
IMPORTANT

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 Guangdong Tannery Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular does not constitute an offer, nor is it calculated to invite offers for shares or other securities of Guangdong Tannery Limited.

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



TERMINATION OF THE EXISTING SHARE OPTION SCHEME, ADOPTION OF A NEW SHARE OPTION SCHEME AND AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

A notice convening an extraordinary general meeting of the Company to be held at The Boardroom, Basement II, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 31 May 2002 at 3:40 p.m. (or immediately after the conclusion or, as the case may be, adjournment of the annual general meeting of the Company scheduled at 3:30 p.m. on the same day and at the same place as the extraordinary general meeting as aforesaid, if later) is set out in Appendix II of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

DEFINITIONS

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

“Adoption Resolution”	has the meaning ascribed to such term in paragraph 1(b)(iii)(1) of the “Letter from the Chairman” attached hereto;
“Articles”	means the existing articles of association of the Company;
“Associate”	has the meaning ascribed to such term in the Listing Rules;
“Board”	the board of Directors of the Company or a duly authorised committee thereof;
“business day”	a day on which the Stock Exchange is open for the trading of securities;
“Code”	The Codes on Takeovers and Mergers and Share Repurchases as amended from time to time;
“Companies Ordinance”	the Companies Ordinance, Cap 32, Laws of Hong Kong and includes any amendments, consolidation or re-enactment thereof;
“Company”	Guangdong Tannery Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“connected person”	has the meaning ascribed to such term in the Listing Rules;
“Directors”	the directors of the Company;
“Employee”	any full time or part time employee of the Group;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 26 November 1996;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at The Boardroom, Basement II, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 31 May 2002 at 3:40 p.m. (or immediately after the conclusion or, as the case may be, the adjournment of the annual general meeting of the Company scheduled at 3:30 p.m. on the same day and at the same place as the extraordinary general meeting as aforesaid, if later), notice of which is set out in Appendix II of this circular;
“GDI”	Guangdong Investment Limited, the holding company of the Company;

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“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China;
“Latest Practicable Date”	26 April 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Memorandum”	the existing memorandum of association of the Company;
“Memorandum and Articles”	the memorandum of association and articles of association of the Company as modified from time to time;
“Minimum Moratorium Period”	the minimum period for which an option must be held by a grantee thereof before he shall be entitled to exercise such option, namely (a) in respect of any Officer Grantee, a period of 3 months from the date of grant of the option, and (b) in respect of any Non-Officer Grantee, such period from the date of the grant of the option as shall be determined by the Board in its sole discretion at the time of the offer for grant of the option;
“New Share Option Scheme”	the share option scheme proposed to be adopted at the Extraordinary General Meeting, the principal terms of which are summarised in Appendix I;
“Non-Officer Grantee”	a grantee of an option who is not a director (including any non-executive or independent non-executive director of the Company), employee or executive of any member of the Group (or person proposed to be appointed as such) on the date of grant of his option(s);
“Officer Grantee”	a grantee of an option who is a director (including any non-executive or independent non-executive director of the Company), employee or executive of any member of the Group (or person proposed to be appointed as such) on the date of grant of his option(s);
“Overall Scheme Limit”	has the meaning assigned to such term in paragraph (e) of Appendix I hereto;

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“Participant”	(a) any director (including any non-executive or independent non-executive Director), employee or executive of any member of the Group (or person proposed to be appointed as such provided that the relevant grant of option(s) to such person shall be conditional upon the proposed appointment taking effect), (b) any consultant of or adviser to any member of the Group (or person proposed to be appointed as such provided that the relevant grant of option(s) to such person shall be conditional upon the proposed appointment taking effect), (c) any supplier of goods or services to any member of the Group, (d) any customer of any member of the Group, or (e) any substantial shareholder of any member of the Group (the above five categories of Participant are collectively called “Relevant Categories of Participant” and each such category, a “Relevant Category of Participant”);
“Registrar”	the registrar of the Company in Hong Kong, namely Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong;
“Scheme Mandate Limit”	has the meaning assigned to such term in paragraph (e) of Appendix I hereto;
“Scheme Period”	the period of 10 years commencing on the date on which the conditions referred to in paragraph (t) of Appendix I hereto below are fulfilled;
“Shareholder”	the registered holder of Shares;
“Shares”	ordinary shares of HK\$0.10 each of the Company or such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning assigned to such term in the Companies Ordinance; and
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules.

LETTER FROM THE CHAIRMAN



粵海制革有限公司 GUANGDONG TANNERY LIMITED

(incorporated in Hong Kong with limited liability)

Directors:

Yu Ziquan (*Chairman*)

Zhang Muhan (*Managing Director*)

Cheng Hok Lai James[#]

Cheung Sing Tai^{*}

Ho Lam Lai Ping Theresa^{*}

Lau Chi Sing^{*}

Poon Kin[#]

Registered Office:

Unit B, 16th Floor

Guangdong Investment Tower

148 Connaught Road Central

Hong Kong

^{*} *Non-Executive Director*

[#] *Independent Non-Executive Director*

To: the Shareholders

30 April 2002

Dear Sir or Madam,

TERMINATION OF THE EXISTING SHARE OPTION SCHEME, ADOPTION OF A NEW SHARE OPTION SCHEME AND AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

1. EXISTING SHARE OPTION SCHEME AND NEW SHARE OPTION SCHEME

(a) Introduction

The purpose of the following is to provide you with details regarding the ordinary resolution to be proposed at the Extraordinary General Meeting for the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. Set out in Appendix II of this circular is a notice convening the Extraordinary General Meeting at which the Shareholders will, inter alia, be requested to consider and, if thought fit, pass the necessary ordinary resolution to approve the aforesaid matters.

(b) General background

- (i) The Board notes that the Stock Exchange on 23 August 2001 announced amendments to Chapter 17 of the Listing Rules, regarding share option schemes, which came

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into effect on 1 September 2001. In compliance with the above amendments to the Listing Rules and the announcement of the Stock Exchange, the Board considers that it is in the interest of the Company to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme. A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular.

- (ii) The Existing Share Option Scheme will be terminated on the New Share Option Scheme coming into effect upon the fulfillment of the conditions set out in paragraph (b)(iii) below. Upon termination of the Existing Share Option Scheme, no further options will be granted thereunder but the provisions of the Existing Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to options granted prior to such termination and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. As at the Latest Practicable Date, the Company had granted 20,650,000 options to certain employees and directors of the Group pursuant to the Existing Share Option Scheme, out of which 600,000 had been exercised, 2,000,000 were still outstanding and 18,050,000 had lapsed in accordance with the terms of the Existing Share Option Scheme.
- (iii) The adoption of the New Share Option Scheme is conditional upon:
 - (1) the passing of an ordinary resolution at the Extraordinary General Meeting approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme (“Adoption Resolution”);
 - (2) the passing of an ordinary resolution at the next extraordinary general meeting of GDI (the holding company of the Company) convened by notice of extraordinary general meeting dated 30 April 2002, approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and
 - (3) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the new Shares to be issued pursuant to the exercise of any options to be granted pursuant to the New Share Option Scheme.
- (iv) The Directors consider that it is not appropriate to state the value of all the options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such options cannot be determined. The variables which are crucial for the determination of the value of such options include, the exercise price for the Shares upon the exercise of the subscription rights attaching to the options, whether or not options will be granted under the New Share Option Scheme and the timing of the granting of such options, the period during which the subscription rights may be exercised, and any other conditions that the Board imposed on the options and whether or not such options if granted will be exercised by the grantee of the options. The exercise price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant options under the New Share Option Scheme. With a scheme life of ten

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years, the Board is of the view that it is premature to state whether or not options will be granted under the New Share Option Scheme, and if so, the number of options that may be granted. It is also difficult to ascertain with accuracy the exercise price of the Shares given the volatility the Share price may be subject to during the 10-year life span of the New Share Option Scheme. In the premises, the Directors are of the view that the value of the options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the options will not be meaningful and may be misleading to Shareholders in the circumstances.

(c) Scheme Mandate Limit and Overall Scheme Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue (being the Overall Scheme Limit), as the same may be varied from time to time. The Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue on the date of the passing of the Adoption Resolution (being the Scheme Mandate Limit), subject to “refreshing” of the Scheme Mandate Limit from time to time as referred to in Appendix I. There are 2,000,000 outstanding options under the Existing Share Option Scheme as at the Latest Practicable Date, and on the basis of the 524,154,000 Shares in issue as at the Latest Practicable Date, the total number of Shares that can be granted under the New Share Option Scheme under the Scheme Mandate Limit and the Overall Scheme Limit as at the Latest Practicable Date are 50,415,400 Shares and 155,246,200 Shares, respectively. In the event that options under the Existing Share Option Scheme are granted after the Latest Practicable Date, the number of Shares that can be issued under the Scheme Mandate Limit and the Overall Scheme Limit as aforesaid shall be reduced accordingly.

(d) Application for listing

Application will in due course be made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the new Shares which may fall to be issued pursuant to the exercise of the subscription rights under the options that may be granted under the New Share Option Scheme.

(e) Reason for the adoption of the New Share Option Scheme

The purpose of the New Share Option Scheme is to provide incentives to the Participants to contribute to the Group, to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis, to maintain good relationships with its consultants, professional advisers, suppliers of goods or services and customers and to attract human resources that are valuable to the Group.

Although the New Share Option Scheme does not contain any performance targets, it provides that an option must be held beyond the Minimum Moratorium Period before it can be exercised. The Board believes that the requirements relating to exercise price (which are summarised in paragraph (d) in Appendix I), the aforesaid Minimum Moratorium

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Period for exercising an option as well as the selection criteria prescribed by the rules (which are summarised in paragraph (b) in Appendix I) of the New Share Option Scheme will serve to protect the value of the Shares of the Company as well as to achieve the purpose of the New Share Option Scheme. No trustees will be appointed under the New Share Option Scheme.

2. AMENDMENTS TO MEMORANDUM AND ARTICLES

(a) General background

There have been a number of recent events/changes in the legal requirements relating to the Memorandum and Articles prompting the Board to propose a number of amendments to the Memorandum and the Articles (as specified in paragraph (b) of Appendix II hereto) for consideration and, if the Shareholders consider fit, the approval of adoption thereof by the Company. The Board considers that it is in the interests of the Company to approve and adopt the following proposed changes:

(i) Paragraph (34) of clause 3 of the Memorandum

The Memorandum was prepared prior to the hand-over of sovereignty over Hong Kong by the United Kingdom to The People's Republic of China in July 1997. As such, certain terms used in clause 3 of the Memorandum (for example, "Governor of Hong Kong" and "Parliament") are no longer suitable. Accordingly, the Board proposes to change such terms in clause 3 of the Memorandum in response to the aforesaid change in sovereignty over Hong Kong in 1997.

(ii) Paragraph (iii) in the definition of "associate" in Article 2

The level for triggering a mandatory general offer under the Code has recently been reduced from 35% to 30%. Accordingly, the amendment proposed in respect hereof is to reflect the current requirement as aforesaid.

(iii) Articles 2, 133 to 135, 137 and 143

The Board considers that electronic communication (including by means of a diskette or a CD ROM) provides an effective and convenient alternative mode of communication to/with its members or persons entitled to receive notice or other documents from the Company. In particular, an entitled person may prefer to access the relevant financial documents of the Company or the summary financial report on a computer network instead of being sent such documents or report in hard copy, as the case may be, by post, telex or facsimile transmission.

(iv) Article 82

For the purpose of enhancing corporate governance of the Company, the Board proposes to amend Article 82 so that all Directors shall be subject to retirement by rotation at regular intervals.

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(v) Proposed Article 113(b)

The Directors propose that the Board be given power to appoint any officers, advisers, consultants, honorary officers, honorary advisers and honorary consultants of the Company on terms as the Board may determine. This proposal is to provide the Board with better flexibility in appointing relevant personnel to serve/assist the Group and would be conducive to the personnel management and manpower planning for the Company as a whole.

(vi) Article 131

A listed company incorporated in Hong Kong is required under section 129G of the Companies Ordinance to send a full set of financial documents to be laid before the company at a general meeting to every entitled person not less than 21 days before the date of that meeting. The financial documents comprise a copy of the balance sheet, including every document required by law to be annexed to it (for example, the profit and loss account), a copy of the directors' report, and a copy of the auditors' report. These documents usually form part of the annual report of the company in question, which contains other information. Whilst the information in the financial documents is of interest to sophisticated investors of the Company, the complexity of the information may discourage retail investors of the Company from reading the Company's financial documents. Furthermore, the printing of such bulky annual reports constitutes significant paper consumption and is not environmentally friendly. Accordingly, the Board considers that as well as facilitating a better understanding of the Company's status and operations, it is in the interests of the Company to be able to send a summary financial report in place of the full set of documents to entitled persons. An entitled person will continue to have the right to choose to receive the full set of documents if he so desires.

(vii) Article 136

The Board considers that the Company should be given the flexibility to serve notices/documents to a person in either English or Chinese only but not both if such particular person has consented to receiving notices/documents in such manner.

3. EXTRAORDINARY GENERAL MEETING

The notice convening the Extraordinary General Meeting to be held at The Boardroom, Basement II, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 31 May 2002 at 3:40 p.m. (or immediately after the conclusion or, as the case may be, adjournment of the annual general meeting of the Company scheduled at 3:30 p.m. on the same day and at the same place as the Extraordinary General Meeting, if later) is set out in Appendix II of this circular.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the meeting in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Registrar not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish.

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4. RECOMMENDATION

The Directors consider that the termination of the Existing Share Option Scheme, the adoption of the New Share Option Scheme, and the amendments to the Memorandum and Articles are beneficial to and in the interests to the Company and the Shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the relevant ordinary and special resolutions to be proposed at the Extraordinary General Meeting.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Charltons, Solicitors at 56th Floor, Bank of China Tower, 1 Garden Road, Hong Kong as from 30 April 2002 during normal business hours up to and including the date of the Extraordinary General Meeting:

- (a) the Memorandum and Articles of the Company; and
- (b) the New Share Option Scheme.

6. 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.

7. GENERAL

Your attention is also drawn to the Appendices to this circular.

Yours faithfully,
YU Ziquan
Chairman

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme proposed to be adopted at the Extraordinary General Meeting:

(a) Purpose

The purpose of the New Share Option Scheme is to provide incentives to the Participants to contribute to the Group, to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis, to maintain good relationships with its consultants, professional advisers, suppliers of goods or services and customers and to attract human resources that are valuable to the Group.

(b) Who may join

Subject to the provisions set out in the New Share Option Scheme, the Board may, at any time within the Scheme Period, grant an option (to subscribe for such number of Shares and at such exercise price as the Board may think fit) to any Participant as the Board may in its absolute discretion select. In addition, the Board may impose any conditions at any time (including, without limitation, prior to or at the time of making an offer for the grant of an option or at any time during the relevant option period concerned) that are not specifically mentioned or included in the New Share Option Scheme (including, without limitation, the option period of an option and/or any condition, event or circumstance that may trigger a lapse of an option that are not included in the terms of the New Share Option Scheme itself) so long as such conditions are not contradictory to the terms of the New Share Options Scheme or the Listing Rules.

(c) Payment on acceptance of option offer

HK\$1.00 in cash (unless otherwise waived by the Board or a member of the Board on its behalf) is payable by the grantee of the option to the Company on acceptance of the offer.

(d) Exercise price

The exercise price for the Shares in relation to the options to be granted under the New Share Option Scheme shall be determined by the Board in its sole discretion provided, however, that the exercise price shall at least be the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option; and (c) the nominal value of the Shares.

(e) Maximum number of Shares subject to the New Share Option Scheme

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company (including the Existing Share Option Scheme) must not exceed 30% of the Shares in issue from time to time ("Overall Scheme Limit"). No options may be granted under any schemes of the Company if this would result in the Overall Scheme Limit being exceeded.

In addition, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company and/or its subsidiary must not in aggregate exceed 10% of the Shares of the Company in issue as at the date of passing of the Adoption Resolution (the “Scheme Mandate Limit”). Options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit. The Company may refresh the Scheme Mandate Limit at any time, subject to Shareholders’ approval given at a general meeting of the Company and subject to the issue of a circular to the Shareholders in connection therewith pursuant to the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company under the limit as refreshed must not exceed 10% of the Shares of the Company in issue as at the date of the Shareholders’ approval. Options previously granted under the New Share Option Scheme and/or any other share option scheme(s) of the Company (including those outstanding, cancelled or lapsed in accordance with the New Share Option Scheme or such other schemes or those that are exercised) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. The Company may also grant options beyond the Scheme Mandate Limit to specified Participants by obtaining Shareholders’ approval in general meeting provided that the Participants shall be specifically identified by the Company before such approval is sought and the Company shall send a circular to the Shareholders containing, inter alia, a generic description of the specified Participants who may be granted such options, the number and terms of the options to be granted, and the purpose of granting options to the specified Participants with an explanation as to how the terms of the options serve such purpose.

The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including exercised and outstanding options) in any 12-month period up to the date of grant under the New Share Option Scheme must not exceed 1% of the number of Shares in issue (the “Individual Limit”). Any further grant of options to a Participant which would result in Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the New Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to the date of grant of options, in aggregate, to exceed the Individual Limit is subject to separate Shareholders’ approval given at a general meeting of the Company and the issue of a circular to the Shareholders in connection therewith pursuant to the Listing Rules, with the relevant Participant and his Associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such Participant must be fixed before the Shareholders’ approval is sought. The date of the Board meeting for proposing such further grant of options should be taken as the date of grant of the options for the purpose of calculating the exercise price under this paragraph.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be notified by the Board to each grantee at the time of offer of the grant of the option provided that such period (a) shall not commence until after the Minimum Moratorium Period of the option and (b) shall not be more than 10 years from the date of grant of the option.

(g) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option. Any breach of the foregoing shall entitle the Company to cancel any outstanding option or any part thereof granted to such grantee.

(h) Rights on ill-health, injury, disability or death

(1) If any grantee of an option who is an Employee, executive or director of any member of the Group at the time when the relevant option is granted, ceases to be an Employee, executive or director of any member of the Group by reason of ill-health, injury, disability or death and none of the events which under paragraph (n)(vi)(1) below arises, any outstanding offer of an option to him shall lapse forthwith and he or his legal personal representatives may exercise the option up to the grantee's entitlement (to the extent not already exercised) within a period expiring on the earlier of 6 months following such cessation of employment or engagement or the expiration of the relevant option period, failing which the option will lapse and determine at the end of the relevant period.

(2) If any grantee of an option (who does not fall into any of the categories in paragraph (h)(1) above at the time when the relevant option is granted) dies and none of the events under paragraph (n)(vi)(2) below arises, any outstanding offer of an option to him shall lapse forthwith and his legal personal representatives may exercise the option up to the grantee's entitlement (to the extent not already exercised) within a period of not more than 6 months following his death as the Board may determine in its sole discretion, failing which the option will lapse and determine at the end of the relevant period.

(i) Rights on takeover

If, in consequence of any general offer made to the Shareholders (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control of the Company, then the Board shall as soon as practicable thereafter notify every grantee of an option accordingly and each grantee of an option shall, subject to paragraph (n)(viii) below, be entitled at any time within the period of 6 months after control has been obtained, to exercise any option in whole or in part, and to the extent that it has not been exercised, any option shall upon the expiry of the 6 months' period cease and determine, and any outstanding offer of an option shall lapse; provided that if, during the 6 months' period, any person becomes entitled to exercise rights of compulsory acquisition of Shares pursuant to section 168 of the Companies Ordinance and gives notice in writing to any Shareholders that he intends to exercise such rights, the options shall, subject to paragraph (n)(viii) below, remain exercisable until 1 month from the date of the notice and, to the extent that they have not been exercised, shall thereupon cease and determine, and any outstanding offer of an option shall lapse.

(j) Rights on winding-up

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the

Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company, give notice thereof to all grantees of an option (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee of an option (or his legal personal representatives) shall be entitled to exercise all or any of his options at any time not later than 4 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by the relevant option certificate and a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee of an option credited as fully paid.

(k) Cessation of Employment or Engagement

- (1) If the grantee of an option who is an Employee, executive or director of any member of the Group at the time when the relevant option is granted, ceases to be an Employee, executive or director of any member of the Group by reason of retirement in accordance with his contract of employment or engagement, then any outstanding offer of an option to him shall lapse forthwith and he may exercise his option (to the extent not already exercised) within a period expiring on the earlier of 6 months after he so retires or the expiration of the relevant option period, failing which it shall lapse and determine at the end of the relevant period;
- (2) if the grantee of an option who is an Employee, executive or director of any member of the Group at the time when the relevant option is granted, ceases to be an Employee, executive or director of any member of the Group by reason of voluntary resignation or any other reason (other than by reason of the circumstances set out in paragraphs **(h)**(1), **(k)**(1) or **(k)**(3)), any outstanding offer of an option to him shall lapse forthwith and his option shall lapse and determine on the date of the resignation or termination;
- (3) if any grantee of an option who is an Employee, executive or director of any member of the Group at the time when the relevant option is granted but the member company of the Group of which he is employed or engaged (“Relevant Company”), for any reason, subsequently ceases to be a member of the Group, any outstanding offer of an option to him shall lapse forthwith and the option (to the extent not already exercised) shall lapse within a period expiring on the earlier of 6 months following the date of the Relevant Company so ceases to be a member of the Group or the expiration of the relevant option period .

(l) Scheme for reconstruction

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with any scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees of an option on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the grantee of an option (or his or her personal representatives) may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant option (such notice to be received by the Company not later than 4 business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full

extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee of an option which falls to be issued on such exercise credited as fully paid and register the grantee of an option as holder thereof.

(m) Effects of alterations to capital

In the event of any alteration in the capital structure by way of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors of the Company for the time being or an independent financial adviser to the Company as fair and reasonable will be made to the number of Shares the subject matter of the New Share Option Scheme and the option so far as unexercised and/or the exercise price, provided that (i) any adjustments shall give a grantee of an option the same proportion of the share capital to which he was entitled prior to such adjustments and that the aggregate exercise price payable by the grantee of an option on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before the adjustment; (ii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than with regard to a capitalisation issue, the auditors of the Company or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(n) Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the other periods referred to in paragraphs **(h)**(1), **(h)**(2), **(k)**(1), **(k)**(2) and **(k)**(3);
- (iii) the expiry of the period referred to in paragraph **(i)**;
- (iv) the date of commencement of the winding up in respect of the situation contemplated in paragraph **(j)**. In such event, all outstanding offers of options to any person shall also determine on the date of commencement of the winding-up of the Company;
- (v) subject to paragraph **(l)**, the date when the proposed compromise or arrangement becomes effective. In such event, all outstanding offers of options to any person shall also determine on the date when the proposed compromise or arrangements becomes effective;
- (vi) (1) if the grantee of an option is an Employee, executive or director of any member of the Group at the time when the relevant option is granted, the date on which the grantee ceases to be an Employee, executive or director of any member of the Group by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has

become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty. In such event, all outstanding offers of options to him shall also determine on the same date. A resolution of the Board to the effect that the employment or, as the case may be, the engagement of a grantee of an option has or has not been terminated on one or more of the grounds specified in this paragraph (n)(vi)(1) shall be conclusive evidence of such;

- (2) if the grantee of an option is not an Employee, executive or director of any member of the Group at the time when the relevant option is granted, the date on which such grantee shall have been guilty of serious misconduct, or shall have committed any act of bankruptcy or shall have become insolvent or shall have made any arrangements or composition with his creditors generally, or shall have been convicted of any criminal offence involving his integrity or honesty. In such event, all outstanding offers of options to him shall also determine on the same date. A resolution of the Board to the effect that one or more of the grounds specified in this paragraph (n)(vi)(2) has arisen shall be conclusive evidence of such;

- (vii) the date on which the grantee commits a breach of paragraph (g) above, if the Board shall on or subsequent thereto exercise the Company's right to cancel the option. In such event, all outstanding offers of options to him shall also determine on the date on which the grantee commits such breach;

- (viii) if the grantee of an option falls within any one of the five Relevant Categories of Participant (as more particularly referred in the definition of Participant, and, for the purpose of this paragraph (n)(viii), such Relevant Category of Participant is hereinafter called the "Captioned Category") when the relevant option is granted to him, ceases to fall within the Captioned Category for whatever reason after the date of the grant of the option but before commencement of the relevant option period, any outstanding offer of an option to him shall lapse and all his options shall lapse and determine on the date he so ceases;

- (ix) to the extent not contrary to the terms of the New Share Option Scheme or restricted by the Listing Rules, occurrence and/or happening of any particular event or circumstance (as specified, with or without prior notice to the grantee concerned, by the Board from time to time, including (without limitation) prior to or at the time of making an offer for the grant of an option or at any time during the relevant option period concerned) against which the Board shall in its sole discretion consider that any particular option(s) granted to such grantee should be terminated.

(o) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Memorandum and Articles for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the allotment date and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the allotment date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the allotment date.

(p) Cancellation of options

Where it is desired that any options granted but not exercised should be cancelled, the Board may effect such cancellation in a manner that complies with any legal requirements for cancellation.

Where the Company cancels any options granted but not exercised and wishes to issue new options to the same grantee, the issue of such new options may only be made under the New Share Option Scheme if there are available unissued options (excluding the cancelled options) within the limit approved by the Shareholders as referred to in paragraph (e) above.

(q) Alteration to the New Share Option Scheme

Subject to the following provisions, all the terms of the New Share Option Scheme may be altered in any respect by resolution of the Board without first obtaining Shareholders' approval given at a general meeting of the Company:

- (i) The provisions of the New Share Option Scheme that relate to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Participants other than with the prior sanction of a resolution of the Shareholders in general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(r) Termination of the New Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further options will be granted but in all other respects the provisions of the New Share Option Scheme shall remain in force.

(s) Period of the New Share Option Scheme

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the conditions referred to in paragraph (t) are fulfilled, after which period no further options will be issued, but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any options granted prior to the termination of the New Share Option Scheme and any such options shall continue to be exercisable in accordance with their terms of issue.

(t) Conditions

The New Share Option Scheme is conditional upon: (a) the passing by the Shareholders in the Extraordinary General Meeting of an ordinary resolution approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; (b) the passing by the shareholders of GDI at its extraordinary general meeting, convened by a notice of extraordinary general meeting dated 30 April 2002, of an ordinary resolution approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and (c) the Listing Committee of the Stock Exchange granting of the listing of, and permission to deal in, any new Share which may fall to be issued upon the exercise of options that may be granted under the New Share Option Scheme.

(u) Grant of options to connected persons

Where any grant of options is proposed to be made to a director, chief executive or substantial shareholder of the Company, or any of their respective Associates, each such grant must first be approved by the independent non-executive directors of the Company (excluding the independent non-executive director who is the grantee of the options).

If the grant of options is to be made to a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, which would result in the Shares issued and to be issued upon exercise of the options proposed to be granted and all options already granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other share option scheme(s) of the Company in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant of the option, in excess of HK\$5 million, such grant of options must be approved by the Shareholders in general meeting with all the connected persons of the Company abstaining from voting (except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules). Any vote taken at the meeting to approve the proposed grant of such options must be taken on a poll. The circular to be issued must contain details of the number and terms (including the exercise price) of the options proposed to be granted to each Participant which must be fixed before the date of the general meeting and the date of the Board meeting for proposing such grant shall be taken as the date of grant for the purpose of calculating the exercise price, a recommendation from the independent non-executive directors of the Company (excluding any independent non-executive director who is the relevant Participant of the options) to the independent Shareholders as to voting, and other information required to be included by the Listing Rules. In addition, any change in the terms of options granted to a grantee who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, must be approved by the Shareholders in general meeting in the same manner as described above.

The requirements for the granting of options to a Director or chief executive of the Company set out in the preceding paragraphs of this paragraph (u) above do not apply where the Participant is only a proposed Director or chief executive of the Company.

(v) Restrictions on grant of options

No grant of options will be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period of one month immediately preceding the earlier of: (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with paragraph 12 of its listing agreement) for the approval of the Company's interim or annual results; and (b) the deadline for the Company to publish its interim or annual results announcement under its listing agreement, and ending on the date of such results announcement, no option may be granted. The aforesaid period during which no option may be granted will cover any period of delay in the publication of such results announcement by the Company.

(w) Performance Targets

Unless the Board determines otherwise in its sole discretion at the time of the offer of the option, there shall be no performance targets which must be achieved by the grantee of an option before any of the options granted under the New Share Option Scheme can be exercised.

(x) Approval by holding company

Where the provisions of Chapter 17 of the Listing Rules require any matters related to the New Share Option Scheme to be approved by the Shareholders/independent non-executive Directors, such matters must simultaneously be approved by the shareholders/independent non-executive directors of the Company's holding company (subject to such holding company is also listed on the Stock Exchange) for the time being.

(y) Miscellaneous

- (i) An offer of the grant of an option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and remain open for acceptance by the Participant concerned for a period of not more than 14 days from the date of offer of the option as determined by the Board in its sole discretion provided that no such offer shall be open for acceptance after expiry of the Scheme Period or after the New Share Option Scheme has been terminated.
- (ii) For the purposes of the New Share Option Scheme, the date of grant of an option shall be deemed to be the date on which an option is granted by resolution of the Board and issue of an option certificate provided that the resolution and issue shall not be later than 7 days after the end of the period for acceptance as mentioned in paragraph (y)(i) above.



粵海制革有限公司
GUANGDONG TANNERY LIMITED

(incorporated in Hong Kong with limited liability)

(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of the members of Guangdong Tannery Limited (“Company”) will be held at The Boardroom, Basement II, The Wharney Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong on Friday, 31 May 2002 at 3:40 p.m. (or immediately after the conclusion or, as the case may be, adjournment of the annual general meeting of the Company scheduled at 3:30 p.m. on the same day and at the same place as the extraordinary general meeting as aforesaid, if later) (“Meeting”) for the following purposes:

To deal with the following Special Business:

- (a) To consider and if thought fit, pass with or without amendments, the following as a single ordinary resolution:

Ordinary Resolution

“THAT subject to and conditional upon (a) the passing of an ordinary resolution at the extraordinary general meeting of Guangdong Investment Limited convened by a notice of extraordinary general meeting dated 30 April 2002, the holding company of the Company, approving the adoption of the new share option scheme of the Company (“New Scheme”) and the termination of the existing share option scheme of the Company adopted on 26 November, 1996 (“Existing Scheme”) and (b) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of and permission to deal in the ordinary shares of HK\$0.10 each of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of such shares from time to time of the Company (the “Shares”)) to be issued pursuant to the exercise of any options (the “Options”) to be granted pursuant to the New Scheme, the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the Chairman thereof,

- (1) the New Scheme be and is hereby approved and adopted and the directors of the Company (irrespective of their interest in any Options or the New Scheme in general but subject to all such applicable requirements in the New Scheme itself) be and are hereby authorised to vote and be counted towards the quorum in respect of the relevant board meeting, to do such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Scheme including but without limitation:
- (a) to administer the New Scheme under which Options may be granted to participants eligible under the New Scheme to subscribe for Shares in the capital of the Company;

- (b) to modify and/or amend the New Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Scheme relating to modification and/or amendments and of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) from time to time in force;
 - (c) to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Options under the New Scheme provided always that the maximum number of Shares to be issued upon exercise of all options to be granted pursuant to the New Scheme and any other schemes of the Company shall not exceed 10 per cent. of the shares in issue as at the date of passing this Resolution (excluding any lapsed options); but the Company may seek approval of its shareholders in general meeting to refresh the 10 per cent. limit under the New Scheme (but, for the purpose of calculating the 10 per cent. limit as “refreshed”, excluding all options previously granted under the New Scheme or any other schemes of the Company, whether exercised, outstanding, cancelled or lapsed); and the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes of the Company shall not exceed 30 per cent. of the Shares in issue from time to time;
 - (d) to make application at the appropriate time or times to the Stock Exchange for listing of and permission to deal in any Shares which may hereafter from time to time allotted and issued pursuant to the exercise of the Options under the New Scheme;
 - (e) to consent to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities and/or the Listing Rules in relation to the New Scheme; and
- (2) upon the New Scheme becoming unconditional, the operation of the Existing Scheme be terminated such that no further options will be granted under the Existing Scheme but in all other respects, the provisions of the Existing Scheme shall remain in full force and effect in respect of any options granted prior to the termination of the Existing Scheme and any such options shall continue to be exercisable in accordance with their terms of issue.”
- (b) To consider and, if thought fit, pass, with or without modifications, the following as a single special resolution to take effect subsequent and without prejudice to all resolutions passed by the Company at its annual general meeting convened by a notice of annual general meeting dated 12 April 2002:

Special Resolution

- (i) “THAT paragraph (34) of clause 3 of the memorandum of association of the Company shall be deleted in its entirety and be substituted by the following:

“To obtain any order of the Chief Executive or Chief Executive in Council or any Ordinance (as such term is defined in the Interpretation and General Clauses Ordinance, Cap 1 of the Laws of Hong Kong) or of the Legislative Council or any provisional or other order of any proper authority in the Hong Kong Special Administrative Region or elsewhere to

enable the Company to effect any of its objects, or to dissolve the Company and re-incorporate its member as a new company, for any of its objects specified in this Memorandum or to effect any modification of the Company's constitution."

(ii) "THAT the articles of association of the Company ("Articles" and each an "Article") be altered in the following manner:

(1) By adding the following definition in Article 2 before the definition of "these Articles":

""address" shall have the ordinary meaning given to it and shall include any facsimile number, electronic number or address or website used for the purposes of any communication pursuant to these Articles"

(2) by changing the word "35 per cent." in the definition of "associate" in Article 2(iii) to "30 per cent." but with the remaining provision of Article 2(iii) remaining unchanged.

(3) by adding the following definition in Article 2 after the definition of "clearing house":

""electronic communication" means a communication sent by electronic transmission in any form (including transmission in digital form) through any medium (including on a diskette or on a CD ROM)"

(4) by deleting from Article 2 the paragraph with regard to "writing" in its entirety as set out after the definition of "Stock Exchange" and adding the following definition in Article 2 after the definition of Stock Exchange:

""in writing" means written or printed or printed by lithography or printed by photography or typewriter or produced by any other mode of representing words in a visible form or, to the extent permitted by, and in accordance with the applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or partly in one visible form and partly in another visible form"

(5) by adding the following paragraphs in Article 2 following the definition of "in writing" added as above after the definition of "Stock Exchange":

"reference to a document being executed includes reference to its being executed under hand or under seal or, to the extent permitted by, and in accordance with the applicable laws, rules and regulations, by electronic signature or by any other method.

reference to a document to the extent permitted by and in accordance with the applicable laws, rules and regulations, includes references to any information in visible form whether having physical substance or not"

(6) by deleting the following from Article 82:

"but notwithstanding any other provision of these Articles, the Chairman of the Board and the Managing Director of the Company shall not whilst holding office as such be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year"

- (7) by re-numbering Article 113 as Article 113 (a) and adding the following as a new Article 113 (b):

“The Board shall, subject to all applicable legal and regulatory requirements governing the Company, be entitled to appoint any officers, advisers, consultants, honorary officers, honorary advisers, honorary consultants of the Company (who may or may not be Directors) on such terms, title and in such manner as the Board may determine.”

- (8) Article 131 be deleted in its entirety and replaced by the following:

“131 (a) The Directors shall, from time to time, in accordance with the Ordinance, cause to be prepared and to be laid before the annual general meeting of the Company such profit and loss accounts, balance sheets, group accounts (if any), reports of the directors and of the Auditors and other documents (if any) as are required by the Ordinance. Each balance sheet shall be signed on behalf of the Directors by two of their number. The Directors may also cause to be prepared any other financial documents (including without limitation any summary financial report) as they think fit.

(b) Subject to Article 131 (c) below, a copy of the relevant financial documents or (to the extent permitted by and subject to due compliance with all applicable law, rules and regulation, including, without limitation, the rules of the Stock Exchange) the summary financial report shall, not less than 21 days before the meeting, be delivered or sent by post to the registered address of every member and debenture holder of the Company, or in the case of a joint holding to that member or debenture holder (as the case may be) whose name stands first in the appropriate Register in respect of the joint holding. No accidental non-compliance with the provisions of this Article shall invalidate the proceedings at the meeting.

(c) Where a member or debenture holder of the Company has, in accordance with the Ordinance and any rules prescribed by the Stock Exchange from time to time, consented to treat the publication of the relevant financial documents and/or the summary financial report on the Company’s computer network as discharging the Company’s obligation under the Ordinance to send a copy of the relevant financial documents and/or the summary financial report, then subject to compliance with the publication and notification requirements of the Ordinance and any rules prescribed by the Stock Exchange from time to time, publication by the Company on the Company’s computer network of the relevant financial documents and/or the summary financial report at least 21 days before the date of the meeting shall, in relation to each such member or debenture holder of the Company, be deemed to discharge the Company’s obligations under Article 131 (b) above.

(d) For the purpose of this Article, “relevant financial documents” and “summary financial report” shall have the meaning ascribed to them in the Ordinance.”

(9) by deleting Articles 133 to 136 in their entirety and substituting the following therefor:

“133 Any notice or document, whether or not to be given or issued under the applicable laws, rules and regulations or these presents from the Company, may be served or delivered by the Company upon any member of, and any holder of debentures of, the Company and to any other person who is entitled to receive notices of general meetings of the Company under the provisions of the applicable laws, regulations or rules or of these presents:—

- (a) personally;
- (b) by sending it through the post in a prepaid envelope or wrapper addressed to such person at his registered place of address;
- (c) by advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper being in each case a newspaper published daily and circulating generally in Hong Kong and specified or permitted for this purpose by the applicable laws, rules and regulations, and for such period as the Directors shall think fit to the extent permitted by, and in accordance with the applicable laws, rules and regulations;
- (d) by sending or transmitting it as an electronic communication to such person at any telex or facsimile transmission number or electronic number or electronic address or computer network or website supplied by him to the Company for the giving of notice or document from the Company to him to the extent permitted by, and in accordance with, the applicable laws, rules and regulations;
- (e) by publishing it on the Company’s computer network and giving to such person a notice in accordance with the applicable laws, rules and regulations stating that the notice or other document is available there (a “Notice of Availability”) to the extent permitted by, and in accordance with, the applicable laws, rules and regulations. The Notice of Availability may be given to such person by any of the means set out in Articles 133(a), 133(b), 133(c), 133(d) or 133(e); or
- (f) by sending or otherwise making available to such person through such means to the extent permitted by, and in accordance with, the other applicable laws, rules and regulations.

134 All notices or other documents with respect to shares standing in the names of joint holders shall be served on or delivered to whichever of such persons is named first in the register of members and any notice or document so served or delivered shall be deemed a sufficient service on or delivery to all the holders of such shares.

135 Any notice or other document:—

- (a) if served or delivered by post, shall be deemed to have been served or delivered on the day following that on which the envelope or

wrapper containing the same is posted, and, in proving such service or delivery, it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into the post. A certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board, that the envelope or wrapper containing the notice or other document was so prepaid, addressed and put into the post shall be conclusive evidence thereof;

- (b) if sent or transmitted as an electronic communication in accordance with Article 133(d) or through such means in accordance with Article 133(f), shall be deemed to have been served or delivered at the time of the relevant despatch or transmission. A notice or document published on the Company's computer network in accordance with Article 133(e) shall be deemed to have been served or delivered on the day following that on which a Notice of Availability is sent to the entitled person. In proving such service or delivery, a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof;
- (c) if served or delivered in person, shall be deemed to have been served or delivered at the time of personal service or delivery, and in proving such service or delivery, a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the notice or document was so served or delivered shall be conclusive evidence thereof; and
- (d) if served by advertisement in newspapers in accordance with Article 133(c), shall be deemed to have been served on the day on which such notice or documents is first published."

136 Where a person has in accordance with the Companies Ordinance and other applicable laws, rules and regulations consented to receive notices and other documents from the Company in the English language only or the Chinese language only but not both, it shall (subject to due compliance with all applicable law, rules and regulations, including, without limitation, the rules of the Stock Exchange) be sufficient for the Company to serve on or deliver to him any notice or document in such language only in accordance with these presents unless and until there is a notice of revocation or amendment of such consent given or deemed to have been given by such person to the Company in accordance with the Companies Ordinance and other applicable laws, rules and regulations which shall have effect in respect of any notice or document to be served on or delivered to such person subsequent to the giving of such notice of revocation or amendment."

(10) by deleting Article 137 in its entirety and substituting it with the following:

“137 Any notice or document delivered or sent to any Member shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representative.”

(11) by adding the following as a new Article 143 to the Articles:

“143 For the purposes of these Articles, a cable or telex or facsimile transmission message or any other message in writing, purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, may (in the absence of express evidence to the contrary available to the person relying thereon at the relevant time and to the extent permitted by, and in accordance with all applicable laws, rules and regulations) be deemed by such person to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.”

(iii) “THAT each of the matters as referred to in paragraphs (b)(i) to (b)(ii) above in this special resolution shall (when resolved) take effect subsequent and without prejudice to all resolutions passed by the Company at its annual general meeting convened by a notice of annual general meeting dated 12 April 2002.”

By Order of the Board
Chan Miu Ting
Company Secretary

Hong Kong, 30 April 2002

Registered Office:

Unit B, 16th Floor,
Guangdong Investment Tower,
148 Connaught Road Central,
Hong Kong.

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies, to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. Where they are joint registered holders of any share in the Company, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. A form of proxy for use at the Meeting is enclosed with this notice.
4. The 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 or authority, must be delivered to the registrar and transfer office for ordinary shares of the Company, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or the adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Meeting or at any adjourned meeting (as the case may be) should they so wish. If a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.