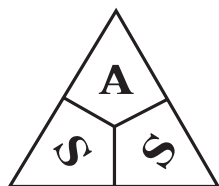


If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in S.A.S. Dragon Holdings 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.

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



S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

PROPOSAL INVOLVING ADOPTION OF THE 2002 SHARE OPTION SCHEME AND TERMINATION OF THE 1994 SHARE OPTION SCHEME

A notice convening a special general meeting of S.A.S. Dragon Holdings Limited to be held at Rose Room, Lower Level II, Kowloon Shangri-La Hotel, 64 Mody Road, Kowloon, Hong Kong on Friday, 28th June, 2002 at 9:00 a.m. is set out on pages 17 to 18 of this circular. Whether or not they are able to attend the meeting, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to S.A.S. Dragon Holdings Limited's head office and principal office in Hong Kong at 6th Floor, Tower B, Hunghom Commercial Centre, 37 Ma Tau Wai Road, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting should they so wish.

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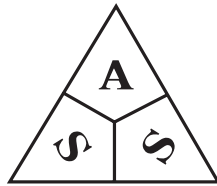
DEFINITIONS

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

“1994 Share Option Scheme”	the share option scheme adopted by the Company on 17th September, 1994 and due to expire on 16th September, 2004
“2002 Share Option Scheme”	the new share option scheme of the Company proposed to be adopted under Ordinary Resolution No. 1 set out in the SGM Notice
“Adoption Date”	the date on which the 2002 Share Option Scheme is adopted, conditionally or unconditionally by the Company in the SGM
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“business day”	has the same meaning ascribed thereto in the Listing Rules
“Commencement Date”	in respect of any particular Option, the date on which the Option is granted in accordance with the terms of the 2002 Share Option Scheme
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	S.A.S. Dragon Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange
“Date of Grant”	means in respect of an Option, the Business day on which the Board resolves to make an Offer of that Option to a Participant subject to the Share Option Scheme
“Directors”	the directors of the Company
“Eligible Person”	any director, executive or employee of any member of the Group, who, in the opinion of the Board, to be granted an Option on a case by case basis with reference to their contribution to the development and growth of the Group under the 2002 Share Option Scheme
“Grantee”	any Eligible Person who accepts an Offer in accordance with the terms of the 2002 Share Option Scheme, or where the context so permits (in the case of any individual) any person who is entitled to any Option in consequence of the death of the original Grantee (including without limitation his/her legal personal representative(s))
“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”	10th June, 2002, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the offer of the grant of an Option made in accordance with the 2002 Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Person, which must be a business day
“Option(s)”	a right to subscribe for Shares to be granted under the 2002 Share Option Scheme and “Options” shall be construed accordingly
“Optionholders”	holders of the outstanding options granted under the 1994 Share Option Scheme
“Option Period”	a period which the Options shall be exercised, to be notified by the Board to each Grantee, commencing on the Commencement Date and expiring on the last day of such period, and in any event such period of time must not be more than ten (10) years from the Commencement Date
“Proposal”	proposals involving adoption of the 2002 Share Option Scheme and termination of the 1994 Share Option Scheme as described in this circular
“Registrars”	Hong Kong share registrars and transfer office of the Company in Hong Kong, Secretaries Limited of 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
“SGM”	the special general meeting of the Company to be held at Rose Room, Lower Level II, Kowloon Shangri-La Hotel, 64 Mody Road, Kowloon, Hong Kong on Friday 28th June, 2002, at 9:00 a.m. for the purpose of considering, and if thought fit, approving the Proposal
“SGM Notice”	the notice convening the SGM set out on pages 17 to 18 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

Directors:

Executive:

Mr. Yim Yuk Lun, Stanley

Chairman and Managing Director

Mr. Ng Sai Ping, Dominic

Non-Executive:

Dr. Chang Chu Cheng

Independent non-executive:

Mr. Li Seung, Sammy

Dr. Lui Ming Wah, J.P.

Mr. Chang Ping Kin

Mr. Wong Tak Yuen, Adrian

Mr. Liu Chun Ning

Registered Office:

Clarendon House

Church Street

Hamilton

HM11

Bermuda

Principal Office:

6th Floor

Tower B

Hunghom Commercial Centre

37 Ma Tau Wai Road

Hunghom

Kowloon

Hong Kong

12th June, 2002

*To the Shareholders and for information only,
the holders of options granted under
the 1994 Share Option Scheme*

Dear Sir or Madam,

**PROPOSAL INVOLVING
ADOPTION OF THE 2002 SHARE OPTION SCHEME
AND
TERMINATION OF THE 1994 SHARE OPTION SCHEME**

INTRODUCTION

In view of the recent amendments made to Chapter 17 of the Listing Rules, the Directors propose that the Company adopts the 2002 Share Option Scheme.

ADOPTION OF THE 2002 SHARE OPTION SCHEME

As a result of the amendments made to Chapter 17 of the Listing Rules, the Board will take the opportunity afforded by the necessity to convene the SGM to propose Ordinary Resolution No. 1 to the Shareholders at the SGM that the 2002 Share Option Scheme be adopted and the operation of the 1994 Share Option Scheme be terminated to comply with the requirements of Chapter 17.

A summary of the principal terms of the 2002 Share Option Scheme is set out in the Appendix headed “Summary of the Principal Terms of the 2002 Share Option Scheme” to this circular.

The Board also considers that in order to enable the Group to attract and retain those Eligible Persons of appropriate qualifications and with the necessary experience to work for the Group, it is important that the Group should continue to provide them with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long term success of the business of the Group. By granting Options to the Eligible Persons on the terms of the 2002 Share Option Scheme set out in the Appendix to this circular including, in particular, that there is no minimum period for which an Option must be held before it can be exercised and the exercise price of the Options will be determined on a fair basis, such Eligible Persons may exercise their Options at any time within the Option Period to acquire a monetary gain or ownership interest in the Company which may in turn provide a further incentive to them for advancing their performance. The Option Period of the Share Option Scheme is the period to be notified by the Board to each Grantee at the time of making an Offer, and in any event such period of time shall not expire later than ten years from the Date of Grant. Accordingly, the Board proposes to recommend the Shareholders at the SGM to approve the adoption of the 2002 Share Option Scheme and simultaneously terminate the 1994 Share Option Scheme.

Since the adoption of the 1994 Share Option Scheme, options to subscribe for an aggregate of 29,866,400 Shares have been granted under the 1994 Share Option Scheme. The particulars of these options as at the Latest Practicable Date are set out below:

	Total
(a) Number of Shares to be issued upon exercise of the outstanding options	4,400,000
(b) Number of underlying Shares comprised in options exercised	7,927,600
(c) Number of underlying Shares comprised in options lapsed	17,538,800

The 1994 Share Option Scheme is the first and only share option scheme adopted by the Company since its incorporation on 18th May, 1993 and will expire on 16th September, 2004. The Board confirms that prior to the SGM, they will not grant any further options under the 1994 Share Option Scheme.

The 2002 Share Option Scheme is conditional on:

- (a) the passing of the Ordinary Resolution No. 1 by the Shareholders at the SGM to approve and adopt the 2002 Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options.

LETTER FROM THE BOARD

Subject to the approval of the Shareholders of the adoption of the 2002 Share Option Scheme at the SGM and conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options, the Board will have the right to grant Options to the Eligible Persons to subscribe for Shares such that the total number of Shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme and any other share option schemes of the Company and its subsidiaries shall not exceed ten (10) per cent. of the share capital of the Company in issue as at the Adoption Date, unless the Company obtains an approval from the Shareholders to refresh such ten (10) per cent. limit such that the total number of Shares which may be issued upon exercise of all Options to be granted under the 2002 Share Option Scheme and any other share option schemes of the Company and its subsidiaries shall not exceed ten (10) per cent. of the issued share capital of the Company as at the date of such Shareholders' approval, but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme and any other share option schemes of the Company and its subsidiaries (including the 1994 Share Option Scheme) shall not in aggregate exceed thirty (30) per cent. of the share capital of the Company in issue from time to time.

Pursuant to Rule 17.05 of the Listing Rules, a grant of Option may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, during the period commencing one month immediately preceding the earlier of: (a) the date of the Board meeting for the approval of the Company's interim or annual results; and (b) the deadline for the Company to publish the interim or annual results announcement, and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any delay in the publication of a results announcement.

Application has been made to the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares, representing 10% of the issued share capital as at the date of the SGM approving the adoption of 2002 Share Option Scheme, falling to be issued upon exercise of the Options granted under the 2002 Share Option Scheme.

Based on the existing issued Shares of 230,140,720 and assuming no issue of Shares and repurchase of Shares until the SGM, the company may grant up to a maximum of 23,014,072 options representing 10% of the issued shares of the Company.

As at the date hereof, no Options have been granted or agreed to be granted under the 2002 Share Option Scheme. There are no trustees appointed for the purposes of the New Scheme.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the 2002 Share Option Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the 2002 Share Option Scheme, given that the variables which are crucial for the calculation of the value of such option cannot be determined. The variables which are critical for the determination of the value of such options include the subscription price for the Shares upon the exercise of the subscription rights attaching to the options, whether or not options will be granted under the 2002 Share Option Scheme and the timing of the grant of such options, the period during which the subscription rights may be exercised and any other conditions that the Board may impose on the options and whether or not such options if granted will be exercised by the grantees. The subscription price depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board will grant options under the 2002 Share Option Scheme. With a scheme life of 10 years, the Board is of the view that it is too premature to state whether or not options will be granted under the 2002 Share Option Scheme, and if so, the number of options that may be granted. It is also difficult to ascertain with accuracy the subscription price given the volatility the price of the Shares may be subject to during the 10-year life span of the 2002 Share Option Scheme. On these premises, the Directors are of the view that the value of the options depends on a

LETTER FROM THE BOARD

number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis 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.

TERMINATION OF THE 1994 SHARE OPTION SCHEME

Under the 1994 Share Option Scheme, the Company may by ordinary resolution in general meeting at any time terminate the operation of such scheme. The Ordinary Resolution No. 2 will therefore be proposed for the approval of the Shareholders at the SGM that, subject to the Ordinary Resolution No. 1 approving and adopting the 2002 Share Option Scheme being passed, the 1994 Share Option Scheme be terminated and no further options be granted under the 1994 Share Option Scheme but the options which have been granted during the life of the 1994 Share Option Scheme shall continue to be exercisable in accordance with their terms of issue and in all other respects the provisions of the 1994 Share Option Scheme shall remain in full force and effect.

SPECIAL GENERAL MEETING

Set out on pages 17 to 18 of this circular is a notice of the SGM to be held on 28th June, 2002 for the purpose of considering and, if thought fit, passing the resolutions to approve and adopt the 2002 Share Option Scheme and to terminate the 1994 Share Option Scheme.

A form of proxy is herewith enclosed for use at the SGM. 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 head office and principal place of business of the Company at 6th Floor, Tower B, Hunghom Commercial Centre, 37 Ma Tau Wai Road, Kowloon, 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.

RESPONSIBILITY OF THE DIRECTORS

This circular, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Board believes that the proposed adoption of the 2002 Share Option Scheme and the termination of the 1994 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. The Board recommends that the Shareholders vote in favour of all resolutions to be proposed at the SGM.

A copy of the 2002 Share Option Scheme is available for inspection during normal business hours at the head office and principal place of business of the Company at 6th Floor, Tower B, Hunghom Commercial Centre, 37 Ma Tau Wai 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 in the newspapers on the outcome of the SGM for the adoption of the 2002 Share Option Scheme on the business day following the date of the SGM.

LETTER FROM THE BOARD

Your attention is also drawn to the Appendix to this circular and the SGM Notice set out in this circular.

By order of the Board
S.A.S. Dragon Holdings Limited
Yim Yuk Lun, Stanley
Chairman and Managing Director

The following is a summary of the principal terms of the 2002 Share Option Scheme to be adopted at the SGM:

(a) Who may join

The Board may, at its discretion, make an Offer to grant an Option to any director, executive, employee of any member(s) of the Group who satisfies the requirements set out below to subscribe for ordinary shares of HK\$0.10 each (or of such other nominal amount as shall result from a sub-division, consolidation or reduction of the share capital of the Company from time to time) (“Shares”) at a price calculated in accordance with paragraph (c) below:

Eligible Person	Bases
1. Director	Any director (including any non-executive director and any independent non-executive director) of any member of the Group.
2. Executive and employee	Any executive and employee of any member(s) of the Group who, in the absolute opinion of the Board, to be granted Options on a case by case basis for their contribution to the development and growth of the Group with reference to, inter alia, each person’s qualifications, skills, background, experience, service records and/ or contribution or potential value to the relevant members of the Group.

(b) Purpose of the 2002 Share Option Scheme

The principal purposes of the 2002 Share Option Scheme are to recognize the significant contributions of the Eligible Persons to the growth of the Group by rewarding them with opportunities to obtain the ownership interest in the Company and to further motivate and give incentives to these persons to continue to contribute to the Group’s long term success and prosperity.

(c) Subscription price and acceptance period

The subscription price for the Shares under the 2002 Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to an Eligible Person but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date; (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 Offer Date; and (iii) the nominal value of a Share. Provided that where the Board proposes to grant Option under paragraphs (e)(ii) or (f)(ii) below, the date of the meeting of the Board proposing the relevant grant shall be deemed to be the Offer Date for the purpose of calculating the subscription price.

The Eligible Person must accept any such Offer notified to him or her within twenty-eight (28) days from the Offer Date, failing which it 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 2002 Share Option Scheme**(i) Subject to the provisions of paragraph (d)(ii) below:**

- (1) The maximum number of Shares in respect of which options may be granted under the 2002 Share Option Scheme and any other share option schemes of the Company and its subsidiaries shall not exceed ten (10) per cent. (“Scheme Mandate Limit”) of the total number of Shares in issue as at the date of approval of the 2002 Share Option Scheme by the Shareholders unless the Company obtains a fresh approval from its Shareholders pursuant to paragraphs (d)(i)(2) and/or (3) below.
- (2) The Company may seek an approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit from time to time such that the total number of Shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme and any other share option schemes of the Company and its subsidiaries shall not exceed ten (10) per cent. of the issued share capital of the Company as at the date of such Shareholders’ approval. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The Company must send a circular containing the information required under rule 17.02(2)(d) and the disclaimer required under rule 17.02(4) of the Listing Rules to the Shareholders.
- (3) 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 note 1 to rule 17.03(3) of the Listing Rules to the Shareholders.

- (ii) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme and any other share option schemes of the Company and its subsidiaries (including 1994 Share Option Scheme) shall not in aggregate exceed thirty (30) per cent. of the share capital of the Company in issue from time to time. No Option may be granted under the 2002 Share Option Scheme and any other option schemes of the Company and its subsidiaries if such limit is exceeded.

(e) Maximum number per Grantee

- (i) Unless the approval of Shareholders contemplated under paragraph (e)(ii) below is obtained, the total number of Shares issued and may be issued upon exercise of the options granted to each Eligible Person under the 2002 Share Option Scheme and any other share option scheme(s) of the Company and its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period must not exceed one (1) per cent. of the share capital of the Company in issue.

- (ii) Where the Board proposes to grant an option to an Eligible Person under the 2002 Share Option Scheme and any other share option scheme(s) of the Company and its subsidiaries and such further grant would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares (a) already issued under all the options previously granted which have been exercised; (b) issuable under all the options previously granted to him or her which are for the time being subsisting and unexercised; and (c) which were subject to options previously granted to him or her but for the time being having been cancelled in the past 12-month period up to and including the date of such further grant exceed one (1) per cent. of the issued share capital of the Company for the time being, such further grant shall be separately approved by the Shareholders in general meeting (with such Eligible Person and his or her associates abstaining from voting). The relevant requirements under the note to rule 17.03(4) of the Listing Rules must be complied with.

(f) Maximum number per Grantee who is a connected person

In addition to the Shareholders' approval as set out in paragraphs (d)(i) and (e):

- (i) each 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 2002 Share Option Scheme must be approved by independent non-executive Director(s) (excluding independent non-executive Director who is a Grantee); and
- (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, and such Option, if exercised in full, would result in such Eligible Person becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares (a) already issued under all the Options previously granted to him or her which have been exercised; (b) issuable under all the Options previously granted to him or her which are for the time being subsisting and unexercised; and (c) which were subject to Options previously granted to him or her but for the time being having been cancelled in the past 12-month period up to and including the date of grant:
 - (1) representing in aggregate more than 0.1 per cent. of the total number of Shares in issue; and
 - (2) having an aggregate value (on the assumption that all such Options had been exercised and all Shares allotted), based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant or, if that date is not a business day, the business day immediately before, in excess of HK\$5,000,000.00,

such further grant of Options must be approved by Shareholders. The Company must send a circular to the Shareholders containing the information required under Rule 17.04 of the Listing Rules. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the circular to be sent to the Shareholders. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(g) Exercise period and performance target

Subject to paragraphs (i), (j), (k) and (1) and unless otherwise determined by the Board and notified to the Grantee on or prior to the Offer Date, an Option may be exercised in accordance with the terms of the 2002 Share Option Scheme at any time during the Option Period, subject to any restrictions or conditions on the exercise of the Options as the Board may determine. There is no minimum period that a Grantee must hold an Option before it can be exercised. No performance target needs to be achieved by the Grantee before the Options held by him or her may be exercised.

(h) Non-transferability

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 determine any outstanding Option or part thereof granted to such Grantee, whereupon the Option outstanding or part thereof shall be deemed to have lapsed.

(i) Rights on ceasing to be an Eligible Person or on death

- (i) Where the Grantee of an Option ceases to be an Eligible Person for any reason other than his or her death or termination of his or her employment or engagement or cessation of his or her directorship on one or more of the grounds set out in paragraph (p)(iv) below, the Grantee may exercise the Options up to the Grantee's entitlement at the date of cessation (to the extent not already exercised) unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of an Eligible Person under the employment of the Group shall be the last actual working day on which the Grantee was physically at work with the Group whether salary is paid in lieu of notice or not.
- (ii) Where the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment or engagement or cessation of his or her directorship set out in paragraph (p)(iv) below arise, the legal personal representative(s) of the Grantee shall be entitled within a period of twelve (12) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death in part or in full (to the extent not already exercised).

(j) Winding-up

In the event a notice is duly given by the Company to its Shareholders to convene a Shareholders' 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 the Grantee, the Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than four (4) business days prior to the proposed Shareholders' 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 Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

(k) General offer

- (i) If a general offer (whether by way of takeover offer, share repurchase offer or otherwise in a like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), the Company shall use its reasonable best efforts to procure that such offer is extended to all Grantees (on the same terms, mutatis mutandis, and assuming that such Grantees will become, by exercise of the Options granted to them (to the extent not already exercised), Shareholders). If the general offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee shall be entitled to exercise the Option in full or in part (to the extent not already exercised) at any time within one (1) month after the date when such offer becomes or is declared unconditional. Provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of Shares pursuant to the Companies Act and gives notices in writing to any holders of Shares that he intends to exercise such rights, Options shall be and remain exercisable until one (1) month from the date of such notice and, to the extent that they have not been exercised shall thereupon lapse and determine.
- (ii) If a general offer by way of scheme of arrangement is made to all Shareholders and such scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee may thereafter (but before such time as shall be notified by the Company) exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in such notice.

(l) Compromise or arrangement with members or creditors

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with scheme for the reconstruction or amalgamation of the Company under the Companies Act, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement and the Grantee may by notice in writing to the Company accompanied by the remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two (2) 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 not later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this sub-paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the 2002 Share Option Scheme) (provided that the Option Period shall accordingly be extended by the length of the period of the suspension) as if such compromise or

arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

(m) Adjustment

- (i) In the event of any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company, such corresponding alterations (if any) shall be made to:

- (1) the number of Shares subject to the 2002 Share Option Scheme; and/or
- (2) the number of Shares subject to the Options already granted; and/or
- (3) the Subscription Price.

provided that any such alteration shall be made on the basis that:

- (1) the aggregate subscription price payable by a Grantee 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 such event; and
- (2) the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration,

and provided further that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In respect of any such alterations, an independent financial adviser of the Company or the auditors of the Company will (save those made on a capitalisation issue) must confirm to the directors of the Company in writing that such alterations satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules.

- (ii) For the avoidance of doubt, the issue by the Company of securities as consideration for or in connection with a transaction will not be regarded as a circumstance requiring adjustment.
- (iii) The capacity of the Company's independent financial adviser or auditors of the Company in the Clause (m)(i) is that of expert and not of arbitrator and its certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Company's independent financial adviser or auditors shall be borne by the Company.

(n) Alteration of rules

- (i) The rules of the 2002 Share Option Scheme relating to definitions other than "Eligible Person", "Grantee" and "Option Period" and provisions of paragraphs 1.2, 12, 13 and 16 may be altered from time to time in any respect by resolution of the Board. Certain specified provisions of the 2002 Share Option Scheme relating to, among other things, the

definitions of “Eligible Person”, “Grantee” and “Option Period” and the provisions of paragraphs 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14 and 15 of the 2002 Share Option Scheme cannot be altered to the advantage of the Grantees or prospective Grantees save with the prior approval of the Shareholders in general meeting.

- (ii) No alteration of 2002 Share Option Scheme shall operate to affect adversely the terms of issue of any Option granted or offered to any Eligible Person for acceptance prior to such alteration, except:
 - (1) in the case of the cancellation of any Option, with the consent of the holder of the Option concerned; or
 - (2) in the case of an alteration affecting some of but not all outstanding Options, with the written consent or sanction of such number of Grantees as shall together hold Options of the class affected in respect of not less than three fourths in nominal value of all Shares then the subject of such Options or with the sanction, given by resolution at a meeting of the relevant Grantees, passed by such majority of Grantees in respect of the nominal value of all Shares then the subject of the outstanding Options of the class affected as would be required at a meeting of the Shareholders under the bye-laws of the Company for a variation of rights attached to the Shares; or
 - (3) in the case of an alteration affecting all Options, with the written consent or sanction of such number of Grantees as shall together hold Options in respect of not less than three fourths in nominal value of all Shares then the subject of such Options or with the sanction, given by resolution at a meeting of the Grantees passed by such majority of the Grantees in respect of the nominal value of all Shares then the subject of the outstanding Options as would be required at a meeting of the Shareholders under the bye-laws of the Company for a variation of rights attached to the Shares.
- (iii) Any alteration to the terms and conditions of the 2002 Share Option Scheme which is of a material nature or any change to the terms of Options granted shall be approved by the Shareholders, save where such alteration takes effect automatically under the existing terms of the 2002 Share Option Scheme.
- (iv) Any change to the authority of the Board in relation to any alteration to the terms of the 2002 Share Option Scheme must be approved by Shareholders in general meeting.
- (v) The amended terms of the 2002 Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

(o) Ranking of the Shares

The Shares issued on exercise of the Options will on issue be identical to the then existing issued Shares of the Company. The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of allotment and accordingly will entitle the holders thereof to have voting, transfer and other rights including those arising on a liquidation of the Company and the rights to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the Grantee is registered on

the register of members of the Company, provided that when the date of exercise of Options falls on a date upon which the register of members of the Company is closed, then the exercise of the Options shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened.

(p) Lapse of Option

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 the periods referred to in paragraphs (i), (k)(i) or (l);
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (k)(ii);
- (iv) the date on which the Grantee ceases to be an Eligible Person by reason of the termination of his or her employment or engagement or cessation of his or her directorship on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay debts or has become insolvent or has committed an act of bankruptcy or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment or engagement at common law or pursuant to any applicable laws or under the Grantee's service or engagement contract with the Company or its relevant subsidiaries (as the case may be);
- (v) subject to paragraph (j), the date of commencement of the winding-up of the Company; and
- (vi) where the Grantee commits a breach of paragraph (h), the date on which the Board shall designate in the exercise of the Company's right to determine the Option thereunder.

(q) Conditions

The 2002 Share Option Scheme is conditional on (i) the passing of the necessary resolutions by the Shareholders in general meeting to approve and adopt the 2002 Share Option Scheme; and (ii) the Stock Exchange granting the approval of the listing of, and permission to deal in, any Shares falling to be issued pursuant to the exercise of Options granted under the 2002 Share Option Scheme.

(r) Term of the 2002 Share Option Scheme

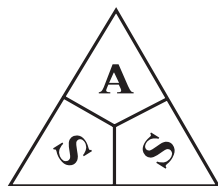
The 2002 Share Option Scheme will remain in force for a period of ten (10) years commencing on the Adoption Date, after which no further Options shall be granted but the Options which are granted during the life of the 2002 Share Option Scheme may continue to be exercisable in accordance with their terms of issue and the provisions of the 2002 Share Option Scheme shall in all other respects remain in full force and effect in respect thereof.

(s) Cancellation of Options

Any cancellation of Options granted but not exercised shall require approval of the Board. Where the Board cancels Options and issues new ones to the same Eligible Person, the issue of such new Options may only be made under the 2002 Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph (d).

(t) Early Termination

The Company may by resolution in general meeting at any time terminate the operation of the 2002 Share Option Scheme and in such event no further Options will be offered but the Options which are granted during the life of the 2002 Share Option Scheme may continue to be exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme will remain in full force and effect.



S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of S.A.S. Dragon Holdings Limited (the “**Company**”) will be held at Rose Room, Lower Level II, Kowloon Shangri-La Hotel, 64 Mody Road, Kowloon, Hong Kong on 28th June, 2002 at 9:00 a.m. for the purpose of considering and, if thought fit, passing resolutions numbered 1 and 2 as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the ordinary shares of HK\$0.10 each in the capital of the Company (or of such other nominal amount as result from a sub-division, consolidation or reduction of the share capital of the Company from time to time) (“Shares”) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme of the Company (the “2002 Share Option 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 of the meeting), the 2002 Share Option Scheme be and is hereby approved and adopted and the directors of the Company 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 2002 Share Option Scheme including without limitation to:
 - (a) administering the 2002 Share Option Scheme under which options will be granted to participants eligible under the 2002 Share Option Scheme to subscribe for Shares;
 - (b) modifying and/or amending the 2002 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2002 Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange;
 - (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 2002 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme and any other share option schemes of the Company shall not exceed ten (10) per cent. of the relevant class of the issued share capital of the Company as at the date of passing this resolution (“Scheme Mandate Limit”), with the acknowledgement that the Company may seek an approval of its shareholders in general meeting to refresh the Scheme Mandate Limit from time to time but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed thirty (30) per cent. of the issued share capital of the Company from time to time; and

NOTICE OF SPECIAL GENERAL MEETING

(d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the 2002 Share Option Scheme.”

2. “**THAT** conditional on the passing of Ordinary Resolution numbered 1 set out in the notice convening this meeting of which this resolution forms part, the existing share option scheme adopted by the Company on 17th September, 1994 (“1994 Share Option Scheme”) be and is hereby terminated with immediate effect and thereafter no further options may be offered but the options which have been granted during the life of the 1994 Share Option Scheme shall continue to be exercisable in accordance with their terms of issue and in all other respects the provisions of the 1994 Share Option Scheme shall remain in full force and effect.”

By order of the Board
S.A.S. Dragon Holdings Limited
Yim Yuk Lun, Stanley
Chairman and Managing Director

Hong Kong, 12th June, 2002

Head Office and Principal Place of Business:

6th Floor, Tower B
Hungghom Commercial Centre
37 Ma Tau Wai Road
Kowloon
Hong Kong

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. On a poll, vote may be given either personally or by proxy. 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 head office and principal place of business of the Company at 6th Floor, Tower B, Hungghom Commercial Centre, 37 Ma Tau Wai Road, Kowloon, 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.