

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Technology Venture Holdings Limited, you should at once hand this document and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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TECHNOLOGY VENTURE HOLDINGS LIMITED

(宏 昌 科 技 集 團 有 限 公 司) *

(incorporated in Bermuda with limited liability)

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE NEW SHARES
AND
REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER
SHARE OPTION SCHEMES**

The annual general meeting of Technology Venture Holdings Limited to be held at the board room of 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong on Friday, 23 May 2003 at 11:00 a.m. A form of proxy for use at the annual general meeting is enclosed. Whether or not you are able to attend such meeting, you are advised to read the notice and complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's Hong Kong branch registrars, Tengis Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof if you so wish.

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DEFINITIONS

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

“Adoption Date”	30 May 2002;
“Annual General Meeting”	the annual general meeting of the Company to be held at the Board Room of 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong on Friday, 23 May 2003 at 11:00 a.m.;
“Associates”	has the meanings ascribed to it under the Listing Rules;
“Business Day”	a day (excluding Saturday) on which banks in Hong Kong are generally open for business;
“Circular”	Circular dated 26 April 2002 in respect of the adoption of the new Share option scheme;
“Company”	Technology Venture Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Eligible Participants”	employees of the Group (including any directors of the Company or any Subsidiary) eligible for options under the Old Share Option Scheme or, after its termination, full time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary) and 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 eligible for options under the 2002 Share Option Scheme;
“Group”	the Company and its subsidiaries;
“Group Companies”	the Group, Associates;
“Issued Share Capital”	the existing issued share capital of the Company comprising 501,209,644 Shares at HK\$0.10 each as at the Latest Practicable Date;
“Latest Practicable Date”	16 April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“Old Share Option Scheme”	the former share option scheme of the Company as adopted on 12 June 1999 and was terminated on 30 May 2002;
“Option Period”	has the meaning ascribed to it in paragraph (e) of Appendix II on page 13 of this circular;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph (d) of Appendix II on page 12 of this circular;
“2002 Share Option Scheme”	the share option scheme of the Company as adopted on 30 May 2002;
“Shares”	fully paid ordinary shares of HK\$0.10 each in the capital of the Company (and each a “Share”);
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary of the Company within the meaning of Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), whether incorporated in Hong Kong, Bermuda, the British Virgin Islands or elsewhere;
“HK\$”	the lawful currency of Hong Kong; and
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China.

LETTER FROM THE BOARD



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 Emmy Wu
Mr. Tang Kin Hung, Barry
Mr. Chow Siu Lam, Cliff

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 OBE, JP
Dr Chou Tao Hsiung, Joseph

16 April 2003

To the shareholders

Dear Sir or Madam,

**GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES AND
REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER
SHARE OPTION SCHEMES**

INTRODUCTION

The purpose of this circular is to provide you with requisite information regarding resolutions to be proposed as special business at the Annual General Meeting of the Company. These include resolutions relating to general mandates for the repurchase of Shares by the Company and for the issue of Shares, and the refreshment of limit on grant of options under the share option schemes of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase the Shares, up to a maximum of ten percent (10%) of the aggregate issued share capital of the Company as at the date of the passing of the resolution (the "Share Repurchase Mandate").

The Share Repurchase Mandate would continue in force until the conclusion of the next annual general meeting of the Company unless it is renewed at such meeting or until revoked or varied by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting.

* for identification purpose only

LETTER FROM THE BOARD

An explanatory statement to provide the Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed resolution as required by the Listing Rules concerning the Share Repurchase Mandate to be given to the Shareholders is set out in the Appendix to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, a resolution will also be proposed that the Directors be given a general and unconditional mandate to issue further Shares representing up to twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue on the date the resolution is passed. In addition, a resolution will be proposed to be passed to authorize the Directors to issue Shares in an amount equal to the aggregate issued share capital purchased under the authority to repurchase the Shares. In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of thirty (30) days after any repurchase by it of the Shares, whether on the Stock Exchange or otherwise (other than an issue of Shares pursuant to the exercise of share options or similar instruments requiring the Company to issue Shares which were outstanding prior to that purchase of the Shares), without the prior approval of the Stock Exchange. The Company shall not issue any Shares unless it has applied for the listing of the same.

The Directors have no immediate plans to issue any Shares other than Shares which may fall to be issued under the share option schemes of the Company or any scrip dividend scheme which may be approved by the Shareholders.

REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER SHARE OPTION SCHEMES

As at 30 May 2002, being the adoption date of the 2002 Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme and other schemes of the Company, was 39,276,923 Shares, being ten per cent (10%) of the Shares in issue of the adoption date of the 2002 Share Option Scheme ("Scheme Mandate Limit"). The 2002 Share Option Scheme was adopted in compliance with Chapter 17 of the Listing Rules. As at the Latest Practicable Date, the Company has the 2002 Share Option Scheme only.

Old Share Option Scheme

The Old Share Option Scheme was terminated on 30 May 2002. No further options shall be offered under the Old Share Option Scheme except the existing options granted during the life of the Old Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue and the relevant provisions of the Old Share Option Scheme. As at the Latest Practicable Date, particulars of the options granted under the Old Share Option Scheme is set forth below:–

	Number of Shares issuable upon exercise of options	% of the Issued Share Capital
Option outstanding	4,570,000	0.91%
Options cancelled	2,302,000	0.46%
Options lapsed	5,528,000	1.1%
Options exercised	–	–

LETTER FROM THE BOARD

2002 Share Option Scheme

Since the adoption of the 2002 Share Option Scheme, the Company may grant any options under the 2002 Share Option Scheme subject to the terms thereof, inter alia:–

1. *Determination of eligibility*

The Directors may, at their discretion, grant options to the Eligible Participants to subscribe for Shares at the subscription price. The Directors confirm that the 2002 Share Option Scheme is the same share option scheme as mentioned in the Circular of the Company dated 26 April 2002 and the Eligible Participants are the same parties as referred to in the Circular.

The basis of eligibility of any of the Eligible Participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and the growth of the Group Companies.

For the avoidance of doubt, any offer made to any person who falls within the definition of Eligible Participants shall not, by itself, unless the Directions otherwise determine, be construed as a grant of options under the 2002 Share Option Scheme unless and until such offer is duly accepted.

2. *Subscription price*

The subscription price for the Shares shall be such price as the Directors may in their absolute discretion at the time of grant of the relevant option but shall be at least the highest of:–

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the options which must be a Business Day;
- (ii) the average of the closing prices of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of offer; and
- (iii) not less than the nominal value of the Shares.

As at the Latest Practicable Date, particulars of the options granted under the 2002 Share Option Scheme is set forth below:

	Number of Shares issuable upon exercise of options	% of the Issued Share Capital
Option outstanding	30,980,000	6.18%
Options cancelled	–	–
Options lapsed	2,706,000	0.54%
Options exercised	–	–

LETTER FROM THE BOARD

3. *Refresh the limit on grant of options*

The limit on grant of options under the 2002 Share Option Scheme and any other schemes of the Company may be refreshed to ten per cent (10%) of the Shares in issue at the date of approval by the Shareholders in a general meeting (“Refreshed Mandate Limit”). Options previously granted under the 2002 Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the 2002 Share Option Scheme and other schemes of the Company or exercised options) will not be counted for the purpose of calculating the Refreshed Mandate Limit.

The Company may seek separate approval by the Shareholders in general meeting for granting options beyond the mandate limit under the 2002 Share Option Scheme (“Scheme Mandate Limit”) provided the options in excess of the limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought and the Company shall comply with the applicable requirements of the Listing Rules. 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 schemes of the Company must not exceed thirty per cent (30%) of the Shares in issue from time to time.

The Directors have no intention to grant options under the 2002 Share Option Scheme prior to the Annual General Meeting.

The Directors propose that subject to approval of the Shareholders at the Annual General Meeting and such other requirements prescribed under the Listing Rules, the limit on grant of options under the 2002 Share Option Scheme and any other schemes of the Company will be refreshed to ten per cent (10%) of the Shares in issue as at the date of Annual General Meeting and options previously granted under all share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will be not be counted for the purpose of calculating the limit as refreshed.

As at the Latest Practicable Date, there were 501,209,644 Shares in issue. Assuming that there is no change in the issued share capital of the Company prior to the date of approving the Refreshed Mandate Limit, the maximum number of options attaching rights to subscribe for Shares that can be granted by the Company under the refreshed Mandate Limit would cause the issue of 50,120,964 Shares. There were 33,686,000 option Shares granted, of which 2,706,000 option Shares had lapsed and no Shares were exercised, under the 2002 Share Option Scheme since its adoption up to the Latest Practicable Date. If the Directors exercise the Refreshed Mandate Limit in full, the total aggregate number of Shares issuable upon exercise of options that can be granted under the 2002 Share Option Scheme and any other schemes of the Company and the exercise of outstanding options under the Old Share Option Scheme shall be 85,670,964 Shares (inclusive of 50,120,964 Shares being issued, 4,570,000 Shares which were outstanding under the Old Share Scheme and 30,980,000 Shares which were outstanding under the 2002 Share Option Scheme and any other schemes of the Company), representing approximately 17.09% of the Issued Share Capital.

The Issued Share Capital was enlarged as a result of allotment of consideration shares and placement of shares after the adoption of the 2002 Share Option Scheme. The number of options to be granted by the Company under the Refreshed Mandate Limit is greater than the Scheme Mandate Limit. The Directors consider that the Refreshed Mandate

LETTER FROM THE BOARD

Limit shall facilitate the Company to provide the necessary incentive to the Eligible Participants whose number might be increased in the course of any possible business expansion of the Group in future.

A summary of the principal terms of the 2002 Share Option Scheme is set out in the Appendix II to this circular on pages 12 to 18.

Conditions

The adoption of the Refreshed Mandate Limit of the 2002 Share Option Scheme and other schemes of the Company is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Refreshed Mandate Limit at the Annual General Meeting; and
- (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the 2002 Share Option Scheme.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for granting of the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of any options that may be granted under the 2002 Share Option Scheme.

RESPONSIBILITY

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

RECOMMENDATION

The Directors consider that the granting of the mandates to repurchase Shares and to issue new Shares and the refreshment of limit on grant of options under the share option schemes are all in the best interest of the Company and the Shareholders and so recommend you to vote in favour of all resolutions at the Annual General Meeting. The Directors will vote all their shareholdings, if any, in favour of the resolutions.

ANNUAL GENERAL MEETING

On pages 21 to 27 of the annual report of the Company in respect of the financial year ended 31 December 2002 is a notice of the Annual General Meeting.

The Annual General Meeting will be held at the board room of 8th Floor, Tianjin Building, 167 Connaught Road West, Hong Kong on Friday, 23 May 2003 at 11:00 a.m.

LETTER FROM THE BOARD

There is enclosed a form of proxy for use at the Annual General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy and return it to the office of the Company's Hong Kong branch registrars, Tengis limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, in accordance with the instructions printed thereon not less than forty-eight (48) hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting and at any adjournment thereof if they so wish.

DOCUMENT FOR INSPECTION

A copy of the terms of the 2002 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 office hours from the date hereof up to the date of the Annual General Meeting (or any adjournment hereof).

Your attention is drawn to the information contained in the Appendix hereto.

Yours faithfully
for and on behalf of the board of directors of
Technology Venture Holdings Limited
Chan Tze Ngon, Ron
Chairman

APPENDIX I EXPLANATORY STATEMENT ON SHARE REPURCHASE MANDATE

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. Share capital

As at 16 April 2003, being the latest practicable date prior to the printing of this document (the “Latest Practicable Date”), the issued share capital of the Company comprised 501,209,644 Shares of HK\$0.10 each of an aggregate amount of HK\$50,120,964.40.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 50,120,964 Shares.

2. Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share and will only be made when the Directors believe that such purchase will benefit the Company and its shareholders. The Directors have no present intention to repurchase the Shares.

3. Funding of repurchases

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the applicable law of Bermuda for the purpose. The Company is empowered by Section 15 of the bye-laws of the Company and Section 42A of the Companies Act of Bermuda to purchase its own Shares.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2002, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

APPENDIX I EXPLANATORY STATEMENT ON SHARE REPURCHASE MANDATE

4. Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the twelve (12) calendar months preceding the date of this document were as follows:

Month	Trading Price per Share	
	Highest (HK\$)	Lowest (HK\$)
April 2002	0.67	0.55
May 2002	0.68	0.54
June 2002	0.57	0.405
July 2002	0.445	0.193
August 2002	0.365	0.222
September 2002	0.31	0.249
October 2002	0.265	0.191
November 2002	0.25	0.198
December 2002	0.248	0.188
January 2003	0.225	0.188
February 2003	0.195	0.170
March 2003	0.182	0.137

5. Disclosure of interests and minimum public holding

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), has any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

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

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of exercise of the Company's powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code of Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Chan Tze Ngon, Ron held 82,614,000 Shares representing approximately 16.48 per cent. of the then existing issued Shares. Assuming that Chan Tze Ngon, Ron will not dispose of any of those Shares prior to the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage shareholding of Chan Tze Ngon, Ron in the Company would increase to approximately 18.31 per cent. of the then issued Shares.

The Directors are aware that no shareholder holds an interest of 10% or more of the Shares of the Company apart from Chan Tze Ngon Ron.

APPENDIX I EXPLANATORY STATEMENT ON SHARE REPURCHASE MANDATE
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On the basis of the current shareholding of Chan Tze Ngon, Ron, an exercise of the Repurchase Mandate in full will not result in it becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of any of the Company's shareholders to make a general offer under the Takeovers Code.

6. Repurchase of securities from connected parties

No connected person (that is, a director, chief executive or substantial shareholder of the Company or their respective associates (as defined in the Listing Rules)) of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him to the Company in the event that the Repurchase Mandate is passed.

7. Shares repurchase made by the Company

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the six (6) calendar months preceding the date of this document.

The following is a summary of the principal terms of the 2002 Share Option Scheme but does not form part of, nor was it intended to be, part of the 2002 Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the 2002 Share Option Scheme:

(a) Purpose of the 2002 Share Option Scheme

The purpose of the 2002 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 2002 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, consultants, agents and advisers, 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 2002 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 2002 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.

(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 2002 Share Option Scheme shall not, when aggregated with any Shares subject to any other schemes, exceed such number of Shares as represent ten per cent (10%) of the issued Shares as at the Adoption

Date (the “Scheme Mandate Limit”). The Company may seek approval from 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 ten per cent (10%) 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 2002 Share Option Scheme and any other scheme of the Company must not exceed thirty per cent (30%) 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 and outstanding options) in any 12-month period up to the date of grant of each Eligible Participant shall not exceed one per cent (1%) 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 one per cent (1%) 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 2002 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 no performance target which must be achieved before any of the options 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 2002 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 2002 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 2002 Share Option Scheme

The 2002 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 2002 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 2002 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 2002 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 2002 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 2002 Share Option Scheme.
- (iii) 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.

- (iv) Any change to the authority of the Directors or the 2002 Share Option Scheme administrators in relation to any alteration to the terms of the 2002 Share Option Scheme must be approved by Shareholders in a general meeting.

(r) Conditions of the 2002 Share Option Scheme

The 2002 Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution to terminate the Old Share Option Scheme and to adopt the 2002 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 2002 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 (0.1%) 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 2002 Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the 2002 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 2002 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 2002 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 2002 Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the 2002 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.