price, exercise in full of such Warrants will result in the issue of 181,995,700 Shares, representing 10 per cent. of the existing issued share capital of the Company and approximately 9.09 per cent. of the existing issued share capital of the Company as enlarged by the issue of new Shares on

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exercise of the subscription rights attaching to the Warrants and, on the basis of the initial subscription price of HK\$1.00 per Share, the receipt by the Company of HK\$181,995,700 before deduction of expenses. The Company intends to use the net proceeds from exercise of the subscription rights attaching to the Warrants as working capital for the operation and future expansion of the Company.

The Bonus Warrant Issue will not be registered or filed under the applicable securities legislation of any jurisdiction outside Hong Kong and Bermuda. As the Directors are of the view that the offer or issue of Warrants to Excluded Shareholders would or might, in the absence of compliance with registration or other special formalities in other territories, be unlawful or impracticable, no offer or issue of such Warrants will be made to any Excluded Shareholders. Arrangements will be made for the Warrants which would otherwise have been issued to the Excluded Shareholders to be sold in the market as soon as practicable after dealings in the Warrants commence, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such persons in proportion to their shareholdings and remittances therefrom will be posted to them at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

The Bermuda Monetary Authority has granted its approval for the issue of the Warrants and any Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants. In granting such approval, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed in this circular or any of the documents referred to herein.

Fractional entitlements to the Warrants will not be issued to Shareholders but will be retained by the Company, aggregated and sold in the market as soon as practicable, with the net proceeds retained for the Company's benefit.

A summary of the terms and conditions of the Warrants, including circumstances in which the subscription price may be adjusted, is set out in Appendix I to this circular.

3. COMPARISON OF PRICES

The initial subscription price of HK\$1.00 per Share represents:—

- (a) a premium of approximately 23.46% over the closing price of Shares of HK\$0.81 per Share, as quoted on the Stock Exchange on 23rd April, 2002, being the date of the Announcement;
- (b) a premium of approximately 31.58% over the average closing price of approximately HK\$0.76 per Share, being the average closing price of Shares as

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quoted on the Stock Exchange for the 10 trading days immediately prior to and including the date of the Announcement;

- (c) a premium of approximately 6.38% over the closing price of Shares of HK\$0.94 per Share, as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 19.05% over the average closing price of approximately HK\$0.84 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Latest Practicable Date.

4. CONDITIONS

The proposed Bonus Warrant Issue will be conditional on the following:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Bonus Warrant Issue at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of, and permission to deal in, the Warrants and any Shares which fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

The Warrants are expected to be issued on Friday, 31st May, 2002 after these conditions have been fulfilled.

5. REASONS FOR THE BONUS WARRANT ISSUE

The Directors believe that the Bonus Warrant Issue will strengthen the capital base of the Company and on exercise of the subscription rights attaching to the Warrants will provide working capital for the operation and future expansion of the Company.

6. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company in Hong Kong will be closed from Tuesday, 21st May, 2002 to Friday, 24th May, 2002 (both days inclusive) in order to determine entitlements to the Bonus Warrant Issue, during which period no transfers of Shares can be registered. The last day for dealing in Shares cum entitlements to the Bonus Warrant Issue will be on Wednesday, 15th May, 2002.

To qualify for the Bonus Warrant Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Registrar for registration not later than 4:00 p.m. on Friday, 17th May, 2002.

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7. LISTINGS AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Warrants and any Shares falling to be issued upon the exercise of the subscription rights attaching to the Warrants. Dealings in Warrants are expected to commence on Wednesday, 5th June, 2002. The Warrants will be traded in board lots of 14,000 Warrants or Warrants carrying aggregate subscription rights of HK\$14,000 for Shares at an initial subscription price of HK\$1.00 per Share (subject to adjustment).

It is expected that certificates for the Warrants will be posted to those entitled thereto (other than Excluded Shareholders) at their own risk on or before Friday, 31st May, 2002. In the case of joint Shareholders, the Warrants will be posted to the address of the first-named Shareholder on the register of members of the Company.

Subject to the granting of listing of, and permission to deal in, the Warrants and any Shares falling to be issued upon the exercise of the Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants and any Shares falling to be issued upon the exercise of the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or such other date as shall be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the share capital of the Company nor any of the Warrants is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Dealings in Warrants registered on the Company's register of Warrantholders maintained in Hong Kong and dealings in any Shares which fall to be issued upon exercise of the subscription rights attaching to the Warrants will be subject to Hong Kong stamp duty.

8. GENERAL MANDATE TO REPURCHASE SECURITIES

Ordinary resolutions will be proposed at the SGM to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution No. 2 and Ordinary Resolution No. 5 in the SGM Notice. The securities which may be repurchased pursuant to the Repurchase Mandate are Shares representing up to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of passing the resolution approving the Repurchase Mandate and Warrants representing up to 10 per cent. of the total amount of subscription rights attached to the Warrants to be issued by the Company as mentioned above.

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As at the Latest Practicable Date, the issued share capital of the Company comprised 1,819,957,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolutions approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate on the date of passing the resolution approving the Repurchase Mandate will be 181,995,700 Shares and the maximum number of Warrants which may be repurchased pursuant to the Repurchase Mandate on the date of passing of the resolution approving the Repurchase Mandate will be 18,199,570 Warrants in case Ordinary Resolution No. 5 in the SGM Notice is passed and assuming 181,995,700 Warrants have been fully issued and allotted.

An explanatory statement as required under the Share Buyback Rules, giving certain information regarding the Repurchase Mandate, is set out in the Appendix II hereto.

9. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the SGM to grant to the Directors the Share Issue Mandate. In addition, an ordinary resolution will also be proposed to authorize an extension of the Share Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Share Issue Mandate the number of Shares purchased under the Repurchase Mandate, if granted.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are respectively set out in Ordinary Resolutions No. 3 and No. 4 in the SGM Notice.

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

Owing to the recent changes of the Listing Rules in relation to share option schemes with effect from September 2001, the Board considers that it is appropriate to adopt a New Share Option Scheme in replacement of its Existing Share Option Scheme so that the provisions of the New Share Option Scheme will be in line with such changes in the Listing Rules.

The Board considers that in order to encourage the Participants to perform their best in achieving the goals of the Group and at the same time allow the Participants to enjoy the results of the Company attained through their effort and contribution, it is important that the Group should continue to provide such Participants with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long term success of the business of the Group. The

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Board therefore proposes to recommend to the Shareholders at the SGM to approve the adoption of the New Share Option Scheme and simultaneously terminate the Existing Share Option Scheme.

It is proposed that subject to the approval of the Shareholders of the adoption of the New Share Option Scheme at the SGM, the Existing Share Option Scheme be terminated with effect from the conclusion of the SGM and the New Share Option Scheme will take effect, subject to the approval of the Stock Exchange, on the date of its adoption at the SGM. Operation of the New Share Option Scheme will commence after all the conditions precedent as referred to in paragraph 11 below have been fulfilled.

It is therefore proposed that the New Share Option Scheme for the benefit of the Participants be adopted at the SGM. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III hereto.

As at the Latest Practicable Date, there are 77,051,000 outstanding options and 57,780,000 options lapsed under the Existing Share Option Scheme. The Board confirms that prior to the SGM, it will not grant any further options under the Existing Share Option Scheme.

Upon termination of the Existing Share Option Scheme, no further options may be offered but in all other respects the provisions of the Existing Share Option Scheme shall remain in force. The above outstanding options under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme and the adoption of the New Share Option Scheme will not in any event affect the terms of the grant of such outstanding options.

As at the Latest Practicable Date, the number of Shares in issue are 1,819,957,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the number of Shares issuable pursuant to the New Share Option Scheme and any other share option schemes of the Company on the date of adoption of the New Share Option Scheme will be 181,995,700 Shares.

11. CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME

The adoption of the New Share Option Scheme is subject to the following conditions:—

- (i) the approval of the Shareholders for the termination of the Existing Share Option Scheme;
- (ii) the approval of the Shareholders for the adoption of the New Share Option Scheme;
and

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- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme to the extent of 10 per cent. of the total number of Shares in issue as at the date of the approval of the New Share Option Scheme.

Subject to the approval of the Shareholders of the adoption of the New Share Option Scheme and conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in the Company or any part thereof to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme, the Directors will have the right to grant to the Participants Options to subscribe for Shares in the Company which when aggregated with any securities subject to any other share option schemes of the Company in issue representing up to 10 per cent. of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from its Shareholders to renew the 10 per cent. limit and on the basis that the maximum number of 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 schemes of the Company in issue shall not exceed 30 per cent. of the issued share capital of the Company from time to time.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal, in the Shares in the Company to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

12. EXPLANATION OF THE TERMS OF THE NEW SHARE OPTION SCHEME

In Appendix III hereto on pages 30 to 35 of this circular, you will find a summary of the principal terms of the New Share Option Scheme. By offering the Options to the Participants in such flexible terms under the New Share Option Scheme, in particular, no performance target is needed to be achieved by the Participants before Options can be exercised and the exercise price of the Options will be determined on a fair basis, such Participants may exercise their Options at anytime within the Option Period to acquire a monetary gain or ownership interest in the Company which may in turn provide a further incentive to the Participants to better serve the Group.

LETTER FROM THE BOARD

13. VALUE OF THE OPTIONS

Since the New Share Option Scheme is yet to be approved by the Shareholders, the Board has not yet determined the time frame on the granting of the Options under the New Share Option Scheme and the number of Shares for which any Grantee may subscribe upon exercise of an Option. Accordingly, the Board considers that it is premature and inappropriate to state the value of the Option for the time being in this circular.

14. SPECIAL GENERAL MEETING

At the SGM Notice, you will find the ordinary resolutions which will be proposed to approve the issue of the Warrants, the Repurchase Mandate, the Share Issue Mandate, the extension of the Share Issue Mandate, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme with effect from the conclusion of the SGM.

15. ACTION TO BE TAKEN

A proxy form for use at the SGM is to be despatched to you with this circular. Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the Company's share registrar in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM if they so wish.

16. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the New Share Option Scheme will be available for inspection at the principal place of business of the Company at 25th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of despatch of this circular.

Copies of the following documents will be available for inspection at the principal place of business of the Company at 25th Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong during normal business hours up to and including Friday, 24th May, 2002:—

- (a) the memorandum of association and bye-laws of the Company; and
- (b) a draft (subject to modification) of the instrument creating the Warrants.

LETTER FROM THE BOARD

17. RECOMMENDATION

The Board believes that the Bonus Warrant Issue, the Repurchase Mandate, the Share Issue Mandate, the extension of the Share Issue Mandate, the adoption of the Share Option Scheme and the termination of the Existing Share Option Scheme are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of all the resolutions set out in the SGM Notice.

Yours faithfully
By the order of the Board
Tang Yui Man, Francis
Executive Director

The Warrants will be issued subject to and with the benefit of an instrument by way of deed poll (the “Instrument”) executed by the Company and they will be issued in registered form and will form one class and rank *pari passu* in all respects with each other. On the basis of 1,819,957,000 Shares in issue as at the Last Practicable Date and assuming that no further Shares will be issued prior to the Record Date, a total number of 181,995,700 Warrants will be issued pursuant to the Bonus Warrant Issue. Warrants conferring rights to subscribe up to a maximum of HK\$181,995,700 in aggregate for Shares, equivalent to the aggregate subscription price for a total of 181,995,700 Shares on the basis of an initial subscription price of HK\$1.00 per Share (subject to adjustment), will be in issue immediately upon completion of the Bonus Warrant Issue.

The Warrants will represent direct obligations of the Company to holders of Warrants (“Warrantholders”) as described in the Instrument. The following is a summary of the major provisions of the Instrument and of the principal terms and conditions of the Warrants (“Warrant Conditions”) set out on the Warrant certificates. Warrantholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and of the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. SUBSCRIPTION RIGHTS

- (a) Each Warrantholder shall have, in respect of the Warrants of which he is the registered holder for the time being, rights (the “Subscription Rights”) which may be exercised in whole or in part, but not in respect of any fraction of a Share, at any time from the date of issue (which is expected to be on 31st May, 2002) up to 29th November, 2003 (or such earlier date as provided in the Instrument) (both days inclusive) (the “Subscription Period”) (the date on which any of the Subscription Rights are duly exercised being called a “Subscription Date”) to subscribe in cash the whole or part (in integral multiples of HK\$1.00) of the amount stated on the certificate for such Warrants which a Warrantholder is entitled to subscribe for Shares upon exercise of the Subscription Rights represented thereby (the “Exercise Moneys”), for fully-paid Shares at a price of HK\$1.00 per Share (subject to adjustment as referred to below) being the “Subscription Price”. Since the Instrument provides that a Subscription Date is to fall on any business day during the Subscription Period, the last Subscription Date before the expiry of the Subscription Period will be Friday, 28th November 2003. Any Subscription Rights which have not been exercised upon the expiry of the Subscription Period will lapse and thereupon, the Warrants and the Warrant certificates will cease to be valid for any purpose whatsoever.
- (b) The entitlement of Warrantholders to their Warrants is evidenced by Warrant certificates, each of which contains a subscription form (the “Subscription Form”). In order to exercise his Subscription Rights, a Warrantholder must complete and sign the Subscription Form (which shall be irrevocable) and deliver the same and

the Warrant certificate to the Warrant registrar for the time being of the Company in Hong Kong, together with a remittance for the relevant portion of the Exercise Moneys, being the amount of the Subscription Price for the Shares in respect of which the Warrantholder is exercising his Subscription Rights. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (c) No fraction of a Share will be allotted but in the event that a Warrantholder remits subscription moneys in excess of the Subscription Price due for the Shares in respect of which he is exercising his Subscription Rights, any such excess will be refunded by the Company to the Warrantholder, provided always that, if the Subscription Rights attaching to the Warrants represented by one or more Warrant certificates are exercised on the same Subscription Date by the same Warrantholder then, for the purpose of determining whether any (and if so, what) excess arises, such Subscription Rights shall be aggregated.
- (d) The Company has undertaken in the Instrument that any Shares falling to be issued upon the exercise of any of the Subscription Rights attaching to the Warrant(s) represented by the relevant Warrant certificates will be allotted and issued not later than 28 days after the relevant Subscription Date and, taking into account of any adjustment that may have been made as mentioned below, will rank *pari passu* with the fully-paid Shares in issue on the relevant Subscription Date and will accordingly entitle the holders to participate in all dividends or other distributions declared, paid or made after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange (as defined in the Instrument) prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment and issue of Shares (and in any event not later than 28 days after the relevant Subscription Date) there will be issued free of charge to the Warrantholder to whom such allotment has been made upon his exercise of any Subscription Rights:
 - (i) a certificate for the relevant Shares in the name(s) of such Warrantholder(s);
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the relevant Warrant certificate remaining unexercised;
 - (iii) (if applicable) a cheque representing the excess (if any) of the amount remitted over the total amount payable in respect of the Subscription Rights being exercised as mentioned in sub-paragraph (c) above; and

- (iv) (if applicable) the relevant Deficiency Certificate (as defined in the Instrument).

The certificate for Shares arising on the exercise of Subscription Rights, the balancing Warrant certificate (if any) and, the cheque in respect of a refund (if any) and the said Deficiency Certificate (if any) will be sent by post at the risk of the said Warrantholder(s) to the address of such Warrantholder(s) (or, in the case of a joint holding, to that one of the joint Warrantholders whose name stands first in the register of Warrantholders).

2. ADJUSTMENTS OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Shares until the Subscription Right Reserve (as defined in the Instrument) is maintained):
 - (i) an alteration of the nominal amount of each Share by reason of any consolidation, subdivision or reclassification;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a capital distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
 - (iv) a grant by the Company to holders of Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares, at a price which is less than 90 per cent. of the market price at the date of the announcement of the terms of the offer or grant (calculated as provided in the Instrument) being made by the Company to holders of Shares (in their capacity as such);

- (vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per new Share is less than 90 per cent. of the market price at the date of the announcement of the terms of issue of such securities (calculated as provided in the Instrument), or the conversion, exchange or subscription rights of any such issue are altered so that the said total Effective Consideration is less than 90 per cent. of such market price;
 - (vii) an issue of Shares being made wholly for cash at a price less than 90 per cent. of the market price at the date of the announcement of the terms of such issue (calculated as provided in the Instrument); and
 - (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong or equivalent authority and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) (ii) to (vii) above shall be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion, exchange or subscription rights attaching to securities convertible into Shares or exchangeable for Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue by the Company of Shares or by the Company or any Subsidiary (as defined in the Instrument) of securities convertible into or exchangeable for or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) or any similar reserve which has been or may be established pursuant to the terms of issue of any other securities convertible into or exchangeable for or carrying rights to acquire Shares;
 - (iv) an issue of Shares pursuant to a scrip dividend scheme (as defined in the Instrument) where an amount not less than the nominal amount of the

Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or

- (v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to a Share Option Scheme (as defined in the Instrument).

- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint either (at the option of the Company) an approved merchant bank (as defined in the Instrument) or the Auditors (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the Auditors (as the case may be) considers this to be the case, the adjustment will be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or such adjustment shall take effect from such other day and/or time as is certified by such approved merchant bank or the Auditors to be in its opinion appropriate.

- (d) Any adjustment to the Subscription Price will be made to the nearest one cent (HK\$0.005 being rounded up). No adjustment will be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required will not be carried forward. In no event will an adjustment be made (except on a consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price.

- (e) Every adjustment to the Subscription Price will be certified by the Auditors or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) will be given to the Warrantheolders. Any such certificates of the Auditors and/or approved merchant bank will be available for inspection by the Warrantheolders at the principal place of business for the time being of the Company in Hong Kong, where copies may be obtained.

3. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it has express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

The Warrants shall be transferable in integral multiples of HK\$1.00 by an instrument of transfer in any usual or common form or such other form as may be approved by the Directors or, where the transferor and/or the transferee is HKSCC Nominees Limited, by an instrument of transfer executed under hand by authorised person(s) or by machine imprinted signature(s). For this purpose, the Company shall maintain a register of Warrantholders therefor. The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants. Transfers of Warrants must be executed by both the transferor and the transferee.

Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expenses in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants, particularly during the period commencing ten business days prior to and including the last day of the Subscription Period, or such earlier date as provided in the Instrument.

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date at least three trading days before the last day of the Subscription Period.

5. CLOSURE OF REGISTER OF WARRANTHOLDERS

The registration of transfers of Warrants may be suspended and the register of Warrantholders may be closed for such period as the Directors may from time to time direct, provided that the same shall not be closed, or registration shall not be suspended, for a period, or for periods together, of more than 60 days in any one year. Any transfer, or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholders.

6. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time purchase the Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent. of the closing price of the Warrants on the Stock Exchange on the date immediately prior to the date of purchase thereof,

but not otherwise. All Warrants purchased as aforesaid will be cancelled forthwith and may not be re-issued or re-sold.

7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the terms and conditions endorsed on the Warrant certificates. A Special Resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including, but without prejudice to that generality, by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the terms and conditions endorsed on the Warrant certificates and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

Where the Warrantholder is a recognised clearing house (within the meaning of the Securities and Futures (Clearing Houses) Ordinance (Cap. 420 of the Laws of Hong Kong)) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Warrantholder.

8. QUORUM

The quorum of a meeting of Warrantholders will be two or more Warrantholders, present in person or by proxy, representing not less than 5 per cent. in value of the Subscription Rights for the time being outstanding and exercisable.

9. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Warrant registrar for the time being of the Company in Hong Kong (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

In the case of lost Warrant certificates, Sections 71A (2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) shall apply as if “shares” referred to therein included Warrants.

10. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

11. CALL

If at any time the aggregate of the Warrants which have not been exercised carry rights to subscribe less than 10 per cent. of the amount of Exercise Moneys attached to the aggregate of all the Warrants issued under the Instrument, the Company may, on giving not less than three months’ notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to Warrantholders and will cease to be valid for any purpose.

12. ISSUE OF FURTHER WARRANTS

The Company shall be at liberty to issue further warrants to subscribe for Shares in such manner and on such terms as it sees fit.

13. UNDERTAKINGS BY THE COMPANY

The Company has undertaken in the Instrument, inter alia, that:

- (a) it will send to each Warrantholder (or, in the case of joint Warrantholders, to the Warrantholder whose name stands first in the register of Warrantholders in respect of the Warrant held by such joint Warrantholders), at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Shares generally;
- (b) it will pay all Bermuda and Hong Kong stamp and capital duties, registration fees or similar charges (if any) payable in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights; and
- (c) it will keep available for issue sufficient Ordinary Capital (as defined in the Instrument) to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares.

14. LISTING

The Company shall use its best endeavours to procure that:

- (a) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants); and
- (b) all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

15. OVERSEAS WARRANTHOLDERS

The Instrument contains provisions giving certain discretion to the Directors in the case of any Warrantholder who has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the issue of Shares upon exercise of any of the Subscription Rights attaching to any Warrants held by such Warrantholder would or might, in the absence of compliance with registration or any other special formalities in such territory be unlawful or impracticable under the laws of such territory.

16. RIGHTS OF WARRANTHOLDERS ON WINDING-UP

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then:

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders; and
- (b) in any other case, every Warrantholder (or, in the case of joint Warrantholders, the Warrantholder whose name stands first in the register of Warrantholders in respect of the Warrant held by such joint Warrantholders) shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Warrant registrar for the time being of the Company in Hong Kong with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof) to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Subscription Rights represented by such Warrants to the extent specified in the Subscription Form(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company will give notice to the Warrantholders of the passing of any such resolution within seven days after the passing thereof and such notice must contain a reminder to Warrantholders with respect to their rights under this sub-paragraph (b).

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution will lapse and Warrant certificates will cease to be valid for any purpose.

17. NOTICES

The Instrument contains provisions relating to notices to be given to Warrantholders.

Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices to be given to such Warrantholder are to be sent.

18. GOVERNING LAW

The Instrument and the Warrants are governed by and construed in accordance with the laws of Hong Kong.

This appendix serves as an explanatory statement, as required by the Share Buyback Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of (i) Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of passing the resolution approving the Repurchase Mandate and (ii) Warrants up to a maximum of 10 per cent. of the total amount of subscription rights attached to the Warrants to be issued by the Company as referred to in Ordinary Resolution No. 1 set out in the SGM Notice. For the purpose of this appendix, the term “Shares” shall be as defined in the Hong Kong Code on Share Repurchases to mean shares of all classes and securities which carry a right to subscribe for or purchase shares.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,819,957,000 Shares.

Subject to the passing of Ordinary Resolution No. 2 set out in the SGM Notice and on the basis that no further Shares are issued or repurchased prior to the SGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 181,995,700 Shares representing not more than 10% of the issued share capital of the Company at the Latest Practicable Date and a maximum number of Warrants which may be repurchased pursuant to the Repurchase Mandate on the date of passing of the resolution approving the Repurchase Mandate will be 18,199,570 Warrants in case Ordinary Resolution No. 5 in the SGM Notice is passed and assuming 181,995,700 Warrants have been fully issued and allotted.

2. REASONS FOR REPURCHASES

The Board believes that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to repurchase the Company’s Shares in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association and bye-laws of the Company and the applicable laws of Bermuda. It is proposed that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed from available cash flow or working capital facilities of the Company and its subsidiaries.

The Companies Act provides that the amount of capital repaid in connection with a share repurchase may only be paid from distributable profits of the company or from the proceeds of a new issue of shares made for the purpose. The Companies Act further provides that the amount of premium payable on repurchase may only be paid out of distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purpose of the share repurchase up to certain limits specified by the Companies Act .

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 of the Company for the year ended 31 December 2001) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase 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.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows :

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
May 2001	0.368	0.264
June 2001	0.400	0.323
July 2001	0.364	0.323
August 2001	0.345	0.273
September 2001	0.364	0.277
October 2001	0.386	0.335
November 2001	0.485	0.365
December 2001	0.620	0.450
January 2002	0.620	0.500
February 2002	0.670	0.560
March 2002	0.710	0.590
April 2002	0.940	0.700

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the proposed Ordinary Resolutions No. 2 and No. 5 set out in the SGM Notice and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (with the meaning as ascribed under the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (with the meaning as ascribed under the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

6. TAKEOVER CODE

If on the 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 increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, 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 Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Asia Pacific Promotion Limited together with its associates held 1,250,581,600 Shares, representing in aggregate 68.71 per cent. of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate. In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25 per cent..

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

1. 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 Directors collectively and individually 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 and belief, there are no other facts not contained herein the omission of which would make any statement contained in this document misleading.

2. SUMMARY OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the New Share Option Scheme to be adopted at the SGM:—

- (a) The purpose of the New Share Option Scheme is to encourage the Participants to perform their best in achieving the goals of the Group and at the same time allow the Participants to enjoy the results of the Company attained through their effort and contribution.
- (b) The New Share Option Scheme is conditional upon the approval of the Shareholders for the termination of the Existing Share Option Scheme, the approval of the Shareholders for the adoption of the New Share Option Scheme and the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Share Option Scheme.
- (c) The Directors of the Company may, at their discretion, invite any Participant to take up Options. An Option is deemed to have been accepted by the Grantee upon his or her signing the duplicate letter comprising acceptance of the Option and paying HK\$1.00 by way of consideration for the grant thereof. The subscription price for Shares in the Company is calculated in accordance with sub-paragraph (d) below.
- (d) The subscription price for Shares in the Company under the New Share Option Scheme will be the higher of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is offered which date must be a business day, a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet on the five business days immediately preceding the date on which an Option is offered, and the nominal value of a Share.

- (e) (i) Subject to (iv) below, the total 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 schemes of the Company must not in aggregate exceed 10 per cent. of the total number of Shares in issue which will be 181,995,700 Shares (assuming no further Shares will be issued during the period between the Latest Practicable Date and the date of adoption of the New Share Option Scheme) as at the date of approval of the New Share Option Scheme unless the Company obtains a fresh approval from the Shareholders pursuant to (ii) below.
- (ii) The Company may seek approval of the Shareholders in general meeting to renew the 10 per cent. limit set out in (i) above such that the total number of Shares in respect of which Options may be granted under the New Share Option Scheme or any other share option schemes of the Company in issue shall not exceed 10 per cent. of the total number of Shares in issue as at the date of approval to renew such limit.
- (iii) Subject to (iv) below, the Company may grant Options beyond the 10 per cent. limit to Participant(s) specifically identified by the Company and approved by the Shareholders in general meeting.
- (iv) Notwithstanding the above, the maximum number of 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 schemes of the Company shall not exceed 30 per cent. of the total number of Shares in issue from time to time.
- (f) Subject to the provision of the New Share Option Scheme, the Board may at its discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto as it may think fit.
- (g) (i) The maximum entitlement for any one Participant is that the total number of Shares issued and to be issued upon exercise of Options granted to each Participant (including exercised and outstanding Options) in any 12-month period must not exceed 1 per cent. of the total number of Shares in issue.
- (ii) Any further grant of Options in excess of the 1 per cent. limit shall be subject to shareholders' approval with such Participant and his or her associates (with the meaning as ascribed under the Listing Rules) abstaining from voting. The number and terms (including the exercise price) of the Options to be granted to such Participants must be fixed before shareholders'

approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

- (h) (i) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (all with the meaning as ascribed under the Listing Rules) of the Company or any of their respective associates (with the meaning as ascribed under the Listing Rules) must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is the Grantee).
- (ii) Where the Board proposes to grant any Option to a Participant who is a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates (with the meaning as ascribed under the Listing Rules) would result in the Shares issued and to be issued upon exercise of all Options already granted or to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant (the “Relevant Date”):
 - (1) representing in aggregate more than 0.1 per cent. of the total number of Shares in issue; and
 - (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting with all connected persons (with the meaning as ascribed under the Listing Rules) of the Company abstaining from voting (except where any connected person may vote against the relevant resolution). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- (i) An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period after the Option has been granted by the Board. An Option Period is a period to be determined by the Board in its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years after the date of the grant of the Option.
- (j) There is no minimum period for which an Option must be held and no performance target is needed to be achieved by the Grantee before Options can be exercised.

- (k) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or in any manner dispose of or create any interest in favour of any third party over or in relation to any Option.
- (l) If the Grantee of an Option ceases to be a Participant for any reason other than on his or her death or the termination of his or her employment or directorship on one or more of the grounds specified in sub-paragraph 8(e) of the New Share Option Scheme, the Option granted to such Grantee will lapse after 1 month of the date of cessation (to the extent not already exercised) which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiaries or associated companies.
- (m) If the Grantee of an Option dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment or directorship under sub-paragraph 8(e) of the New Share Option Scheme arises, the personal representative(s) of the Grantee may exercise the Option up to the entitlement of such Grantee at the date of death (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within a period of 12 months or such longer period as the Board may determine from the date of death.
- (n) Sub-paragraph 8(e) of the New Share Option Scheme provides that an Option shall lapse automatically (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) on the date on which the Grantee ceases to be an employee or Director of the relevant member(s) of the Group by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.
- (o) In the event a notice is given by the Company to its members to convene a shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the shareholders' meeting, give notice thereof to all Grantees and thereupon, each Grantee (or his or her personal representatives(s)) shall be entitled to exercise all or any of his or her Options at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a payment for the full amount of the aggregate subscription price

for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above allot the relevant Shares to the Grantee credited as fully paid. Subject to the above, an Option will lapse automatically (to the extent not already exercised) upon the expiry of the period in which to exercise an Option referred to above.

- (p) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment of the relevant Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment of the relevant Shares.
- (q) In the event of any alteration in the capital structure whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company whilst any Option remains exercisable, such corresponding alterations (if any) certified in writing by the auditors for the time being of the Company to be in their opinion as fair and reasonable will be made in the number of Shares subject to the Option so far as unexercised or the subscription price, provided that no such alteration shall be made so that a Share would be issued at less than its nominal value or which would give a Grantee a different proportion of the issued share capital of the Company as that to which he or she was previously entitled. The issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring the said alterations.
- (r) The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which it is adopted by resolution of the Company in general meeting.
- (s) The Board may by resolution at any time at its discretion and without the consent of the Grantee cancel any Option granted but not exercised.
- (t) The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect.
- (u) The provisions of the New Share Option Scheme may be altered in any respect by resolution of the Board except that (a) the terms and conditions of the New Share

Option Scheme which are relating to matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Grantees or prospective Grantees without the prior approval of the Shareholders in general meeting; (b) any alteration to the terms and conditions of the New Share Option Scheme of the Company which are of a material nature or any change to the terms of options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme; (c) any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting. Any alteration of the New Share Option Scheme must comply with the Listing Rules.

NOTICE OF SPECIAL GENERAL MEETING



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a Special General Meeting of Sinolink Worldwide Holdings Limited (the “Company”) will be held at Chatham Room, Level 7, Conrad Hotel, Pacific Place 88, Queensway, Hong Kong on Friday, 24th May, 2002 at 10:45 a.m. (or so soon thereafter as the annual general meeting of the Company to be convened at the same place and date at 10:30 a.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications, as ordinary resolutions of the Company:—

ORDINARY RESOLUTIONS

1. **“THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the warrants (the “Warrants”) to be issued pursuant to the terms and conditions of the proposed bonus warrants issue described in the circular of the Company dated 7th May, 2002 (the “Circular”) and any new shares of HK\$0.10 in the capital of the Company which fall to be issued upon the exercise of the subscription rights attaching to the Warrants, the proposed issue of Warrants be and is hereby approved and:—
 - (a) the directors of the Company be and are hereby authorised to create, allot and issue the Warrants which shall be in registered form and shall entitle the holders thereof to subscribe in cash at an initial subscription price of HK\$1.00 per share, subject to adjustment, for shares in the capital of the Company from the date of the issue of the Warrants to 29th November, 2003 (or such earlier date as provided in the warrant instrument), both days inclusive, subject to the terms and conditions set out in the warrant instrument (a copy of a draft of which marked “A” has been produced to this meeting and signed for the purpose of identification by the Chairman thereof) and to issue the same by way of bonus to and among the persons who are registered as shareholders of the Company (the “Shareholders”) on 24th May, 2002 in the proportion of one Warrant carrying the right to subscribe for shares of HK\$0.10 each in the capital of the Company for every ten shares of HK\$0.10 each then held and so that the shares to be issued pursuant to the

NOTICE OF SPECIAL GENERAL MEETING

exercise of the subscription rights attaching to the Warrant will rank pari passu in all respects with the then existing shares of the Company on the relevant subscription date provided that :

- (i) in the case of Shareholders having registered addresses outside Hong Kong on 24th May, 2002, the relevant Warrants shall not be issued to such Shareholders but shall be aggregated and issued to a nominee to be named by the directors of the Company and such Warrants shall be sold in the market as soon as practicable after the dealings in the Warrants commence, if a premium, net of expenses, can be obtained and the net proceeds of sale, after deduction of expenses, shall be distributed to such Shareholders pro rata to their respective shareholdings unless the amount falling to be distributed to any particular Shareholder shall be an amount less than HK\$100 in which case such amount shall be retained for the benefit of the Company; and
 - (ii) no fractional entitlements shall be issued as aforesaid, but the fractional entitlements shall be aggregated and sold for the benefit of the Company;
- (b) the directors of the Company be and are hereby authorised to allot and issue new shares in the capital of the Company which may fall to be issued pursuant to the exercise of subscription rights attaching to the Warrants or any of them; and
- (c) the directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary or expedient to give effect to the foregoing arrangements.”

2. “ THAT:—

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing 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 earliest of:—

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (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 of the Company.”

3. “ THAT:—

- (a) subject to paragraph (c) of this Resolution, 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 of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted be and are hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company 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) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantee as specified in such scheme or similar arrangement of shares or rights to acquire shares of the Company; or (iii) any issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing

NOTICE OF SPECIAL GENERAL MEETING

warrants, bonds, debentures, notes and other securities of the Company; (iv) an issue of shares pursuant to any scrip dividends or similar arrangement providing for allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the memorandum of association and the bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose 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; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (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 of the Company; and

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the directors of the Company to the holders of shares of the Company, or any class of shares of the Company, whose name appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such shares (or, where appropriate, such other securities) as at that date (subject to such exclusions 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 laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

4. **“THAT** the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution No. 3 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 2 set out in the notice convening

NOTICE OF SPECIAL GENERAL MEETING

this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution No. 3.”

5. “**THAT:**—

- (a) conditional upon the passing of Ordinary Resolution No.1 set out in the notice convening this meeting and subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the warrants issued by the Company carrying the right to subscribe for shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate amount of subscription rights attached to the warrants to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the total amount of subscription rights attached to all warrants issued by the Company pursuant to Ordinary Resolution No.1 set out in the notice convening this meeting and the said approval shall 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 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 law or the bye-laws of the Company to be held; and
 - (iii) the date on which the authority set out in this Resolution is revoked or waived by an ordinary resolution of the shareholders in general meeting of the Company.”

NOTICE OF SPECIAL GENERAL MEETING

6. “THAT:—

- (a) the existing share option scheme for the employees of the Company and its subsidiaries (including any executive director of the Company and its subsidiaries) of the Company and its subsidiaries which was adopted by the Company at its general meeting on 11th May, 1998 be and is hereby terminated with immediate effect; and
- (b) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the share option scheme of the Company (the “New Share Option Scheme”), the rules of the New Share Option Scheme are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the Chairman thereof, and the granting of any options thereunder and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any such options, the New Share Option Scheme be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation :
 - (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
 - (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
 - (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 Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
 - (iv) to make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for listing of and permission to deal in any Shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and

NOTICE OF SPECIAL GENERAL MEETING

- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

By Order of the Board
Tang Yui Man, Francis
Secretary

Hong Kong, 7th May, 2002

** For identification purposes only*

Notes:—

1. A form of proxy for use at the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and, on a poll, vote instead of him.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's share registrar in Hong Kong, Central Registration Hong Kong Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. A proxy need not be a member. A member may appoint a proxy in respect of part only of his holding of shares in the Company.
6. In the case of joint holders of a share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder, 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.