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## IMPORTANT

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**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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## LERADO GROUP (HOLDING) COMPANY LIMITED

(隆成集團(控股)有限公司)\*

*(Incorporated in Bermuda with limited liability)*

### REPURCHASES BY THE COMPANY OF ITS OWN SHARES

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Accompanying this circular is the Notice of Annual General Meeting to be held at Chater Room III, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on Thursday, 30th May, 2002 at 3:00 p.m.. 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 5/F, Wing On Centre, 111 Connaught Road Central, 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

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## LETTER FROM THE CHAIRMAN

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

*(Incorporated in Bermuda with limited liability)*

*Directors:*

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

*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 directors*

\*\* *independent non-executive directors*

29th April, 2002

*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 30th May, 2002, 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.

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.

\* *For identification purpose only*

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## LETTER FROM THE CHAIRMAN

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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 22nd April, 2002 (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.

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## LETTER FROM THE CHAIRMAN

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(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	14.0%	15.6%
Chen Hsing Shin	13.0%	14.5%
Investor AB	11.3%	12.5%

(ix) 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 <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Total consideration <i>HK\$</i>
30th October, 2001	150,000	0.88	0.87	131,500
31st October, 2001	70,000	0.87	0.87	60,900
1st November, 2001	150,000	0.88	0.88	132,000
2nd November, 2001	70,000	0.87	0.87	60,900
8th November, 2001	50,000	0.87	0.87	43,500
9th November, 2001	300,000	0.88	0.87	261,500
18th December, 2001	496,000	0.80	0.79	395,740
24th December, 2001	200,000	0.85	0.85	170,000
27th December, 2001	126,000	0.87	0.86	108,860
28th December, 2001	290,000	0.89	0.86	253,100
2nd January, 2002	144,000	0.88	0.87	125,780
3rd January, 2002	100,000	0.87	0.87	87,000
7th January, 2002	114,000	0.87	0.87	99,180
	<u>2,260,000</u>			<u>1,929,960</u>

(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.

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## LETTER FROM THE CHAIRMAN

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- (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:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
April 2001	1.17	1.01
May 2001	1.20	1.12
June 2001	1.21	1.15
July 2001	1.21	1.10
August 2001	1.19	1.08
September 2001	1.17	1.00
October 2001	1.05	0.85
November 2001	0.96	0.85
December 2001	0.89	0.78
January 2002	0.99	0.84
February 2002	0.97	0.88
March 2002	1.15	0.92

### 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*