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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)

(Stock Code: 1225)

Directors:

Mr. HUANG Ying Yuan (*Chairman*)
Mr. CHEN Hsing Shin (*Vice Chairman*)
Madam HUANG CHEN Li Chu (*Vice Chairman*)
Mr. LEUNG Man Fai
Mr. LIM Pat Wah Patrick**
Mr. HUANG Zhi Wei**
Mr. YANG Yu Fu**

** *independent non-executive directors*

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business

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

11th May, 2005

To the shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES AND RE-ELECTION OF RETIRING DIRECTORS AND AMENDMENT OF BYE-LAWS

INTRODUCTION

At the annual general meeting ("the AGM") of Lerado Group (Holding) Company Limited ("the Company") to be held at Kennedy Room, 7/F., Conrad Hong Kong, Pacific Place, 88

* *for identification purposes only*

Queensway, Hong Kong on 7th June, 2005 at 3:00 p.m., resolutions will be proposed to approve the grant of general mandate to issue new shares and repurchase shares of the Company, the re-election of retiring directors of the Company and the amendment of Bye-laws of the Company.

GENERAL MANDATE TO ISSUE NEW SHARES

It will be proposed at the AGM two ordinary resolutions respectively granting to the directors a general mandate to allot, issue and deal with new shares of the Company not exceeding 20% of the share capital of the Company in issue on the date of the resolution and adding to such general mandate so granted to the directors any shares representing the aggregate nominal amount of the shares repurchased by the Company after the granting of the below repurchase mandate in order to provide flexibility for issuing new shares when it is in the interests of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed to renew the granting to the Directors of a general mandate, in the terms set out in the notice of AGM (the “Buyback Mandate”), allowing the Company to repurchase its own shares up to a limit of 10 per cent in aggregate of the Company’s issued share capital (the “Maximum Number of Shares”) at the date of passing the resolution during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law and the date upon which such authority is revoked or varied. This will allow the Company to repurchase its own shares, inter alia, on-market in accordance with the Listing Rules.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Bye-laws 86 and 87 of the Company, Mr. Huang Zhi Wei, Mr. Yang Yu Fu and Mr. Lim Pat Wah Patrick will retire from office as directors at the AGM and being eligible, offer themselves for re-election. Set out below are the details of the directors proposed to be re-elected:

Mr. HUANG Zhi Wei, aged 66, is currently the Executive Vice President of Guangdong Association of Enterprises with Foreign Investment. Mr. Huang has spent over a decade in economic-related government sectors in China. He served as the Deputy Director General of Guangdong Department of Foreign Trade & Economic Cooperation and the Director General of Guangdong Board of Investment from 1993 to 2000 respectively. He also served as the Executive Officer of Foshan Economic Committee from 1984 to 1992. Prior to this, he worked as an engineer in Foshan Power Plant for almost 10 years and served as the Chief Engineer and Deputy General Manager of Foshan Household Electrical Appliances Corporation from 1981 to 1984. Mr. Huang graduated from the Central China University of Science and Engineering, majored in Electric Engineering. Mr. Huang was appointed an independent non-executive director of the Group on 30th September, 2004.

Mr. YANG Yu Fu, aged 52, is the department head of China Productivity Center in Taiwan and is in charge of the operations in Taichung Regional Office. He obtained a bachelor's degree in industrial engineering from National Taipei University of Technology and master's degrees in management from both Chaoyang University of Technology, Taiwan, and Regis University, U.S.A. Mr. Yang has worked at China Productivity Center for almost 20 years and has acted as the operations management consultant for companies of different industries in Taiwan over the years. Prior to joining China Productivity Center, Mr. Yang held management positions in various enterprises. Mr. Yang was appointed an independent non-executive director of the Group on 30th September, 2004.

Mr. LIM Pat Wah Patrick, aged 45, is a senior advisor of an advisory firm. Mr. Lim is a Chartered Financial Analyst and a fellow member of the Chartered Institute of Management Accountants and Association of Chartered Certified Accountants. He obtained a bachelor's degree in accounting from Birmingham University, a master's degree in management of information systems from the London School of Economics and Political Science and a master's degree in management from University of Sydney. Mr. Lim has over 20 years of experience in accounting and finance. Mr. Lim was appointed an independent non-executive director of the Group in November, 1998.

Each of Mr. Huang, Mr. Yang and Mr. Lim does not hold any position with the Company and other member of the Group before the date of his appointment. At the Latest Practicable Date, Mr. Huang, Mr. Yang and Mr. Lim did not have any interest in the shares of the Company within the meaning of PART XV of the SFO nor did they have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. The appointment of each of the independent non-executive directors is for a fixed term of three years. The directors are subject to the retirement by rotation and re-election at annual general meetings of the Company pursuant to the bye-laws of the Company. There is no service contract between Mr. Huang, Mr. Yang and Mr. Lim with the Company. Each of them is entitled to an annual remuneration of HK\$130,000 plus additional attendance fee of HK\$10,000 for each full board meeting. Total director's fee paid to Mr. Huang, Mr. Yang and Mr. Lim for the year ended 31st December, 2004 amounted to HK\$42,500, HK\$42,500 and HK\$160,000 respectively.

AMENDMENT OF BYE-LAWS

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has revised Appendices 14 and 23 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and such amendments took effect on 1 January 2005. The Board therefore proposes to make certain relevant amendments to the Bye-laws to align with the amended Listing Rules.

It is proposed that amendment to Bye-law 86(2) will be made so that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

It is also proposed that amendment to Bye-law 87(1) will be made so that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at the annual general meeting at least once every three years and a retiring Director shall be eligible for re-election.

NOTICE OF ANNUAL GENERAL MEETING

Notice of AGM was published on 14 April 2005, which has been amended by including the proposed resolution for the amendment of Bye-laws. The notice of AGM, as amended, is set out in Appendix II to this circular. It is the intention of the Company to take poll on every resolution to be put to vote at the AGM. The procedure for demanding a poll is set out in Appendix III. A proxy form for use at the meeting is enclosed herewith. Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the branch share registrar of the Company not less than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting (as the case may be). Completion and return of a proxy form will not preclude shareholders from attending and voting at the meeting and at any adjournment thereof if they so wish.

RECOMMENDATION

The Directors recommend the proposals to all Shareholders for their favourable consideration and urge them to vote in favour of the resolutions set out in the notice of AGM as they intend to do themselves in respect of their own holdings.

On behalf of the Board
Huang Ying Yuan
Chairman

The following is the explanatory statement required by the Listing Rules concerning the regulation of purchase by companies of their own securities on the Stock Exchange to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised of 722,096,724 ordinary shares of HK\$0.10 each.

Exercise in full of the Buyback Mandate, on the basis that no further shares are issued or repurchased prior to 7th June, 2005, being the date of the AGM, could accordingly result in up to 72,209,672 shares being repurchased by the Company during the course of the period from 7th June, 2005 to the earliest of (i) the date of the 2006 annual general meeting, (ii) the date by which the next annual general meeting of the Company is required to be held by law and (iii) the date upon which such authority is revoked or varied.

Concerning Ordinary Resolution numbered 5, the Directors wish to state that they have no immediate plans to repurchase shares of the Company. Approval is being sought from the Shareholders as a general mandate for the purposes of the applicable laws of Bermuda and the Listing Rules only.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to purchase shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

FUNDING OF REPURCHASES

Pursuant to the Buyback Mandate, repurchases would be funded entirely from the Company's available cash flow or working capital facilities derived from the distributable profits of the Company which would otherwise be available for dividend or other distributions which will be funds legally available for the purpose in accordance with the Company's Bye-laws and the applicable laws of Bermuda.

On the basis of the consolidated financial position of the Company as at 31st December, 2004 (being the date to which the latest published financial statements of the Company have been made up), the Directors consider that the exercise in full of the Buyback Mandate to repurchase shares might have a material adverse impact on the working capital position or gearing position of the Company as compared with its position as at 31st December, 2004. No purchase would be made in circumstances that might have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors considered that such purchase will benefit the Company and its Shareholders in the sense of enhanced net asset value and improved earnings per share.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquires, any of the associates of any of the Directors has any present intention, in the event that the proposed Buyback Mandate is approved by the Company's shareholders, to sell Shares to the Company or its subsidiaries.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

UNDERTAKING OF THE DIRECTORS

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 repurchase pursuant to the Buyback Mandate and in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Hong Kong and Bermuda respectively.

SHARE PRICES

The highest and lowest traded prices for the Shares on the Stock Exchange during the previous twelve months preceding the Latest Practicable Date are as follows:—

Month	Highest HK\$	Lowest HK\$
2004		
May	1.41	1.29
June	1.40	1.32
July	1.41	1.35
August	1.39	1.34
September	1.36	1.31
October	1.37	1.25
November	1.30	1.09
December	1.26	1.12
2005		
January	1.28	1.12
February	1.35	1.25
March	1.28	1.15
April	1.21	0.93

REPURCHASES MADE BY THE COMPANY

Details of the purchases made by the Company of Shares on the Stock Exchange during the six months preceding the Latest Practicable Date are as follows:

Date	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Total consideration HK\$
2nd November, 2004	30,000	1.26	1.26	37,800
4th November, 2004	200,000	1.27	1.26	253,000
8th November, 2004	50,000	1.27	1.27	63,500
9th November, 2004	50,000	1.27	1.27	63,500
15th November, 2004	80,000	1.24	1.24	99,200
23rd November, 2004	100,000	1.24	1.24	124,000
	<u>510,000</u>			<u>641,000</u>

EFFECT OF TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (“the Takeovers Code”). The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases made pursuant to the Buyback 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>)	14.4%	16.0%
Chen Hsing Shin	13.4%	14.9%
Huang Chen Li Chu (<i>Note</i>)	6.0%	6.7%

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

**LERADO GROUP (HOLDING) COMPANY LIMITED****(隆成集團(控股)有限公司)****(incorporated in Bermuda with limited liability)*

(Stock Code: 1225)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Lerado Group (Holding) Company Limited (“the Company”) will be held at Kennedy Room, 7/F., Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 7th June, 2005 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31st December, 2004.
2. To declare a final dividend for the year ended 31st December, 2004.
3. To re-elect the retiring directors and to authorise the Board of Directors to fix the directors’ remuneration for the year ending 31st December, 2005.
4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.
5. As special business, to consider and if thought fit, pass the following resolutions as Ordinary Resolutions:

A. **“THAT:**

- (a) subject to sub-paragraph (c) of this Resolution, the exercise by the directors of the Company during the relevant period of all the powers of the Company to allot, issue and deal with additional shares in the capital 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) above shall authorise the directors of the Company 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;

* *for identification purposes only*

(c) the aggregate nominal amount of the 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 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 twenty per cent of the aggregate nominal amount of the issued share capital of the Company, and this 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 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 way of ordinary resolution in general meeting; and

“rights issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion 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 recognised regulatory body or any stock exchange).”

B. “THAT:

- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the relevant period of all the powers of the Company to purchase its own securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the shares to be repurchased by the Company pursuant to sub-paragraph (a) of this resolution during the relevant period shall not exceed 10 per cent of the shares of the Company in issue at the date of this Resolution; and
- (c) for the purpose of this Resolution, “relevant period” means the period from the passing of this Resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the 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 way of ordinary resolution in general meeting.”

C. “THAT, conditional upon Resolutions 5A and 5B in the notice convening this meeting being passed, the aggregate nominal amount of number of shares which are repurchased by the Company after this resolution becoming effective (up to maximum of 10 per cent of the issued share capital of the Company in issue at the date of this resolution) 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 5A in the said notice referred to above.”

6. As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

“**THAT** the bye-laws (the “**Bye-laws**”) of the Company be and are hereby amended:

By deleting the existing Bye-law 86(2) in its entirety and substituting therefor the following new Bye-law 86(2):

“86(2) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at that meeting.”

By deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following new Bye-law 87(1):

“87(1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third (but not less than one-third), shall retire from office by rotation. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at the annual general meeting at least once every three years. The Directors to retire shall, subject as aforesaid, be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.”;

and **THAT** any director of the Company be and is hereby authorised to take such further action as he/she may, at his/her sole discretion, think fit for and on behalf of the Company to implement the aforesaid amendment to the existing Bye-laws.”

By order of the Board
Kwok Wai Lok
Company Secretary

Hong Kong, 14th April, 2005

(Amended on 11th May, 2005)

Notes:

- (1) Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Secretaries Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) The register of members of the Company will be closed from Friday, 3rd June, 2005 to Tuesday, 7th June, 2005 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31st December, 2004 and for attending and voting at the above meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Secretaries Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 2nd June, 2005.
- (4) 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.

Pursuant to Bye-law 66 of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the Chairman; or
- (ii) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or
- (iv) by any Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.