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

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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

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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**LINMARK**  
**LINMARK GROUP LIMITED**  
*(Incorporated in Bermuda with limited liability)*

**PROPOSED GRANT OF  
A FURTHER OPTION TO AN EXECUTIVE DIRECTOR  
AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

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A notice convening the annual general meeting of Linmark Group Limited to be held on 13 September 2002 at 3.00 p.m. at Granville Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 11 to 14 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 5th Floor, 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 the holding of the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the annual general meeting if you so wish.

19 August 2002

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## DEFINITIONS

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

- “Annual General Meeting” the annual general meeting of the Company to be held at 3.00 p.m. on 13 September 2002, notice of which is set out on pages 11 to 14 of this circular
- “associates” has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors or a duly authorised committee of the board of Directors
- “Buyback Mandate” as defined in the paragraph headed “Share Issue and Buyback Mandates” under the section headed “Letter from the Board” in this circular
- “Bye-Laws” the bye-laws of the Company
- “Company” Linmark Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
- “Companies Act” the Companies Act 1981 of Bermuda (as amended)
- “Controlling Shareholder” any person who has the power, directly or indirectly, to secure:
- (i) by means of the holding of shares entitling him to exercise or control the exercise of 30 per cent. (or such lower amount as may from time to time be specified in the Takeovers Code (as amended from time to time) (as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company; or
  - (ii) by means of controlling the composition of a majority of the Directors; or
  - (iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation, that the affairs of the Company are conducted in accordance with the wishes of such person
- “Directors” the directors of the Company
- “Eligible Person” means:
- (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or
  - (b) any individual for the time being seconded to work for, the Company or any entity in which the Company, directly or indirectly, holds any equity interest or any Controlling Shareholder or any company controlled by a Controlling Shareholder; or

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## DEFINITIONS

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- (ii) any holder of any securities issued by the Company or any entity in which the Company, directly or indirectly, holds any equity interest or any Controlling Shareholder or any company controlled by a Controlling Shareholder; or
- (iii) (a) any business partner, agent, consultant or representative of, or any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
  - (b) any supplier of goods or services to, or
  - (c) any customer of, the Company or any entity in which the Company, directly or indirectly, holds any equity interest or any Controlling Shareholder or any company controlled by a Controlling Shareholder;

and shall include any company controlled by one or more persons belonging to any of the above classes of participants but shall exclude WANG Lu Yen, one of the substantial shareholders of the Company, and any of his associates so long as WANG Lu Yen remains as a substantial shareholder of the Company (as substantial shareholder is construed in accordance with the Listing Rules from time to time)

“Further Option”	the further option conditionally granted to Mr. Feniger under the Share Option Scheme to allow him to subscribe for additional Shares in excess of the Specified Limit
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the two independent non-executive Directors, Mr. WANG Arthur Minshiang and Mr. WONG Wai Ming
“Latest Practicable Date”	15 August 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Feniger”	Mr. Steven Julien FENIGER, an executive Director and the Chief Executive Officer of the Group
“Share(s)”	share(s) of US\$0.02 each in the share capital of the Company
“Share Issue Mandate”	as defined in the paragraph headed “Share Issue and Buyback Mandates” under the section headed “Letter from the Board” in this circular
“Shareholder(s)”	holder(s) of Share(s)

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## DEFINITIONS

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“Share Option Scheme”	the share option scheme of the Company adopted on 22 April 2002
“Specified Limit”	the maximum entitlement of each Eligible Person under the Share Option Scheme stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely, that the aggregate number of Shares issued and to be issued upon exercise of the options granted to such Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed one per cent. of the Shares in issue of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$” and “cents”	Hong Kong dollars and cents respectively
“US\$”	United States dollars

# LINMARK

## LINMARK GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Mr. WANG Lu Yen (*Chairman*)  
Mr. Steven Julien FENIGER (*Chief Executive Officer*)  
Mr. FU Jin Ming, Patrick  
Mr. KHOO Kim Cheng  
Mr. KWOK Chi Kueng

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. WANG Arthur Minshiang  
Mr. WONG Wai Ming

*Principal place of business:*

10th Floor  
South Seas Centre, Tower II  
75 Mody Road  
Tsimshatsui  
Kowloon  
Hong Kong

19 August 2002

*To the Shareholders and, for information only,  
holders of options granted under the Share Option Scheme*

Dear Sir or Madam

### **PROPOSED GRANT OF A FURTHER OPTION TO AN EXECUTIVE DIRECTOR AND GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

#### **INTRODUCTION**

It was proposed that at the Annual General Meeting, proposals would be made to the Shareholders to:

- (a) approve the grant of an option to Mr. Feniger to subscribe for Shares (such option, the grant of which if approved by the Shareholders, in aggregate with the option previously granted to him, will entitle him to subscribe for Shares in excess of the Specified Limit); and
- (b) grant to the Directors the Share Issue Mandate and the Buyback Mandate.

The principal purpose of this circular is to provide Shareholders with further information in relation to the proposed grant of the option in excess of the Specified Limit and to provide the Shareholders with the explanatory statement in relation to the Buyback Mandate in accordance with the Listing Rules.

#### **PROPOSED GRANT OF THE FURTHER OPTION**

##### **Background**

On 21 May 2002, Mr. Feniger was granted with an option pursuant to the terms of the Share Option Scheme entitling him to subscribe for 6,240,000 Shares. Such Shares represented one per cent. of the Shares then in issue. As at the Latest Practicable Date, such option has not been exercised by Mr. Feniger in part or

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## LETTER FROM THE BOARD

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in whole. The Board now proposes that, having considered Mr. Feniger's continuing contribution to the Group as the Chief Executive Officer of the Group and his dedication of great efforts towards the development and growth of the Group, the Further Option shall be granted to Mr. Feniger. It was originally proposed that the option granted to Mr. Feniger on 21 May 2002 should comprise 7,900,000 Shares, representing the aggregate number of Shares underlying the option granted on 21 May 2002 and the Further Option and also representing approximately 1.27 per cent. of the issued share capital of the Company as at that date. In order to comply with Rule 17.03(4) of the Listing Rules which sets out the Specified Limit and on the basis that all proposed grantees of options under the Share Option Scheme shall be granted with the first batch options on the same date, the Board had decided to grant an option to Mr. Feniger in respect of Shares up to the Specified Limit on 21 May 2002 first and would take the opportunity of the Annual General Meeting to put forward the proposal to the Shareholders for the approval of the grant of the Further Option.

Pursuant to the Note to Rule 17.03(4) of the Listing Rules, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including exercised and outstanding options) in any 12-month period must not exceed one per cent. of the relevant class of securities of the listed issuer in issue. Any further grant of options to a participant would result in the securities issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over one per cent. of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his associates abstaining from voting.

### **Particulars of the Further Option**

#### *Condition*

The grant of the Further Option, which was determined by the Board on 27 June 2002, is conditional upon obtaining the Shareholders' approval of such grant at the Annual General Meeting in accordance with the Note to Rule 17.03(4) of the Listing Rules with Mr. Feniger and his associates abstaining from voting.

#### *Underlying Shares and exercise period*

The grant of the Further Option, if approved at the Annual General Meeting by the Shareholders in the aforesaid manner, will entitle Mr. Feniger to subscribe for an aggregate of 1,660,000 Shares, over a period of five years commencing from 27 June 2003 in the following manner:

<b>Period</b>	<b>Number of Shares</b>
27 June 2003 to 26 June 2004 (the " <b>First Period</b> ")	415,000
27 June 2004 to 26 June 2005 (the " <b>Second Period</b> ")	415,000 (in addition to the portion of the Further Option not yet exercised during the First Period)
27 June 2005 to 26 June 2006 (the " <b>Third Period</b> ")	415,000 (in addition to the portion of the Further Option not yet exercised during the First Period and the Second Period)
27 June 2006 to 26 June 2008	415,000 (in addition to the portion of the Further Option not yet exercised during the First Period, the Second Period and the Third Period)

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the issued share capital of the Company was US\$12,948,000 comprising 647,400,000 Shares. Exercise of the subscription rights attaching to the Further Option in full will entitle Mr. Feniger to subscribe for 1,660,000 Shares, representing 0.26 per cent. of the issued share capital of the Company as at the Latest Practicable Date. Exercise of the subscription rights attaching to the option granted 21 May 2002 and the Further Option in full will entitle Mr. Feniger to subscribe for 7,900,000 Shares, representing 1.22 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

### *Exercise price*

The price payable by Mr. Feniger to the Company when he exercises the subscription rights attached to the Further Option is HK\$2.22, being equal to the higher of:

- (a) HK\$2.20, the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet issued by the Stock Exchange on 27 June 2002, which is the day on which the Further Option was conditionally granted to Mr. Feniger (the “**Date of Grant**”); and
- (b) HK\$2.22, the average closing price of the Shares on the Stock Exchange as stated in its daily quotations sheets for the five trading days immediately preceding the Date of Grant (that is, the average closing price of the Shares on 20 June 2002, 21 June 2002, 24 June 2002, 25 June 2002 and 26 June 2002 of HK\$2.225, HK\$2.275, HK\$2.275, HK\$2.250 and HK\$2.075 respectively).

None of the Directors is a trustee of the Share Option Scheme or has any direct or indirect interest in the trustee.

### **SHARE ISSUE AND BUYBACK MANDATES**

Given that the existing mandates granted to the Directors to issue and repurchase shares of the Company will expire at the conclusion of the Annual General Meeting, ordinary resolutions will also be proposed at the Annual General Meeting to approve the grant of new general mandates to the Directors:

- (a) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution (the “**Share Issue Mandate**”);
- (b) to purchase an aggregate nominal amount of up to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company on the date of passing such resolution (the “**Buyback Mandate**”); and
- (c) to extend the Share Issue Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Share Issue Mandate and the Buyback Mandate will continue in force until the conclusion of the annual general meeting of the Company next following the Annual General Meeting or any earlier date as referred to in resolutions numbered 6 and 7 set out in the notice of the Annual General Meeting.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Buyback Mandate. An explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in the Appendix to this circular.



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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 11 to 14 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, among other matters, the grant of the Further Option and the grant of the Share Issue and Buyback Mandates.

A form of proxy for use by Shareholders at the Annual General Meeting is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting (or any adjournment thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

Mr. Feniger and his associates will abstain from voting in respect of the ordinary resolution numbered 5 set out in the notice convening the Annual General Meeting to approve the grant of the Further Option to Mr. Feniger.

### 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.

### RECOMMENDATION

The Directors believe that the proposed grant of the Further Option to Mr. Feniger which exceeds the Specified Limit will serve to provide a great incentive to Mr. Feniger for his continuing contribution to the Group. Your attention is drawn to the "Letter from the Independent Board Committee" set out on page 8 of this circular, which sets out the recommendation by the Independent Board Committee to the Shareholders as to voting in relation to the resolution to be proposed at the Annual General Meeting for the approval of the proposed grant of the Further Option to Mr. Feniger.

The Directors also believe that the grant of the Share Issue Mandate and the Buyback Mandate is in the best interests of the Company and the Shareholders as a whole and, accordingly, recommend you to vote in favour of the resolutions in relation to the grant of the Further Option and the grant of the Share Issue and Buyback Mandates to be proposed at the Annual General Meeting.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully  
For and on behalf of the Board  
**WANG Lu Yen**  
*Chairman*

**LINMARK**  
**LINMARK GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

19 August 2002

*To the Shareholders,*

**PROPOSED GRANT OF A FURTHER OPTION TO  
MR. STEVEN JULIEN FENIGER (“MR. FENIGER”)**

We refer to the circular of Linmark Group Limited dated 19 August 2002 to the Shareholders (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

This letter sets out our recommendation to the Shareholders as to voting in relation to the resolution to be proposed at the Annual General Meeting for the approval of the proposed grant of the Further Option to Mr. Feniger under the Share Option Scheme. Details of the terms of the proposed grant of the Further Option to Mr. Feniger are contained in the letter from the Board set out on pages 4 to 7 of the Circular.

Having considered Mr. Feniger’s continuing contribution to the Group as the Chief Executive Officer of the Group and his dedication of great efforts towards the development and growth of the Group, and also the terms of the proposed grant of the Further Option to Mr. Feniger, we recommend the Shareholders to vote in favour of the ordinary resolution number 5 set out in the notice convening the Annual General Meeting to approve the proposed grant of the Further Option to Mr. Feniger.

Yours faithfully,

the Independent Board Committee

**WANG Arthur Minshiang**

**WONG Wai Ming**

*Independent non-executive Directors*

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions.

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the grant of the Buyback Mandate to be proposed at the Annual General Meeting.

### **1. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase the Company's own securities in the market. Such repurchases 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 repurchases will benefit the Company and the Shareholders. The Directors have no present intention to repurchase any of the Shares.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company was US\$12,948,000 comprising 647,400,000 Shares.

Subject to the passing of the resolution approving the grant of the Buyback Mandate and assuming that no Shares will be issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 64,740,000 Shares.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the applicable laws of Bermuda. Bermuda law provides that repurchase may only be effected out of the capital paid up on the repurchased Shares, or out of funds of the Company otherwise available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. Any premium payable on repurchase may only be paid out of the funds of the Company otherwise available for dividend or distribution or out of the share premium or contributed surplus accounts of the Company.

If the Buyback Mandate were exercised in full, there might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 30 April 2002). However, the Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

### **4. DIRECTORS' DEALINGS AND CONNECTED PERSONS**

None of the Directors or, to the best of their knowledge and belief having made all reasonable enquiries, their associates, have any present intention, if the Buyback Mandate is exercised, to sell to the Company or its subsidiaries any Shares.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have intention to sell to the Company or its subsidiaries Shares or have undertaken not to do so in the event that the Company is authorised to make repurchases of its own Shares.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous three months commencing May 2002 (being the month in which trading of the Shares commenced on the Main Board of the Stock Exchange) were as follows:

	Trading price per Share	
	Highest HK\$	Lowest HK\$
<b>2002</b>		
May ( <i>Note</i> )	2.875	1.880
June	2.725	2.050
July	2.425	1.750

*Note:* From 10 May 2002, being the date on which trading of the Shares commenced on the Main Board of the Stock Exchange, onwards.

## 6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

## 7. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback 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 Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert (as defined under the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

According to the Company's register maintained under Section 16(1) of the Securities (Disclosure of Interests) Ordinance and as at the Latest Practicable Date, the percentage shareholding of RGS Holdings Limited (being the only registered shareholder of the Company holding more than 10 per cent. of the issued share capital) in the Company was 72.29 per cent.. In the event that the Buyback Mandate were exercised in full by the Company and assuming that no new Shares would be issued prior to such exercise, the percentage shareholding of RGS Holdings Limited in the Company would increase from approximately 72.29 per cent. to approximately 80.32 per cent.. Such an increase will not trigger any obligation to make a mandatory general offer under the Takeovers Code.

However, the Directors will not exercise the Buyback Mandate if the repurchase would result in the number of the Shares which are in the hands of the public falling below 25 per cent. of the total number of Shares in issue.

## 8. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the period between 10 May 2002 (the date on which trading of the Shares commenced on the Main Board of the Stock Exchange) and up to the Latest Practicable Date.

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## NOTICE OF ANNUAL GENERAL MEETING

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# LINMARK

## LINMARK GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Linmark Group Limited (the “Company”) will be held at Granville Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 13 September 2002 at 3.00 p.m. to transact the following ordinary business:

1. to receive and consider the audited financial statements and reports of the directors and auditors for the year ended 30 April 2002;
2. to re-elect directors and to authorise the directors to fix their remuneration;
3. to re-appoint the Company’s auditors and to authorise the directors to fix their remuneration;
4. to approve the payment of the final dividend of 3.0 HK cents per share of the Company;

and, as special business, to consider and, if thought fit, passing the following resolutions, with or without modifications, as ordinary resolutions:

5. “**THAT** the grant of an option to Mr. Steven Julien FENIGER pursuant to the share option scheme of the Company adopted on 22 April 2002 which would entitle him to subscribe for shares in excess of the Specified Limit (as such term is defined in a circular of the Company dated 19 August 2002, a copy of which marked “A” is produced to this meeting and for the purposes of identification signed by the Chairman hereof) be and is hereby approved, confirmed and ratified and the directors of the Company be and are authorised to do all such acts as may be necessary or expedient in order to give full effect to such grant of option.”
6. “**THAT:**
  - (a) subject to paragraph (c) below, 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 in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which would or might require the exercise of such power 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) and issued 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) (ii) any share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of shares or rights to acquire shares or (iii) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend

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## NOTICE OF ANNUAL GENERAL MEETING

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on shares in accordance with the bye-laws of the Company, shall not in total exceed the aggregate of: (i) 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 (ii) (if the directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal value of the share capital of the Company in issue on the date of the passing 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 earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company under this Resolution; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act of Bermuda or any applicable laws of Bermuda to be held.

“Right Issue” means an offer of shares in the Company or warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to shareholders 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 any class thereof (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 recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

7. **“THAT:**

- (a) 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 purchase its shares of US\$0.02 each (the “Shares”) subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of Shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and
- (c) 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company under this Resolution; and
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act of Bermuda or any applicable laws of Bermuda to be held.”
8. “**THAT** subject to the passing of the resolutions set out in the notice convening this meeting as Resolutions Nos. 6 and 7, the general mandate granted to the directors of the Company pursuant to the approval granted under the resolution set out in the notice convening this meeting as Resolution No. 6 above and for the time being in force to exercise the power of the Company to allot, issue and deal with shares in the Company be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares pursuant to the approval granted under the resolution set out in the notice convening this meeting as Resolution No. 7, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue.”
9. “**THAT** the maximum number of the directors of the Company for the time being be 12 and the board of directors of the Company be authorised to appoint additional directors up to such maximum number.”

By Order of the Board  
**CHEUNG Hoi Yin, Brenda**  
*Company Secretary*

19 August 2002

*Principal place of business in Hong Kong:*

10th Floor  
South Seas Centre, Tower II  
75 Mody Road  
Tsimshatsui  
Kowloon  
Hong Kong

**Notes:**

- (1) The register of members of the Company will be closed from 9 September 2002 to 13 September 2002 (both days inclusive) during which period no transfer of Shares will be registered.
- (2) A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (3) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch registrar in Hong Kong, Standard Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (4) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
- (5) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto but if more than one of such joint holders are present at the 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 holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (6) Mr. Steven Julien FENIGER, together with his associates, will abstain from voting in relation to Resolution No. 5 as set out in the notice convening this meeting.