
IMPORTANT

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

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

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LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)*

(Incorporated in Bermuda with limited liability)

REPURCHASES BY THE COMPANY OF ITS OWN SHARES

A notice convening the Annual General Meeting of the Company to be held at Caine Room, 7th Floor, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Thursday, 22nd May, 2003 at 3:00 p.m. is reproduced on page 5 to 8 of this circular. Resolutions in respect of the general mandates will be proposed at the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is also enclosed. Whether or not you are able to attend, please complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Secretaries Limited, at 28/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible, and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting should you so wish.

* For identification purpose only

LETTER FROM THE CHAIRMAN



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

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Huang Ying Yuan (*Chairman*)
Mr. Tsang Yat Kiang (*Vice Chairman*)
Mr. Chen Hsing Shin (*Vice Chairman*)
Ms. Huang Chen Li Chu (*Vice Chairman*)
Mr. Chen An-Hsin
Mr. Leung Man Fai
Mr. Chen Jo Wan*
Mr. Lim Pat Wah Patrick**
Mr. Ng Kwun Wan**

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal

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

* *non-executive director*

** *independent non-executive directors*

23rd April, 2003

To the shareholders

Dear Sir or Madam,

REPURCHASES BY THE COMPANY OF ITS OWN SHARES

At the forthcoming annual general meeting (the “Annual General Meeting”) of the shareholders (the “Shareholders”) of Lerado Group (Holding) Company Limited (the “Company”) to be held on 22nd May, 2003, an ordinary resolution will be proposed to grant to the directors of the Company (the “Directors”) a general mandate (the “Repurchase Mandate”) to exercise the powers of the Company to repurchase the Company’s fully paid-up shares (the “Shares”) of HK\$0.10 each in the capital of the Company representing up to a maximum of 10 per cent. of the existing issued share capital (the “Maximum Number of Shares”) of the Company as at the date of the Annual General Meeting.

The Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

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LETTER FROM THE CHAIRMAN

In accordance with the Listing Rules, this circular serves as the explanatory statement to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to approve the Repurchase Mandate to be proposed at the Annual General Meeting.

LISTING RULES

- (i) The Listing Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchases, which complies with the provisions of rule 10.06(1)(c) and which has been passed at a general meeting of the company duly convened and held and the company has delivered a copy of such resolutions, together with the necessary supporting documentation, to the Stock Exchange in accordance with rule 10.06(1)(d). In addition, the shares proposed to be purchased by the company must be fully-paid up.
- (ii) As at 15th April, 2003 (the “Latest Practicable Date”), being the latest practicable date prior to the printing of this circular for ascertaining certain information, the number of Shares in issue was 722,448,724. On the basis of such figure and that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the Directors would be authorised to repurchase up to a maximum of 72,244,872 Shares.
- (iii) The Directors believe that a general authority to enable the Directors to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per share. The Directors are seeking the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number(s) and class(es) of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.
- (iv) Repurchases must be made out of funds which are legally available for such purpose in accordance with the memorandum of association and the bye-laws of the Company and the laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.
- (v) There may be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recently published audited accounts) in the event that the proposed share repurchases were 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 of the Company or its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.
- (vi) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of the Directors who have a present intention, in the event that the Repurchase Mandate is granted by the Shareholders, to sell Shares to the Company.
- (vii) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate only in accordance with the Listing Rules and the laws of Bermuda.

LETTER FROM THE CHAIRMAN

(viii) If as a result of a share repurchase, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code") and, if such increase results in a change in control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rule 26 of the Takeover Code. The Directors are not aware of any consequences which would arise under the Takeover Code as a consequence of any purchases made pursuant to the Repurchase Mandate.

In the case where the Maximum Number of Shares are repurchased, the percentage of shareholdings of the substantial shareholders in the Company will be as follows:

Substantial shareholders	Percentage of shareholdings as at the Latest Practicable Date	Percentage of shareholdings as if the Maximum Number of Shares are repurchased
Huang Ying Yuan (<i>Note</i>)	14.0%	15.6%
Chen Hsing Shin	13.0%	14.5%
Huang Chen Li Chu (<i>Note</i>)	5.8%	6.5%

Note: Ms. Huang Chen Li Chu is the wife of Mr. Huang Ying Yuan. The percentages above indicate their respective shareholdings individually.

- (ix) No purchase was made by the Company of Shares on the Stock Exchange during the six months preceding the Latest Practicable Date.
- (x) No connected persons (as defined in the Listing Rules) of the Company have notified the Company of a present intention to sell the Shares held by them to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Repurchase Mandate is granted by the Shareholders.

LETTER FROM THE CHAIRMAN

- (xi) The highest and lowest prices at which Shares were traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2002	1.38	1.13
May 2002	1.61	1.28
June 2002	1.44	1.00
July 2002	1.33	1.03
August 2002	1.16	0.93
September 2002	1.13	1.04
October 2002	1.26	1.03
November 2002	1.31	1.20
December 2002	1.36	1.26
January 2003	1.35	1.22
February 2003	1.35	1.22
March 2003	1.32	1.15

RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate is in the interests of the Company and the Shareholders and accordingly recommend you to vote in favour of the resolution to be proposed at the Annual General Meeting.

Yours faithfully,
Huang Ying Yuan
Chairman

NOTICE OF ANNUAL GENERAL MEETING



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

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Lerado Group (Holding) Company Limited (the "Company") will be held at Caine Room, 7th Floor, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on 22nd May, 2003 at 3:00 p.m. to transact the following ordinary business:

1. to receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31st December, 2002;
2. to declare a final dividend for the year ended 31st December, 2002;
3. to re-elect directors of the Company;
4. to authorize the board of directors to fix the remuneration of the Directors for the year ending 31st December, 2003; and
5. to appoint the auditors and authorize the board of directors to fix their remuneration.

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

6(A). "THAT:

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

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NOTICE OF ANNUAL GENERAL MEETING

conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) the exercise of options under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees, etc. of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

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

“Rights Issue” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

6(B). “THAT:

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

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

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

6(C). “THAT conditional upon Resolution 6(A) and Resolution 6(B) set out in the notice convening this meeting of which this Resolution forms part being passed, the aggregate nominal amount of the shares of the Company which are repurchased by the Company after the date of the passing of this Resolution (up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company as stated in Resolution 6(B) set out in the notice convening this meeting of which this resolution forms part) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to Resolution 6(A) set out in the notice convening this meeting of which this resolution forms part.”

By Order of the Board
Leung Man Fai
Company Secretary

Hong Kong, 10th April, 2003

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The form of proxy shall be executed under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's branch share registrar in Hong Kong, Secretaries Limited at 28th Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjourned meeting.
4. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.