
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares and/or warrants in Sun East Technology (Holdings) Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Sun East Technology (Holdings) Limited

日東科技(控股)有限公司*

(Incorporated in Bermuda with limited liability)

**PROPOSED TERMINATION OF
THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF
A NEW SHARE OPTION SCHEME**

A notice convening the SGM to be held on Friday, 30th August 2002 at 4:30 p.m. at Salon 5, Level 3, JW Marriot Hotel, Hong Kong, Pacific Place, 88 Queensway, Hong Kong is appended to this circular.

Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

* *for identification purposes only*

DEFINITIONS

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

“Adoption Date”	the date on which the New Scheme is conditionally adopted by a resolution of the Shareholders to be passed at the SGM
“Associates”	shall have the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	shall have the same meaning ascribed thereto in the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	Companies Ordinance (Cap. 32 of the laws of Hong Kong)
“Company”	Sun East Technology (Holdings) Limited, a company incorporated in Bermuda under the Companies Act
“Connected Person”	shall have the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company for the time being, including the independent non-executive directors of the Company, if applicable
“Eligible Person”	any person belonging to any of the following classes of participants: (i) any employee (whether full time or part time) of the Company, its Subsidiaries or any entity (the “Invested Entity”) in which the Group holds any equity interest, including any executive director of the Company, its Subsidiaries or Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its Subsidiaries or Invested Entity;

DEFINITIONS

- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

and, for the purposes of the New Scheme, the offer to grant an Option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, any person who falls within any of the above classes shall not, by itself, unless the Directors otherwise determine, be construed as a grantee of an Option under the New Scheme.

“Existing Scheme”	the share option scheme adopted by the Company on 19th September 2000
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, being the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	11th August 2002, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Agreement”	the agreement entered into between the Company and the Stock Exchange dated 25th September 2000
“Listing Committee”	the listing sub-committee of the council of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association and Bye-laws”	the memorandum of association and bye-laws of the Company for the time being
“New Scheme”	the New Scheme of the Company proposed to be adopted by a resolution of the Shareholders as set out in the SGM Notice
“Offer Date”	the date on which an Option is offered to an Eligible Person by the Company
“Option”	the right to subscribe for Shares granted pursuant to the Scheme
“Option Holder”	a person holding an Option
“Option Period”	the period within which an Option may be exercised, and; (1) in respect of Option Holders other than suppliers and customers to whom Options have been granted, such period shall commence one (1) year after the date on which the Option is granted and shall expire on the earlier of the last day of (i) a six (6) year period from the date of such grant and (ii) the Scheme Period (2) in respect of Option Holders who are suppliers and customers, such period shall commence on the date of grant of the Options and expire one (1) year thereafter
“Relevant Event”	any alteration in the share capital of the Company arising from any reduction, sub-division or consolidation of share capital or any rights issue or the issue of any share capital (including any securities convertible into share capital or options to subscribe for any share capital but excluding any Options granted pursuant to the Scheme) by way of capitalisation of profits or reserves, except where share capital is issued as consideration or part consideration for the acquisition of any assets or business by the Group

DEFINITIONS

“Scheme Period”	the period of six (6) years commencing from the Adoption Date
“SGM”	the special general meeting of the Company to be held at Salon 5, Level 3, JW Marriott Hotel, Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 30th August 2002 at 4:30 p.m. for the purpose of considering, and if thought fit, approving, inter alia, the termination of the Existing Scheme and the adoption of the New Scheme
“SGM Notice”	the notice convening the SGM set out on pages 16 to 17 of this circular
“Share”	a share of HK\$0.10 (or such other nominal amount as shall result from a sub-division or consolidation of such shares from time to time forming part of the ordinary equity share capital) in the capital of the Company
“Shareholder”	a holder of any Share from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	shall have the meaning ascribed thereto in Section 2 of the Companies Ordinance whether incorporated in the Bermuda, Hong Kong or elsewhere
“Substantial Shareholder”	shall have the meaning ascribed thereto in the Listing Rules
“Terms and Conditions”	the terms and conditions of the New Scheme

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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.

LETTER FROM THE CHAIRMAN



Sun East Technology (Holdings) Limited

日東科技(控股)有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

BUT Tin Hing
BUT Tin Fu
LEUNG Cheong
LEUNG Kuen, Ivan
BUT Tin Hung
LEUNG Ka Lok
SZETO Kin Yue

Independent Non-executive Directors:

AU Son Yiu
GOH Gen Cheung

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Unit H4 1/F Block 4
Kwun Tong Industrial Centre
Nos. 436-446 Kwun Tong Road
Kowloon
Hong Kong

13th August 2002

To the Shareholders

Dear Sir or Madam,

PROPOSED TERMINATION OF THE EXISTING SCHEME AND ADOPTION OF THE NEW SCHEME

A. INTRODUCTION

In light of the amendments made to Chapter 17 of the Listing Rules which governs the operation of share option schemes of listed companies, the Board proposes that, subject to the fulfillment of the conditions described below, the New Scheme be approved and adopted at the SGM and that the Existing Scheme be terminated upon the New Scheme becoming unconditional and effective (the “**Proposal**”).

The purpose of this circular is to provide you with the information relating to, and reasons for, the Proposal and to give you the SGM Notice that an SGM will be held to consider and if thought fit, to approve the Proposal.

* for identification purposes only

LETTER FROM THE CHAIRMAN

B. REASONS FOR THE PROPOSAL

The new amendments introduced to Chapter 17 of the Listing Rules became effective on 1st September 2001. These amendments, amongst other things, have expanded the classes of potential grantees of share options, and have relaxed certain requirements relating to the maximum number of shares that can be issued upon the exercise of options under share option schemes. The Board considers that adoption of the New Scheme which incorporates these amendments will afford flexibility to the Company to structure suitable remuneration packages for employees, consultants or advisers to the Group and to offer flexible payment terms to vendors and suppliers of the Group and to promote customer loyalty as well.

Since no option may be granted under the Existing Scheme by the Company unless such grants have been made in compliance with the amended rules, the Board considers that it is in the interests of the Company to terminate the Existing Scheme and to adopt the New Scheme so that the share option scheme operated by the Company will be in compliance with the requirements of the Listing Rules.

A summary of the principal terms of the New Scheme is set out in the Appendix to this circular. Under the New Scheme, the Board has the right to grant Options to Eligible Persons to subscribe for Shares. The total number of Shares which may be issued upon the exercise of all Options to be granted under the New Scheme and any other scheme must not exceed 10 per cent. of the Shares in issue as at the Adoption Date unless otherwise approved by the Shareholders in general meeting. However, it is required under the Listing Rules that the maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not in aggregate exceed 30 per cent. of the issued share capital of the Company from time to time.

C. CONDITIONS OF THE ADOPTION OF THE NEW SCHEME

The adoption of the New Scheme is conditional upon the following:

- (a) the passing of the ordinary resolution set out in the SGM Notice by the Shareholders at the SGM to approve and adopt the New Scheme; and
- (b) the Listing Committee granting approval of the listing of, and permission to deal in, any Shares which may fall to be issued and allotted upon the exercise of the Options provided always that the number of such Shares must not in aggregate exceed 10 per cent. of the Shares in issue as at the Adoption Date.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares which may fall to be issued and allotted upon exercise of the Options granted under the New Scheme.

As at the date hereof, no Options have been granted or agreed to be granted under the New Scheme. No Option will be granted unless it is in full compliance with the provisions of Chapter 17 of the Listing Rules.

LETTER FROM THE CHAIRMAN

D. VALUE OF ALL OPTIONS THAT CAN BE GRANTED UNDER THE NEW SCHEME

The Directors consider that it is inappropriate to state the value of all Options that can be granted under the New Scheme on the assumption that they had been granted on the Latest Practicable Date as a number of variables crucial for the calculation of the Options have not been determined. The Directors take the view that any calculation of the value of the Options as at the Latest Practicable Date based on various speculative assumptions would not be meaningful and would be misleading to the Shareholders.

E. EXISTING SCHEME

As at the Latest Practicable Date, no option has ever been granted by the Company under the Existing Scheme.

F. TERMINATION OF THE EXISTING SCHEME

Under the Existing Scheme, the Board may at any time terminate such scheme. Accordingly, the Board shall, upon the New Scheme becoming unconditional, terminate the Existing Scheme with immediate effect and no further options shall be granted under the Existing Scheme.

G. SPECIAL GENERAL MEETING

A notice convening the SGM to be held on Friday, 30th August 2002 at 4.30 p.m. (or any adjournment thereof) at Salon 5, Level 3, JW Marriot Hotel, Hong Kong, Pacific Place, 88 Queensway, Hong Kong is appended to this circular.

A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

H. RECOMMENDATIONS

The Board believes that the proposed adoption of the New Scheme is in the best interests of the Company and the Shareholders as a whole. The Board recommends that the Shareholders vote in favour of the ordinary resolution to be proposed at the SGM.

A copy of the New Scheme is available for inspection during normal business hours at the head office and principal place of business of the Company at Unit H4, 1/F, Block 4, Kwun Tong Industrial Centre, Nos. 436-446 Kwun Tong Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM and at the SGM.

The Company will publish an announcement on the outcome of the SGM on the Business Day following the date of the SGM.

Yours faithfully,
But Tin Hing
Chairman

The following is a summary of the principal terms of the New Scheme which is proposed to be adopted at the SGM.

(a) Purpose of the New Scheme

The purpose of the New Scheme is to enable the Group to grant Options to selected participants as incentives or rewards for their contributions to the Group.

(b) Who may join

The Board may at any time within six (6) years after the Adoption Date of the New Scheme make an offer to any Eligible Person, as the Board may in its absolute discretion select, to take up an option pursuant to which such Eligible Person may, during the Option Period, subscribe for such number of Shares as the Board may determine at a subscription price determined in accordance with paragraph (c) below. The day of grant of an Option must be a Business Day.

(c) Subscription Price and acceptance period

The subscription price (“**Subscription Price**”) per Share payable by an Option Holder shall be a price determined by the Board in its absolute discretion which, in any event, shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date of grant of that Option;
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) Business Days immediately preceding the date of grant of that Option; and
- (iii) the nominal value for the time being of each Share.

The Eligible Person must accept an offer of the grant of the Option notified to him or her within twenty-one (21) days from and inclusive of the Offer Date, failing which the offer shall be deemed to have been rejected. Upon acceptance of the offer, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(d) Number of Shares subject to the New Scheme

- (i) The overall limit on the 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 share option schemes of the Company (including the Existing Scheme) must not in aggregate exceed thirty (30) per cent. of the Shares in issue from time to time.

- (ii) The total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed ten (10) per cent. (“Scheme Mandate Limit”) of the Shares in issue on the Adoption Date. Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) The Company may seek an approval from the Shareholders in general meeting to refresh the Scheme Mandate Limit from time to time provided that the total number of Shares which may be issued upon exercise of all options to be granted under all the schemes of the Company shall not exceed ten (10) per cent. of the Shares in issue as at the date of such Shareholders’ approval. The Company must send a circular containing the information required under the Listing Rules to the Shareholders.
- (iv) The Company may seek separate Shareholders’ approval in general meeting to grant Options over and above the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by the Company before such approval is sought and for whom specific approval is then obtained. The Company must issue a circular containing the information required under the Listing Rules to the Shareholders.

(e) Maximum number per grantee

The total number of Shares issued and to be issued upon exercise of the Options granted (including both exercised and outstanding options) in any 12-month period to each Eligible Person must not exceed 1% of the Shares of the Company in issue. If any further grant of Options in the 12-month period up to and including the date of such further grant would exceed the aforesaid 1% limit, such further grant must be separately approved by Shareholders in general meeting, with such Eligible Person and its Associates abstaining from voting. A Shareholders’ circular must be despatched to the Shareholders. The number and terms (including the Subscription Price) of Options to be granted hereunder must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant shall be deemed to be the date of grant for the purpose of calculating the Subscription Price for such Options.

(f) Maximum number per grantee who is a Connected Person

- (i) Any grant of Option to any Eligible Person who is a director, chief executive or substantial shareholder of the Company, or any of their respective Associates, under the New Scheme must be approved by the independent non-executive Director(s) (excluding the independent non-executive Director who is the Grantee of the Option).

(ii) Where the Board proposes to grant any Option to an Eligible Person who is a substantial shareholder or an independent non-executive Director, or any of their respective Associates which would result in the total number of Shares issued and to be issued upon exercise of all Options granted and to be granted to such substantial shareholder or independent non-executive director or any of their respective Associates (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of grant:

- (a) representing in aggregate over 0.1% of the Shares of the Company in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

then the proposed further grant of Options must be subject to Shareholders' approval in general meeting. All Connected Persons of the Company must abstain from voting at such general meeting (except where any Connected Person intends to vote against the proposed grant and his intention to do so has been stated in the Shareholders' circular to be issued as stated herein). Any vote taken at such meeting to approve the grant of the Options must be taken on a poll. A Shareholders' circular must be issued by the Company.

(g) Exercise period and performance target

An Option may be exercised at any time during the Option Period in accordance with the terms of the New Scheme. The Board may also impose restrictions on the exercise of such Option during the Option Period.

The Board has not specified any performance targets that must be achieved before Options can be exercised.

(h) Non-transferability

An Option shall not be sold, transferred, charged, mortgaged, assigned, encumbered or otherwise disposed of and shall be personal to the Option Holder and the Option Holder shall not create any interest over or in relation thereto in favour of any third party.

(i) Rights on cessation of being an Eligible Person

If an Option Holder ceases to be an Eligible Person:–

- (1) by reason of the termination of his employment (if the Eligible Person is an employee of the Company or any of its Subsidiaries or any Invested Entity) on any one or more of the grounds that he has been guilty of misconduct, bankruptcy, insolvency or

conviction for a criminal offence or has made any arrangements or composition with his creditors generally, all Options of the Option Holder shall automatically lapse on the date of such dismissal;

- (2) by reason of death or winding-up or dissolution, his personal representatives or receiver or administrator (as the case may be) may exercise all his Options (to the extent not already exercised) within a period being the earlier of (i) twelve (12) months after he so ceases and (ii) the expiration of the relevant Option Period. The date of such cessation of the Option Holder as an Eligible Person shall be deemed to be the last actual working day with the relevant member of the Group or the Invested Entity or the last date on which services were rendered to the relevant member of the Group or the Invested Entity. Any Options not so exercised shall lapse and determine at the end of the period referred to in this sub-paragraph (2); and
- (3) by reason of voluntary resignation, retirement, expiry of his employment contract or termination of his employment (if the Eligible Person is an employee of the Company or any of its Subsidiaries or any Invested Entity) for any other reason not being a reason referred to in sub-paragraphs (1) or (2), all his Options shall lapse and determine within six (6) months from the date he so ceases to be an Eligible Person. The date of such cessation of the Option Holder as an Eligible Person shall be deemed to be the last actual working day with the Company or the relevant Subsidiary.

(j) Winding-up

In the event that a notice is given by the Company to the Shareholders 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 forthwith give notice thereof to all Option Holders and thereupon, each Option Holder (or his or her legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than two (2) Business Days prior to the proposed general meeting of the Company) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, accompanied by a remittance for the full amount of the aggregate Subscription 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 and issue the relevant Shares to the Option Holders credited as fully paid.

(k) General offer

- (i) In the event of a general offer by way of takeover is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Option Holder (or his or her legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.
- (ii) In the event that a general offer by way of scheme of arrangement is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) with the terms of the offer having been approved by the necessary number of Shareholders at the requisite meetings, the Option Holder (or his or her personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(l) Compromise or arrangement with members or creditors

In the event that a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Option Holder (or where permitted, his or her personal representative(s)) may by notice in writing to the Company accompanied by the remittance for the Subscription Price in respect of the relevant Option (such notice to be received by the Company not later than the Business Day 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 Provided that the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective and as soon as possible thereafter the Company shall allot and issue such number of Shares to the Option Holder which falls to be issued on such exercise credited as fully paid and register the Option Holder as holder of such Shares. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised under this paragraph. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(m) Adjustment

Upon the occurrence of any Relevant Event, subject to paragraphs (d) and (e) above, the Subscription Price or the number of securities subject to Options already granted so far as unexercised shall be adjusted in such manner as the Board may think fair and reasonable, provided always that an Option Holder shall or shall be entitled to have the same proportion of the issued share capital of the Company as that to which he was previously entitled prior to such adjustments, but no such adjustment shall be made to the extent that a Share would be issued at less than its nominal value and, except for any adjustments made on a capitalisation issue, the same shall be confirmed to the Board in writing by an independent financial adviser or the Auditors and that any such adjustments satisfy the requirement set out in the Listing Rules in force from time to time. Notice of any such adjustments shall be given to the Option Holders by the Company, which may, but need not, call in Option certificates for endorsement or replacement.

(n) Alteration of rules

The alteration of the New Scheme is governed by Chapter 17 of the Listing Rules and no amendment shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of the Option Holders except with the prior consent or sanction of the Option Holders in accordance with the terms of the New Scheme. Any alterations of the Terms and Conditions of the New Scheme in relation to the following areas shall be approved by the Shareholders in general meeting:

- (i) any provisions relating to the matters set out in Rule 17.03 of the Listing Rules as amended from time to time;
- (ii) any alteration of the Terms and Conditions which are of a material nature, except where the alteration takes effect automatically under the existing terms of the scheme;
- (iii) any change to the authority of the Directors or scheme administrators, if any, in relation to any alteration to the terms of the scheme.

(o) Ranking of the Shares

Shares issued upon the exercise of an Option shall not carry voting rights until the registration on the Company's register of members of the Option Holder as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option, a dividend is to be or is proposed to be paid to holders of Shares on the register of members on a date prior to such date of exercise, the Shares to be issued upon such exercise will not be entitled to such dividend. Subject as aforesaid, Shares allotted upon the exercise of an Option shall rank equally in all respects with the Shares in issue on the date of such exercise.

(p) Lapse of Option

Notwithstanding anything to the contrary contained herein, 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 periods referred to in paragraphs (i), (j), (k), (l);
- (iii) the date of the commencement of the winding-up of the Company;
- (iv) the date on which the Option Holder ceases to be an Eligible Person by reason of paragraph (i)(1). A resolution of the Board or the board of directors of the relevant Subsidiary or Invested Entity to the effect that the employment of an Option Holder has or has not been terminated on one or more of the grounds specified in paragraph (i)(1) shall be conclusive evidence thereof; and
- (v) the date on which the Option Holder commits a breach of the paragraph (h).

For the avoidance of doubt, any Options granted to supplier and customer shall lapse automatically (to the extent not already exercised) in one (1) year from the date of grant of such Options.

(q) Cancellation of Options

Any cancellation of Options granted but not exercised shall subject to the approval of the Board. New Options may be issued to an Option Holder in place of his cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the limit set out in paragraph (d).

(r) Early Termination

The Board may at any time terminate the New Scheme and in such event no further Options will be offered, but the Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Terms and Conditions.

NOTICE OF SPECIAL GENERAL MEETING



Sun East Technology (Holdings) Limited

日東科技（控股）有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of Sun East Technology (Holdings) Limited (the “Company”) will be held at Salon 5, Level 3, JW Marriott Hotel, Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Friday, 30th August 2002 at 4:30 p.m. (or soon after the annual general meeting of the Company to be held at the same venue and on the same date shall have concluded or have been adjourned) for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in shares in the capital of the Company which shall fall to be issued and allotted upon the exercise of any options that may be granted under the share option scheme of the Company (the “New Scheme”, a copy of which marked “A” and produced to the meeting and for the purposes of identification signed by the Chairman of the meeting):—

- (1) the New Scheme be and is hereby approved and adopted and the directors of the Company (“Directors”) be and are hereby authorised to do all 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 without limitation:
 - (a) administering the New Scheme and granting options under the New Scheme;
 - (b) modifying and/or amending the New Scheme from time to time in accordance with the provisions of the New Scheme and the Rules Governing the Listing of Securities of the Stock Exchange; and
 - (c) issuing and allotting 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 granted under the New Scheme.

* *for identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

- (2) upon the New Scheme becoming unconditional, the operation of the Existing Scheme of the Company adopted on 19th September 2000 be terminated and no options shall be granted under the Existing Scheme.”

By order of the Board
Sun East Technology (Holdings) Limited
Tse Ka Yi
Company Secretary

Hong Kong, 13th August 2002

Head Office and Principal Place of Business:

Unit H4 1/F Block 4
Kwun Tong Industrial Centre
Nos. 436-446 Kwun Tong Road
Kowloon
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 1
Bermuda

Notes:–

1. A member of the Company entitled to attend and vote at the meeting by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. A proxy need not be a member of the Company.
2. A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. In order to be valid, a form of proxy together with a 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 deposited with the branch share registrar of the Company in Hong Kong, Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
4. Where there are joint holders of a share of the Company, any one of such holders may vote at the 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 holders are present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.