

IMPORTANT

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MOBICON GROUP LIMITED

萬保剛集團有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

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* *Independent non-executive Directors*

14 July 2003

To the shareholders of the Company (the “Shareholders”),

Dear Sir or Madam,

**PROPOSALS FOR ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF EXISTING SHARE OPTION SCHEME,
AND RENEWAL OF GENERAL MANDATES
FOR THE REPURCHASE
BY THE COMPANY OF ITS OWN SHARES
AND THE ISSUE OF NEW SHARES**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed adoption of new share option scheme (the “**New Share Option Scheme**”) by Mobicon Group Limited (the “**Company**”), the proposed termination of the existing share option scheme adopted by the Company on 18 April 2001 (the “**Existing Share Option Scheme**”) and the proposed

* *For identification purpose only*

renewal of the general mandates for the repurchase by the Company of its own shares of HK\$0.10 each (the “**Shares**”) and the issue of new Shares and to seek your approval of the ordinary resolutions to these matters at the annual general meeting to be held by the Company on 8 August 2003 (the “**Annual General Meeting**”).

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

Introduction

On 23 August 2001, The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) announced amendments to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) which came into effect on 1 September 2001. In compliance with the amendments to the Listing Rules and for reasons set out in this circular, the board of directors of the Company (the “**Board**”) considers that it is in the best interest of the Company to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme.

The purpose of this circular is to provide you with information in respect of the ordinary resolution to be proposed at the Annual General Meeting for the approval of the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

The New Share Option Scheme

At the Annual General Meeting, an ordinary resolution will be proposed for the Company to approve the adoption of the New Share Option Scheme pursuant to which the eligible persons may be granted options to subscribe for Shares upon and subject to the terms and conditions of the rules of the New Share Option Scheme.

A summary of the principal terms of the rules of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in the Appendix to this circular. A copy of the New Share Option Scheme is available for inspection at the principal place of business of the Company at 7th Floor, New Trend Centre, 704 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong during normal business hours for a period of 14 days before and at the Annual General Meeting.

On 18 April 2001, the Company adopted the Existing Share Option Scheme for the full time employees of the Company or any of its subsidiaries, including any executive director of the Company and any of such subsidiaries (the “**Eligible Grantees**”) pursuant to which options to subscribe for an aggregate of up to 10% of the issued share capital of the Company from time to time can be granted. As at 11 July 2003 (the latest practicable date prior to the printing of this circular) (the “**Latest Practicable Date**”), the issued share capital of the Company comprises 200,000,000 Shares and the Company has not granted any option under the Existing Share Option Scheme to the Eligible Grantees as at the Latest Practicable Date. The directors of the Company (the “**Directors**”) confirm that prior to the Annual General Meeting, they will not grant any options under the Existing Share Option Scheme. There is no other share option scheme of the Company besides the Existing Share Option Scheme. Pursuant to the rules of the Existing Share Option Scheme, the Company may by resolution in general meeting terminate the operation of the Existing Share Option Scheme at any time. The Existing Share Option Scheme will be terminated on the New Share Option Scheme coming into effect upon the fulfilment of the conditions set out below.

The New Share Option Scheme is conditional upon:

- (i) the passing of the relevant ordinary resolution at the Annual General Meeting approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the options to be granted under the New Share Option Scheme not exceeding 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, that is, the date of passing of the said ordinary resolution by the Shareholders at the Annual General Meeting.

The Existing Share Option Scheme will be terminated on the New Share Option Scheme coming into effect upon fulfilment of the conditions set out above. Upon termination of the Existing Share Option Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Existing Share Option Scheme shall remain in force and any option granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

Assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the number of Shares that may be issued upon exercise of all options to be granted pursuant to the New Share Option Scheme and any other share option schemes will be 20,000,000 Shares, representing 10% of the Company's issued capital as at the date of passing of the relevant ordinary resolution for the adoption of the New Share Option Scheme.

If the Company seeks approval by its Shareholders in general meeting to "refresh" the above 10% limit, the Company must, in addition to compliance with the relevant requirements under the Listing Rules, submit a formal application applying for the listing of, and permission to deal in, the securities to be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed. Such securities to be issued must not exceed 10% of the relevant class of securities in issue as at the date of approval of the refreshed limit, that is, the date of passing of the relevant resolution(s) by the Shareholders at general meeting.

The Directors consider that it is not appropriate to state the value of all the options that may be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such options include, the subscription price for the Shares upon the exercise of the subscription rights attaching to the options, the time frame on the granting of such options, the period during which the subscription rights may be exercised and any other conditions that the Board imposed on the options and whether or not such options if granted will be exercised by the option holders. The subscription price payable for the Share depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant options under the New Share Option Scheme. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility the Share price may be subject to during the ten year life span of the New Share Option Scheme. In the premises,

the Directors are of the view that the value of the options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical 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.

Application for listing

Application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options to be granted under the New Share Option Scheme not exceeding 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

Reasons for the adoption of the New Share Option Scheme

To be in line with the current Listing Rules in relation to share option schemes and in order for the Company to attract, retain and motivate talented eligible persons under the New Share Option Scheme, to strive for the future development and expansion of the Company and its subsidiaries (together, the “**Group**”) and to provide the Company with more flexible means of giving incentive to, rewarding and providing benefits to those eligible persons, the Board proposes that the New Share Option Scheme for the eligible persons be approved and adopted at the Annual General Meeting and the Existing Share Option Scheme be terminated.

A summary of the principal terms of the rules of the New Share Option Scheme is attached in the Appendix hereto. As you will see, the New Share Option Scheme permits the Company to grant options to a wider category of eligible persons, and not just the Eligible Grantees as under the Existing Share Option Scheme. Under the rules of the New Share Option Scheme, the Board has discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Board to provide incentive to the eligible person to remain as an eligible person during the minimum period, thereby enabling the Group or the relevant invested entity to continue to benefit from the services of such eligible person during such period. Although the rules of the New Share Option Scheme do not provide for the granting of options with right to subscribe for Shares at a discount to the trading price of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Board in granting options to eligible persons, other than the Eligible Grantees, and to impose a minimum period for which the options have to be held, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

Pursuant to Rule 17.02(1)(a) of the Listing Rules, an announcement on the outcome of the Annual General Meeting for the adoption of the New Share Option Scheme will be published by the Company in the newspapers on the business day following the Annual General Meeting.

GENERAL MANDATE TO ISSUE SHARES

Approval is being sought from the Shareholders at the Annual General Meeting to grant a general mandate in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable for the Company to issue shares equal in aggregate to up to 20 per cent of its existing issued share capital as at the date of the passing of the relevant resolution. The obtaining

of such a mandate is in accordance with the Listing Rules. The Directors wish to state that they have no immediate plans to issue any new share of the Company.

SHARE BUY BACK MANDATE

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities, subject to certain restrictions, on the Stock Exchange. At the Annual General Meeting, a resolution will be proposed to grant the Directors a general mandate to, inter alia, repurchase up to 10 per cent of the issued share capital of the Company as at the date of the passing of the relevant resolution (the “**Buyback Mandate**”). In addition, a resolution will be proposed to provide the Directors with a general mandate to allot and issue shares of the Company up to an amount not exceeding 20 per cent of the share capital of the Company in issue as at the date of the passing of such resolution and adding to such general mandate, by a separate resolution to be proposed at the Annual General Meeting, any share repurchased by the Company pursuant to the Buyback Mandate (up to a maximum of 10 per cent of the Company’s issued share capital as at the date of the passing of the resolution). The Company is required by the relevant rules set out in the Listing Rules regulating such share repurchases to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. Such information is provided below.

(i) Listing Rules

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully-paid up securities on the Stock Exchange subject to certain restrictions.

(ii) Exercise of the Buyback Mandate

Exercise in full of the Buyback Mandate, on the basis of 200,000,000 Shares in issue as at the Latest Practicable Date, could accordingly result in up to 20,000,000 shares being repurchased by the Company during the course of the period from the passing of the relevant ordinary resolution granting the Buyback Mandate until the conclusion of the next annual general meeting or when revoked or varied by ordinary resolutions of the Shareholders in general meeting or the expiration of the period within which the next annual general meeting is required by statute or the bye-laws of the Company to be held, whichever occurs first.

(iii) Reasons for repurchase

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to repurchase the shares on the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

(iv) Funding of repurchase

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company. In the event that any repurchase will or will be likely to have an adverse impact on the working capital or gearing position of the Company, the Company will not proceed with such repurchase.

It is not envisaged by the Directors that any repurchase of Shares pursuant to the Buyback Mandate (including a repurchase of the maximum number of Shares under such mandate effected in full at any time during the period of the mandate) would have a material adverse impact on the working capital or gearing position of the Company (as compared with the financial position of the Company as at 31 March 2003 (being the date of its latest audited consolidated financial statements)).

(v) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their respective associates, has any present intention, if the Buyback Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

If as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") currently in force and issued by the Securities and Futures Commission of Hong Kong. As a result, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

No connected person (as defined in the Listing Rules) has notified the Company that he or she or it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Buyback Mandate is approved by the Shareholders.

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

As at the Latest Practicable Date, M2B Holding Limited, Bestmark Management Limited and Mr. Hung Ying Fung, were the registered holders of 90,000,000 shares, 30,000,000 shares and 30,000,000 shares of the Company respectively representing approximately 45 per cent., 15 per cent. and 15 per cent. of the issued share capital of the Company respectively. In the event that the power to repurchase Shares is exercised in full, the shareholding of M2B Holding Limited, Bestmark Management Limited and Mr. Hung Ying Fung, together with their respective associates, in the Company would be increased to approximately 50 per cent., 16.7 per cent. and 16.7 per cent. of the issued share capital of the Company respectively. The Directors are aware that such increase may give rise to an

obligation to make a mandatory offer under Rule 26 of the Takeovers Code and reduce the amount of Shares held by the public to less than 25 per cent.. The Company has no intention to repurchase Shares to such an extent which will result in the amount of Shares held by the public being reduced to less than 25 per cent.. The Company has no present intention to exercise the Buyback Mandate to such an extent as would result in takeover obligations.

The Company has not repurchased any securities of the Company on the Stock Exchange or otherwise in the six months prior to the date of this circular.

(vi) Share prices

The highest and lowest prices at which the shares of the Company have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

2002		
month	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
July	0.97	0.93
August	0.97	0.94
September	0.97	0.93
October	0.96	0.94
November	0.97	0.92
December	1.01	0.94
2003		
month	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
January	0.97	0.87
February	0.96	0.92
March	1.01	0.95
April	1.01	0.95
May	0.98	0.93
June	0.99	0.94

RECOMMENDATION

The Directors of the Company consider that the adoption of the New Share Option Scheme, the termination of the Existing Share Option Scheme, the general mandate to issue Shares and the Buyback Mandate are in the best interests of the Company and its Shareholders and accordingly recommend that all Shareholders should vote in favour of the relevant ordinary resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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.

Yours faithfully,
Hung Kim Fung, Measure
Chairman

This Appendix summaries 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.

(a) Purpose of the New Share Option Scheme

The New Share Option Scheme is set up for the purpose of recognising and motivating the contribution of the eligible persons (as more particularly set out in sub-paragraph (b) below) to the Company and/or any of its subsidiaries (the “**Subsidiary**”) and/or any Invested Entity (as defined below).

(b) Who may join

The board of Directors or a duly authorised committee thereof (the “Board”) may at any time on any business day following the date of adoption and before the tenth anniversary thereof, offer to grant to any person belonging to any of the following classes of participants, an option to subscribe for Shares at a price determined as described in sub-paragraph (e) below.

- (aa) any employee (whether full time or part time including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any entity (the “**Invested Entity**”) in which the Group holds any equity interest;
- (bb) any non-executive Director (including any independent non-executive Director) of the Company, any Subsidiary or any Invested Entity;
- (cc) any supplier of goods or services to any member of the Company, any Subsidiary or any Invested Entity;
- (dd) any customer of the Company, any Subsidiary or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to the Company, any Subsidiary or any Invested Entity;
- (ff) any shareholder of any member of the Company, any Subsidiary or any Invested Entity or any holder of any securities issued by any member of the Company, any Subsidiary or any Invested Entity;
- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Company, any Subsidiary or any Invested Entity; and
- (hh) any joint venture partner or business alliance that co-operates with any member of the Company, any Subsidiary or any Invested Entity in any area of business operation or development,

and, for the purposes of the New Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to the above classes of participants. For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Company or its subsidiaries to any person who fall within any of the above classes of participants shall not, by itself, unless the Board otherwise determines, be construed as a grant of option.

The basis of eligibility of any of the above classes of participants to the grant of any option shall be determined by the Board from time to time.

(c) Maximum number of Shares

The maximum number of Shares which may be issued upon all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company will not exceed 30% of the issued share capital of the Company from time to time provided that:

- (aa) the total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other schemes must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of passing of the ordinary resolution adopting the New Share Option Scheme unless Shareholders' approval has been obtained pursuant to sub-paragraphs (bb) and (cc) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the 10% limit;
- (bb) the Board may, after issuing a circular to the Shareholders containing such relevant information required under note (1) to Rule 17.03(3) of the Listing Rules, seek approval by Shareholders in general meeting to refresh the 10% limit. However, the total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other schemes in these circumstances must not exceed 10% of the issued share capital of the Company as at the date of approval of the limit. Options previously granted under the New Share Option Scheme and any other schemes (including those outstanding, cancelled, lapsed in accordance with the terms of the New Share Option Scheme or any other schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed; and
- (cc) the Board may, after issuing a circular to the Shareholders containing such relevant information required under note (1) to Rule 17.03(3) of the Listing Rules, seek separate Shareholders' approval in general meeting to grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specified by the Board before such approval is sought.

Despite the provisions set out in (aa) to (cc) above, the Company may not grant any option under the New Share Option Scheme and any other share option schemes of the Company if this will result in the above 30% limit being exceeded.

No option may be granted to any one person in any 12-month period which, if exercised in full, would result in the total number of Shares already issued to him/her under all the options previously granted to him/her which have been exercised and, issuable to him/her under all the options previously granted to him/her which are for the time being subsisting and unexercised, exceeding 1% of the share capital of the Company in issue on the last date of such 12-month period unless approval by the Shareholders in a general meeting with such person and his/her associates abstaining from voting has been obtained in accordance with the Listing Rules. For this purpose, the Company shall prepare and deliver to the Shareholders a circular setting out (i) the details of the number and terms (including the subscription price) of the options to be granted to such person, (ii) a recommendation from the independent non-executive directors for the time being of the Company (excluding any independent non-executive director who is the relevant grantee of the options) to the independent Shareholders as to voting, (iii) the information required under Rules 17.02(2)(c) and 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and (iv) such other information as required to be set out by the Stock Exchange under the Listing Rules from time to time.

No grant of option shall be made by the Board after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in the newspapers. In particular, during the period commencing 1 month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange pursuant to paragraph 12 of the Listing Agreement) for the approval of the Company's annual results or interim results, and (ii) the deadline for the Company to publish announcement of its annual results or interim results under the Listing Agreement, and ending on the date of the results announcement, no option may be granted.

(d) Grant of option to connected persons (has the same meaning as ascribed in the Listing Rules)

Any grant of options to a Director, chief executive or substantial Shareholder or any of their respective associates (has the same meaning as ascribed in the Listing Rules) must be approved by all 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 substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options, when aggregated with the options already granted to (including options exercised, cancelled and outstanding) that person in the past 12-month period, would entitle him/her to receive more than 0.1% of the total issued Shares for the time being and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000.00, the proposed grant shall be subject to the approval of Shareholders in general meeting in accordance with the Listing Rules.

For this purpose, the Company shall prepare and deliver to the Shareholders a circular. All connected persons for the time being of the Company (if any) (except where any connected person intends to vote against the proposed grant of options and that his/her intention to do so has been stated in the circular) shall abstain from voting at such general meeting and at which any vote taken shall be taken on a poll.

(e) Price for Shares

The subscription price for Shares under the New Share Option Scheme will be a price determined by the Board and notified to each grantee and will 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 date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant and (iii) the nominal value of the Shares.

(f) Time of acceptance and exercise of option

An offer of grant of an option may be accepted by a participant not more than 30 days after the relevant offer date. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of option. Subject to the provisions of the New Share Option Scheme regarding expiry of options, an option may be exercised in whole or in part in accordance with the terms of the New Share Option Scheme during the period to be notified by the Board to each grantee but shall in any event not more than 10 years from the date of grant of the option.

(g) Performance targets

Unless the Board otherwise determines and states in the offer letter for the grant of options to a grantee, a grantee shall not have to achieve any performance target before any option can be exercised by him or her. No performance targets are specifically stipulated under the New Share Option Scheme.

(h) Rights are personal to grantee

An option may not be sold, transferred, charged, mortgaged or assigned and is personal to the grantee.

(i) Rights on ceasing employment

If the grantee ceases to be an eligible employee or Director of the Group under the New Share Option Scheme, his/her outstanding options must lapse on or before:

- (aa) the date of cessation, if the grantee has been dismissed on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction for criminal offence;
- (bb) the date which is 12 months after the date of cessation, where cessation occurs by reason of death of the grantee; or

- (cc) the date which is 3 months after the date of cessation, in the case of resignation, retirement, expiry of employment contract or termination of employment of the grantee on grounds other than those set out in (aa) and (bb) above.

(j) Rights on winding-up

In the event of notice being given by the Company of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or his/her personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than 2 business days prior to the proposed general meeting of the Company by giving 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. With effect from the date of the proposed general meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended.

(k) Rights on a general (or partial) offer

If a general (or partial) offer (whether by way of take-over offer, share re-purchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (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 will use its best endeavours to procure that an appropriate offer is extended to all the grantees (on comparable terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders). If such general (or partial) offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time within 30 days after the date on which such general (or partial) offer becomes or is declared unconditional.

(l) Rights on a compromise or arrangement

In the event that a compromise or arrangement between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees on the same day as it gives notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement. Each grantee (or his/her personal representative(s)) is entitled to exercise his/her option in whole or in part (to the extent not already exercised), at any time no later than 2 business days prior to the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement 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. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended.

(m) Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry any voting rights until completion of the registration of the grantee as the holder thereof in accordance with the bye-laws of the Company. Subject to the aforesaid, the Shares to be allotted 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* with the fully paid Shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option 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 of exercise of the option.

(n) Effect of alteration to capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable arising from capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company, but excluding any alteration in the share capital of the Company as a result of the issue of securities of the Company as consideration in a transaction, such corresponding adjustments shall be made to the number or nominal amount of Shares (insofar as the relevant option is unexercised) and/or the subscription price, provided that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value or which would be to increase or reduce the proportion of the issued share capital of the Company for which any grantee would have been entitled to subscribe had he/she exercised all the options held by him/her immediately prior to such adjustments. Any such adjustments (except in case of an alteration in the share capital of the Company by way of capitalisation of profits or reserves) shall be certified by an independent financial adviser or the auditors for the time being of the Company as being fair and reasonable, and on the basis that 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 alteration.

(o) Period of the New Share Option Scheme

The New Share Option Scheme shall remain in force for a period of 10 years commencing on the date of its adoption.

(p) Cancellation

Any cancellation of options granted but not exercised must be approved by the Shareholders in general meeting, with the grantees and their associates abstaining from voting. The vote taken at the general meeting to approve such cancellation shall be taken by poll. The cancelled option shall be treated as if it were outstanding option granted under the New Share Option Scheme for the purpose of calculating the aggregate number of Shares issued or issuable or which may be issuable under the New Share Option Scheme. Any grant of new options to the same participant may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled options) and in compliance with the terms of the New Share Option Scheme, in particular within the limit approved by the Shareholders and, subject to the maximum number of Shares available for subscription referred to in sub-paragraph (c).

(q) Termination of the New Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force. All options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(r) Lapse of Option

An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (aa) the expiry of the option period;
- (bb) the expiry of the periods referred to in sub-paragraphs (i), (j) or (k), respectively;
- (cc) subject to the compromise or arrangement referred to in sub-paragraph (l) becoming effective, the date on which such compromise or arrangement becomes effective;
- (dd) the date of the commencement of the winding up of the Company;
- (ee) the date on which the grantee ceases to be an eligible employee by reason of the termination of his/her employment on any one or more of the grounds that he/she has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty. A resolution of the Board or the board of directors of the relevant subsidiary or Invested Entity to the effect that the employment of a grantee has or has not been terminated on one or more of the above grounds shall be conclusive; and
- (ff) the date on which the Board shall exercise the Company's rights to cancel the option at any time after the grantee has committed a breach of sub-paragraph (h).

(s) Alterations to the New Share Option Scheme

The rules of the New Share Option Scheme may be altered in any respect by a resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to extend the class of persons eligible for the grant of options to the advantage of any of the grantees or prospective grantees without the prior approval of the Shareholders in general meeting where the grantees and their associates must abstain from voting. Any alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted under the New Share

Option Scheme must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. Any change to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall be approved by the Shareholders in general meeting. The amended terms of the New Share Option Scheme or the options to be granted thereunder must still comply with the relevant requirements of Chapter 17 of the Listing Rules from time to time.