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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, 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 Technology Venture Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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### **TECHNOLOGY VENTURE HOLDINGS LIMITED**

**(宏昌科技集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

### **ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

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A letter from the board of directors of the Company is set out on pages 3 to 6 of this circular. A notice convening an annual general meeting of the Company to be held at 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong on Thursday, 30 May 2002 at 11:00, Hong Kong is set out on pages 28 to 32 of the annual report of the Company for the financial year ended 31 December 2001. Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy enclosed with the annual report in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the annual general meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the annual general meeting should you so wish.

\* for identification only

26 April 2002

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## DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme shall fall to be conditionally adopted by an ordinary resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be held on 30 May 2002 at 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong to approve, among other matters, the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, the notice of which is set out on pages 28 to 32 of the Annual Report
“Annual Report”	the annual report of the Company for the financial year ended 31 December 2001
“associates”	has the same meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Company”	Technology Venture Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Eligible Participant(s)”	employees of the Group (including any directors of the Company or its subsidiaries) eligible for Options under the Existing Share Option Scheme or, after its termination, full time employees of the Group (including any executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, agents and any other persons providing research, development or other advisory, consultancy, professional or other services to the Group who have contributed or will contribute to the Group eligible for Options under the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 12 June 1999 for the grant of share options to employees of the Group, including any director of the Company or its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April 2002, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the AGM, further information and a summary of the principal terms of which are set out in Appendix II to this circular
“Option(s)”	option(s) granted or to be granted to Eligible Participant(s) to subscribe for Shares under the Existing Share Option Scheme or, after its termination, under the New Share Option Scheme
“Option Period”	has the meaning ascribed to it in paragraph (e) of Appendix II on page 9 of this circular
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph (d) of Appendix II on page 8 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars

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## LETTER FROM THE BOARD

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### TECHNOLOGY VENTURE HOLDINGS LIMITED

(宏昌科技集團有限公司)\*

(Incorporated in Bermuda with limited liability)

*Executive Directors:*

Mr Chan Tze Ngon, Ron  
Mr Tang Kin Hung, Barry  
Mr Chow Siu Lam, Cliff  
Ms Teo Chor Khin, Jismyl

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Mr Luk Chung Po, Terence

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

8th Floor, Tianjin Building  
167 Connaught Road West  
Hong Kong

*Independent Non-executive Directors:*

Dr Lo Siew Kiong, John  
Dr Chou Tao Hsiung, Joseph

26 April 2002

*To the shareholders of the Company*

Dear Sirs

### ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

#### INTRODUCTION

On 23 August 2001, the Stock Exchange amended the requirements for share option schemes under Chapter 17 of the Listing Rules which came into effect on 1 September 2001. In compliance with the amendments to the Listing Rules, the Board proposes to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme with amended terms to conform to the new requirements as stipulated under Chapter 17 of the Listing Rules at the AGM.

The purpose of this circular is to provide you with the details of the New Share Option Scheme and to consider and, if thought fit, to terminate the Existing Share Option Scheme and approve the New Share Option Scheme.

\* for identification only

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## LETTER FROM THE BOARD

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### PROPOSAL FOR TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

#### Existing Share Option Scheme

The Existing Share Option Scheme was adopted and approved by the then Shareholders on 12 June 1999 pursuant to which Options to subscribe for an aggregate of up to 10 per cent. of the issued share capital of the Company from time to time could be granted. As at the Latest Practicable Date, the issued share capital of the Company was 392,769,231 Shares and the Company had granted Options to subscribe for a total of 12,400,000 Shares under the Existing Share Option Scheme to the Eligible Participants, of which no options have been exercised. Under the Existing Share Option Scheme, the Company can grant Options to subscribe for up to 39,276,923 Shares to the Eligible Participants, representing 10 per cent. of the issued share capital of the Company without taking into account any Shares issued and allotted pursuant to the exercise of Options granted under the Existing Share Option Scheme. As at the Latest Practicable Date, there were options to subscribe for up to 26,876,923 Shares available to be granted by the Directors under the Existing Share Option Scheme.

It is proposed that subject to the approval of the Shareholders, the Existing Share Option Scheme will be terminated and the New Share Option Scheme will be conditionally adopted and come into effect upon the fulfillment of the conditions set out below. Upon termination of the Existing Share Option Scheme, no further Options can be granted thereunder but the provisions of the Existing Share Option Scheme shall remain in force in respect of all Options granted prior to such termination which shall continue to be valid and exercisable in accordance therewith. The Directors confirm that prior to the AGM, they will not grant any further Option under the Existing Share Option Scheme.

#### New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to the Eligible Participants in recognition of their contribution to the Group.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target nor minimum holding period specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company and serve the purpose of the New Share Option Scheme as stated above.

Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the date of its adoption will be 39,276,923 Shares, being 10 per cent. of the issued Shares.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any), and predetermined performance targets (if any). The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

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## LETTER FROM THE BOARD

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With respect to the operation of the New Share Option Scheme, the Company will follow the rules of the New Share Option Scheme and shall comply with the relevant requirements under Chapter 17 of the Listing Rules.

### CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme, the Existing Share Option Scheme and any other share option scheme of the Group and 12,400,000 outstanding options granted and yet to be exercised pursuant to the Existing Share Option Scheme) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10 per cent. of the total issued Shares as at the date of approval of the New Share Option Scheme unless the Company obtains a fresh approval from Shareholders to renew the 10 per cent. limit provided that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30 per cent. of the issued Shares from time to time.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix II to this circular on pages 8 to 14. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's head office and the principal place of business in Hong Kong at 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong during normal business hours from the date hereof up to and including 10 May 2002.

In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers as an announcement on the outcome of the AGM in respect of the resolution relating to the adoption of the New Share Option Scheme on the business day following the date of the AGM.

### ANNUAL GENERAL MEETING

A notice of the AGM which will be held at 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong at 11:00 a.m. on 30 May 2002 is set out on pages 28 to 32 of the Annual Report. An ordinary resolution will be proposed at the AGM to seek Shareholders' approval to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme.

A form of proxy for use at the AGM is enclosed with the Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete this form of proxy and return it to the Hong Kong branch share registrar of the Company, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong in accordance with the instructions printed thereon no later than 48 hours before the time of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

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## LETTER FROM THE BOARD

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### APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

### RECOMMENDATION

The Directors consider that the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole as the provisions of the New Share Option Scheme and any Options granted thereunder will be in line with the requirements of the new rules of Chapter 17 in the Listing Rules. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM.

### GENERAL

The New Share Option Scheme will be approved on the basis that it will comply with the Listing Rules in force from time to time.

The English text of this circular and form of proxy shall prevail over the Chinese text.

Yours faithfully  
For and on behalf of the Board of  
**Technology Venture Holdings Limited**  
**Chan Tze Ngon, Ron**  
*Chairman*



*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 enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.*

**SHARE OPTION SCHEME**

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

**(a) Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Company to grant options to Eligible Participants of the Group in recognition of their contribution to the Group.

**(b) Grant and acceptance of options**

Subject to the terms of the New Share Option Scheme, the Directors may, at their absolute discretion, invite employees of the Group including executive directors, the non-executive directors of the Company or any of its subsidiary, any suppliers, agents and any other persons providing research, development or other advisory, consultancy, professional or other services to the Group, whether on a contractual or honorary basis and whether paid or unpaid, who have contributed or will contribute to the Group to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (c) below.

An offer of the grant of an option shall be made to Eligible Participants by letter in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

**(c) Price of Shares**

The exercise price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day, and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant but in any event not less than the nominal value of the Shares.

**(d) Maximum number of Shares**

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted under the New Share Option Scheme shall not, when aggregated with any Shares subject to any other schemes, exceed such number of Shares as represent 10 per cent. of the issued Shares as at the Adoption Date (the “Scheme Mandate Limit”). The Company may seek approval Shareholders in a general meeting for “refreshing” the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all Options to be granted under all of the schemes of the Company (or its subsidiary) under the limit as “refreshed” must not exceed 10 per cent. of the Shares in issue as at the date of approval of the limit. Options previously granted under the scheme (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”.
- (ii) Subject to (iii) below, the Company may issue share options to Eligible Participants specifically identified over and above the Scheme Mandate Limit subject to shareholders’ approval in a general meeting and the issue of a circular.
- (iii) The total 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 scheme of the Company must not exceed 30 per cent. of the total issued Shares from time to time

The total number of Shares issued and to be issued on the exercise of Options granted and to be granted (including both exercised, cancelled and outstanding options) in any 12-month period up to the date of grant of each Eligible Participant shall not exceed 1 per cent. of the total issued Shares unless (i) a shareholders’ circular is despatched to the Shareholders; (ii) the Shareholders approve the grant of the options in excess of the 1 per cent. limit referred to in this paragraph; and (iii) the relevant Eligible Participant and its associates abstain from voting on such resolution.

The exercise of any Option shall be subject to Shareholders’ approval in a general meeting of any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to allot the Shares on the exercise of Options.

**(e) Exercise of Options**

An Option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the Adoption Date but subject to the early termination of the New Share Option Scheme (the “Option Period”).

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company’s auditors, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

There is neither performance target which must be achieved before any of the Options can be exercised nor any minimum period for which the Options must be held before they can be exercised.

**(f) Restrictions on the time of grant of Options**

Grant of Options 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, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company's interim or annual results and (ii) the deadline for the Company to publish its interim or annual results announcement and ending on the date of the results announcement.

**(g) Rights are personal to grantees**

An Option is personal to the grantee and shall not be assignable. An Option shall not be sold, transferred, charged, mortgaged, encumbered or created with any interest in favour of any third party.

**(h) Rights on dismissal or ceasing employment**

If the grantee of an Option, being an employee of a member of the Group, ceases to be an Eligible Participant for any reason other than his death or the termination of his employment on one or more of the grounds of persistent or serious misconduct, bankruptcy, insolvency, composition with his creditors generally or conviction of any criminal offence or other ground on which an employer would be entitled to terminate his employment pursuant to any applicable law, his Option (to the extent not already exercised) will lapse on the date of cessation of his employment and shall not be exercisable unless the Board otherwise determines in which event, the Option (or such remaining part thereof) shall be exercisable within such period as the Board may determine following the date of such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not.

**(i) Rights on death**

If the grantee of an Option, being an employee of a member of the Group, ceases to be an employee of the Group by reason of his death and none of the events which would be ground for termination of his employment under paragraph (h) above occurs, his personal representative(s) may exercise the Option in full (to the extent not already exercised) within a period of 12 months following the date of his death (or such longer period as the Board may determine).

**(j) Cancellation of Options**

Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (d)(i) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

**(k) Effect of alterations to share capital**

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share and/or (iii) the method of exercise of the Option as and independent financial adviser or the auditors for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so 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. Save in the case of a capitalisation issue, an independent financial adviser or the auditors for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

**(l) Rights on a general offer**

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his 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.

**(m) 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 as soon as after it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his personal representative(s) provided none of the events which would be ground for termination of his employment under paragraph (h) above occurs) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than two business days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he may specify in his 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 general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

**(n) Rights on reconstruction, compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatched the notice to each member or creditor of the Company to consider such a compromise or arrangement, and thereupon the grantee (or his personal representative(s) may by notice in writing to the Company

accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company no later than two 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 the 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 general meeting allot and issue such number of Shares to the grantee credited as fully paid.

**(o) Ranking of Shares**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

**(p) Duration and administration of the New Share Option Scheme**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised. The New Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

**(q) Alterations to the terms of the New Share Option Scheme**

- (i) The provisions relating to the matters set out in rule 17.03 of the Listing Rules cannot be altered to the advantage of participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme of the Company or any of its subsidiaries which are of a material nature or any change to the terms of Options granted must be approved by 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 or the New Share Option Scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

**(r) Conditions of the New Share Option Scheme**

The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme by the Shareholders; and

- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options under the New Share Option Scheme.

**(s) Grant of Options to connected persons or any of their associates**

Any grant of Options to a connected person or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial shareholder of the Company or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1 per cent. of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a 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 provided that his intention to do so has been stated in the shareholders' circular to be issued as stated below).

A shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

**(t) Lapse of Options**

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

- (i) subject to paragraph (e), the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraph (h), (i), (l), (m) or (n);
- (iii) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his employment or appointment (as the case may be) on any one or more of the grounds under paragraph (h). A resolution of the Board of the Company or the relevant subsidiary to the effect that employment or appointment (as the case may be) of a grantee has or has not been terminated on one or more of the grounds specified above shall be conclusive and binding on the grantee; or
- (iv) the date on which the grantee commits a breach of paragraph (h).

**(u) Termination**

The Company by ordinary resolution in a general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

**(v) General**

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the new requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the New Share Option Scheme shall be referred to the decision of the auditors of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.