

**PRE-IPO SHARE OPTION SCHEME**

The purpose of the Pre-IPO Share Option Scheme is to, amongst others, give the participants an opportunity to have a personal stake in our Company and help motivate the participants to optimise their performance and efficiency and retain the participants whose contributions are important to the long-term growth and profitability of our Company. The principal terms of the Pre-IPO Share Option Scheme conditionally approved and adopted on 4 March 2004 are substantially the same as the terms of the Share Option Scheme (where applicable) except for the following principal terms:

- (a) the subscription price per Share shall be the Offer Price;
- (b) the maximum number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme shall be 65,000,000 Shares; and
- (c) save for the options which have been granted but have not lapsed, been cancelled or exercised in full (with details set out below), no further options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange.

Application has been made to the Listing Committee for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options conditionally granted under the Pre-IPO Share Option Scheme.

As at the date of this prospectus, in consideration of HK\$1.00 per option, 597 options to subscribe for an aggregate of 58,400,000 Shares, representing approximately 7.9 per cent. of the issued share capital of the Company immediately after the Global Offering, Capitalisation Issue and Conversion (assuming that the Over-allotment Option is not exercised), at an exercise price equal to the Offer Price have been conditionally granted to 597 grantees under the Pre-IPO Share Option Scheme. Each option has a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth, and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80%, and 100% respectively of the Shares comprised in his or her option (less any number of Shares in respect of which the option has been previously exercised). Save for the number of Shares which may be subscribed for pursuant to the exercise of options, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. Details of the options that have been conditionally granted to certain Directors are disclosed under the section headed “4. Disclosure of Interests — A. Interests of the Directors in the share capital of our Company” in Appendix V to the prospectus.

Particulars of the options that have been conditionally granted to (i) all directors; (ii) general managers and assistant general managers; and (iii) managers of our Company who may acquire most Shares under the Pre-IPO Share Option Scheme if the options are exercised in full are set out as follows:

(i) **Directors**

| <b>Grantee and Position<br/>in the Company</b>      | <b>Address</b>   | <b>Date of Grant</b> | <b>Number of<br/>Shares subject<br/>to the option</b> | <b>Exercise price</b> |
|---|--|----------------------|---|-----------------------|
| NING Gao Ning, Chairman                             | 8th Floor<br>No. 7 Sing Woo Crescent<br>Hong Kong                                  | 11 March 2004        | 1,000,000   | Offer Price           |
| JIANG Wei,<br>Non-executive Director                | Room 3206, Block D<br>Fortress Metro Tower<br>238 King's Road<br>Hong Kong         | 11 March 2004        | 800,000   | Offer Price           |
| LI Fu Zuo,<br>Non-executive Director                | Flat B, 17th Floor<br>Minster Court<br>38 Ming Yuen Western<br>Street<br>Hong Kong | 11 March 2004        | 600,000   | Offer Price           |
| WU Jun,<br>Non-executive Director                   | Room 323, Block A<br>Causeway Centre, 28<br>Harbour Road, Hong Kong                | 11 March 2004        | 600,000   | Offer Price           |
| HUANG Zhi Jian,<br>Non-executive Director           | Room 442, Block A, Ming<br>Yuen Mansion Phase 2<br>Peacock Road, Hong Kong         | 11 March 2004        | 400,000   | Offer Price           |
| SINN Chung Ming, Anthony,<br>Non-executive Director | 12C, Block 3, Phase 3<br>Belvedere Garden, Tsuen<br>Wan, Kowloon                   | 11 March 2004        | 400,000   | Offer Price           |
| LEUNG Kai Hung, Michael,<br>Vice Chairman           | Flat A, 16th Floor, Block 3<br>Garden Terrace<br>8A Old Peak Road<br>Hong Kong     | 11 March 2004        | 4,500,000   | Offer Price           |
| LEUNG Ka On, Charlotte,<br>Executive Director       | 20C The Albany<br>1 Albany Road<br>Hong Kong                                       | 11 March 2004        | 3,000,000   | Offer Price           |
| WONG Man Kwan, Willie,<br>Executive Director        | Apt 2401-B<br>10 Broadwood Road<br>Hong Kong                                       | 11 March 2004        | 3,000,000   | Offer Price           |
| HENSHAW Charles Guy,<br>Executive Director          | Flat D 1/F<br>122 Pok Fu Lam Road<br>Hong Kong                                     | 11 March 2004        | 3,000,000   | Offer Price           |

The above 10 grantees under this category (i) have been conditionally granted an aggregate of 17,300,000 Shares.

## (ii) General managers and assistant general managers

| Grantee and Position<br>in the Company  | Address   | Date of Grant | Number of<br>Shares subject<br>to the option | Exercise price |
|---|---|---------------|--|----------------|
| BAIREKTAR Ali,<br>Group General Manager,<br>Engineering                       | Flat B, 18/F<br>Block 1 Victoria Garden<br>301 Victoria Road<br>Hong Kong           | 11 March 2004 | 1,000,000                                    | Offer Price    |
| CHAN Hau Yee Hilda,<br>General Manager,<br>Customer Service                   | Flat C, 6/F., Tower 7<br>Parc Oasis<br>Tat Chee Ave<br>Yau Yat Chuen<br>Kowloon     | 11 March 2004 | 1,000,000                                    | Offer Price    |
| CHOW Ka Lun (Alan),<br>General Manager, Sales                                 | Flat C, 22/F., Block 3<br>Baycrest, Ma On Shan<br>New Territories                   | 11 March 2004 | 1,000,000                                    | Offer Price    |
| HUI Kwok Miu (Komix),<br>Assistant General Manager,<br>Information Technology | 10/F, Tai Wah Mansion<br>178 Prince Edward Road,<br>Kowloon                         | 11 March 2004 | 1,000,000                                    | Offer Price    |
| KONG Kin Sing (James),<br>Chief Financial Officer                             | Room 1202, Block 35<br>Heng Fa Chuen<br>Chai Wan<br>Hong Kong                       | 11 March 2004 | 1,000,000                                    | Offer Price    |
| LEE Fan Fung Sean,<br>General Manager,<br>Technology Management               | 2/F., 110<br>Tung Tsz Shan Road<br>Tai Po<br>New Territories                        | 11 March 2004 | 1,000,000                                    | Offer Price    |
| SIT Kwong Cheong Kocher,<br>General Manager, Marketing                        | Flat 3308<br>Tong Wong House<br>Tong Ming Court<br>Tseung Kwan O<br>New Territories | 11 March 2004 | 1,000,000                                    | Offer Price    |

The above 7 grantees under this category (ii) have been conditionally granted an aggregate of 7,000,000 Shares.

## (iii) Managers

| <b>Grantee and Position<br/>in the Company</b>                   | <b>Address</b>   | <b>Date of Grant</b> | <b>Number of<br/>Shares subject<br/>to the option</b> | <b>Exercise price</b> |
|--|--|----------------------|---|-----------------------|
| CHAN Cho Fai (Jofred),<br>International Service<br>Manager       | 81C, Broadway<br>12/F., Mei Foo Sun Chuen<br>Kowloon   | 11 March 2004        | 200,000   | Offer Price           |
| CHAN Ho (Mike),<br>Business System Manager                       | Ft A, 17/F, Blk 7<br>Hong Kong Gdn<br>100 Castle Peak Rd.<br>Tsing Lung Tau<br>New Territories | 11 March 2004        | 200,000   | Offer Price           |
| CHAN Man Wai,<br>Network Quality &<br>Performance Manager        | Flat A, 34/F.<br>Blk 3, Sceneway Garden<br>Lamtin  | 11 March 2004        | 200,000   | Offer Price           |
| CHAN Shuk Ying (Temmy),<br>Customer Care Hotline<br>Manager      | Ft. 401, 4/F.<br>Blk. 28, Heng Fa Chuen<br>Hong Kong   | 11 March 2004        | 200,000   | Offer Price           |
| CHAN Wing (Iris),<br>Employee Services<br>Manager                | Flat 3, 9/F.<br>Goldfield Building<br>Connaught Road West<br>Hong Kong                         | 11 March 2004        | 200,000   | Offer Price           |
| CHAO Cheung Wah<br>(Dennis),<br>Manager, Implementation          | Flat C, 6/F.<br>Yat Wing Mansion<br>Lei King Wan<br>Hong Kong                                  | 11 March 2004        | 200,000   | Offer Price           |
| CHENG Kai Leung (Alex),<br>Manager, Switching<br>Network         | Flat H, 31/F.<br>Ko Fung Court<br>5 Fook Yum Road<br>North Point<br>Hong Kong                  | 11 March 2004        | 200,000   | Offer Price           |
| CHOW Suet Ying (Louise),<br>Product Manager                      | GPO Box 98811<br>TST Post Office   | 11 March 2004        | 200,000   | Offer Price           |
| CHU Pui Fung Anni (Anita),<br>Compensation & Benefits<br>Manager | Flat 3716<br>Kam Ling House<br>Kam Fung Court<br>Ma On Shan<br>New Territories                 | 11 March 2004        | 200,000   | Offer Price           |
| FUNG Hoi Lam Melinda,<br>Manager, Business System                | Flat B, 17/F., Tower 1<br>Ocean View<br>1 Po Tai Street<br>Ma On Shan<br>New Territories       | 11 March 2004        | 200,000   | Offer Price           |
| FUNG Se Hoi (Ocean),<br>Network Service Manager                  | Flat G, 31/F., Block 6<br>Discovery Park<br>Tsuen Wan<br>New Territories                       | 11 March 2004        | 200,000   | Offer Price           |

| <b>Grantee and Position<br/>in the Company</b>               | <b>Address</b>   | <b>Date of Grant</b> | <b>Number of<br/>Shares subject<br/>to the option</b> | <b>Exercise price</b> |
|--|--|----------------------|---|-----------------------|
| LAI Sau Ling Joanna,<br>Customer Relations<br>Manager        | 23/F., B, Graceful Court<br>27-37 Hill Rd.<br>Western<br>Hong Kong                         | 11 March 2004        | 200,000   | Offer Price           |
| LAM Kwok Kin (Lincoln),<br>Channel Sales Manager             | Flat H, 9/F., Block 5<br>Coastal Skyline<br>12 Tung Chung Waterfront<br>Road<br>Tung Chung | 11 March 2004        | 200,000   | Offer Price           |
| LAU Kin Chuen Kenneth,<br>Senior Manager, Retail<br>Sales    | Room 9, 13/F.<br>Chung Pak House<br>Hong Pak Court<br>Lam Tin<br>Kowloon                   | 11 March 2004        | 200,000   | Offer Price           |
| LAU Wing Wah Varina,<br>Manager, Office<br>Administration    | Ft. F, 5/F., Blk. 27<br>Laguna City, Lam Tin<br>Kowloon                                    | 11 March 2004        | 200,000   | Offer Price           |
| LEUNG Po Fong (Felice),<br>Customer Care Centre<br>Manager   | Room 103A<br>Oriental Garden<br>236 Prince Edward Road<br>Kowloon                          | 11 March 2004        | 200,000   | Offer Price           |
| LI Ho Chau Everett,<br>Manager, Fraud & Credit<br>Control    | Flat B, 10/F<br>9-17 Tin Lok Lane<br>Wan Chai<br>Hong Kong                                 | 11 March 2004        | 200,000   | Offer Price           |
| LIN Chi Chian (Terence),<br>Cell Planning Manager            | 30/F., A, Block 1<br>Kenswood Court<br>Kingswood Villas<br>Tin Shui Wai<br>New Territories | 11 March 2004        | 200,000   | Offer Price           |
| LUK Sui Keung,<br>Manager, Facilities & Site                 | Flat F, 6/F., Block 4<br>Eightland Gardens<br>2 On Chee Road<br>Tai Po<br>New Territories  | 11 March 2004        | 200,000   | Offer Price           |
| MA Kar Yee Bonnie,<br>Site Management Manager                | Flat 606, Block L<br>Amoy Garden<br>Ngau Tau Kok<br>Kowloon                                | 11 March 2004        | 200,000   | Offer Price           |
| MAK Kit Wai (Connie),<br>Marketing<br>Communications Manager | 81C, 12/F., Broadway<br>Mei Foo Sun Chuen<br>Kowloon                                       | 11 March 2004        | 200,000   | Offer Price           |

| <b>Grantee and Position<br/>in the Company</b>                   | <b>Address</b>   | <b>Date of Grant</b> | <b>Number of<br/>Shares subject<br/>to the option</b> | <b>Exercise price</b> |
|--|--|----------------------|---|-----------------------|
| PAN Hsiao Chi (Mike),<br>Network Performance<br>Manager          | Flat A, 20/F., Jade Heights<br>Belair Garden<br>Shatin<br>New Territories                        | 11 March 2004        | 200,000   | Offer Price           |
| PANG Yin Hung (Tamara),<br>Customer Service Planning<br>Manager  | Ft C, 8/F.<br>Sing Kong Building<br>233–243 Lockhart Road<br>Wanchai<br>Hong Kong                | 11 March 2004        | 200,000   | Offer Price           |
| POON Wai Kuen (Jack),<br>Data Network Manager                    | Flat D, 12/F., Block 2<br>Eldo Court<br>Tuen Mun<br>New Territories                              | 11 March 2004        | 200,000   | Offer Price           |
| SIU Ching Man,<br>Customer Care Manager                          | Flat 10, 15/F. Blk B<br>Hiu Sing Hse Hiu Lai Court<br>Hiu Kwong Street<br>Kwun Tong              | 11 March 2004        | 200,000   | Offer Price           |
| SUN Shun Tak (Steve),<br>Manager, Revenue &<br>Planning          | Flat H, 21/F.<br>Wah Cheong Court<br>Fortune Plaza<br>4 On Chee Rd.<br>Tai Po<br>New Territories | 11 March 2004        | 200,000   | Offer Price           |
| TING Alice,<br>Manager, Training                                 | 10/F., Flat B<br>Wilton Place<br>No. 18 Park Road<br>Hong Kong                                   | 11 March 2004        | 200,000   | Offer Price           |
| TING Kam Chuen (Andy),<br>Manager, Switch<br>Operations          | Flat F, 23/F.<br>Nam Tien Mansion<br>18C Tai Koo Shing Road<br>Quarry Bay<br>Hong Kong           | 11 March 2004        | 200,000   | Offer Price           |
| TONG Kim Ho,<br>Business System Manager                          | Flat B, 17/F. Tower 1<br>Ocean View<br>1 Po Tai Street<br>Ma On Shan<br>New Territories          | 11 March 2004        | 200,000   | Offer Price           |
| TONG Pui Man (Josephine),<br>Corporate<br>Communications Manager | 1/F., 44 Robinson Road<br>Mid-levels<br>Hong Kong  | 11 March 2004        | 200,000   | Offer Price           |
| TSO Man (Almond),<br>Manager, Sales Logistics<br>Management      | Flat C, 5/F, Block 7<br>Flora Plaza<br>88 Pak Wo Rd<br>Fanling<br>New Territories                | 11 March 2004        | 200,000   | Offer Price           |

| Grantee and Position in the Company                              | Address   | Date of Grant | Number of Shares subject to the option | Exercise price |
|--|---|---------------|--|----------------|
| WONG Choi Ping (Rebecca),<br>Site Management Manager             | Flat 7, 21/F., Block B<br>King Pik Hse<br>King Shan Court<br>Ngau Chi Wan<br>Kowloon              | 11 March 2004 | 200,000                                | Offer Price    |
| YAM Wai Wah Jenny,<br>Manager, Finance &<br>Accounting           | Ft B, 29/F, Blk 13<br>Wonderland Villas<br>Kwai Chung<br>New Territories                          | 11 March 2004 | 200,000                                | Offer Price    |
| YEUNG Chi Wang (Eric),<br>Senior Manager, Contract<br>Management | Flat C, 9/F., Peony Court<br>Fulrich Garden<br>9 Kung Lok Rd<br>Kwun Tong<br>Kowloon<br>Hong Kong | 11 March 2004 | 200,000                                | Offer Price    |

The above 34 grantees under this category (iii) have been conditionally granted an aggregate of 6,800,000 Shares.

None of the grantees under the categories (ii) and (iii) above is a connected person (as such term is defined in the Listing Rules) of the Company. Grantees under category (i) above are our Directors and are therefore connected persons of the Company.

In addition to the above grantees, 546 employees of the Company, who are all members of our general staff, have each been conditionally granted an option for 50,000 Shares under the Pre-IPO Share Option Scheme. These options represent an aggregate of 27,300,000 Shares.

The exercise of the options is conditional on (1) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares on the Stock Exchange which may be issued pursuant to the exercise of options conditional granted under the Pre-IPO Share Option Scheme and (2) the commencement of dealings in the Shares on the Hong Kong Stock Exchange. We have applied to the Securities and Futures Commission for an exemption from strict compliance with the disclosure requirements of paragraph 10 of the Third Schedule to the Companies Ordinance (the “Exemption”) and to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under paragraph 27 of Part A of Appendix I, and Rule 17.02(1)(b) of, to the Listing Rules (the “Waiver”), on the ground, amongst others, that full compliance with the disclosure requirements would be unduly burdensome for us given the large number of grantees. The Securities and Futures Commission has granted the Exemption and the Stock Exchange have granted the Waiver on the conditions summarised as follows:

- (a) full details of all the options granted by our Company under the Pre-IPO Share Option Scheme to the grantees who are (i) directors of our Company and associated companies, (ii) general managers and assistant general managers of our Company, and (iii) managers of our Company are disclosed in this prospectus. Such details include all the particulars under paragraph 10 of the Third Schedule to the Companies Ordinance (in the case of the Exemption) and paragraph 27 of Appendix 1A of the Hong Kong Listing Rules (in the case of the Waiver) and the number of grantees under each of the above three categories;

- (b) the following information regarding the remaining grantees be grouped and summarised for disclosure in this prospectus:
- (i) the number, description and amount of the Shares to be subscribed for under the options;
  - (ii) the consideration paid for the grant of the options;
  - (iii) the period during which the option is exercisable; and
  - (iv) the price to be paid for the Shares;
- (c) a full list of all the grantees who have been offered or granted options under the Pre-IPO Share Option Scheme (including the persons referred to in paragraph (a) above) containing all the particulars as required under paragraph 10 of the Third Schedule to the Companies Ordinance (in the case of the Exemption) and paragraph 27 of Appendix 1A of the Listing Rules (in the case of the Waiver), be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix VI to this prospectus.

Save as disclosed above, no options have been granted or agreed to be granted by us under the Pre-IPO Share Option Scheme as at the date of this prospectus.

### SHARE OPTION SCHEME

The following is a summary of all the principal terms of the Share Option Scheme conditionally approved and adopted by a resolution in writing passed by our shareholders on 4 March 2004:

#### (a) Purposes of the Share Option Scheme

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors (including independent non-executive directors), consultants and advisors.

The Share Option Scheme provides that the Company, in granting the options, may specify applicable terms and conditions which must be satisfied before options can be exercised by the options holders. The terms and conditions may include, amongst others, a minimum holding period and performance conditions. In addition, the basis for the determination of the exercise price of the options has been set out in the Share Option Scheme. The Board considers that the aforesaid criteria and the terms of the Share Option Scheme will serve to preserve the value of the Company and encourage option holders to acquire proprietary interests in the Company.

#### (b) Who may join

The Board may, at its absolute discretion, offer any employee (whether full-time or part-time), director (including independent non-executive directors), consultant or advisor of our Company (the “Eligible Person”) options to subscribe for Shares at a price calculated in accordance with paragraph (d) below and subject to the other terms of the Share Option Scheme summarised below. The Board may grant options to Eligible Persons who are considered to have contribution to the development and growth of our Company. Upon acceptance of the offer of an option, the grantee shall pay HK\$1.00 to our Company as nominal consideration for the grant.

**(c) Maximum number of Shares**

- (i) The maximum number of Shares which may be issued upon the exercise of all options under the Share Option Scheme which have been granted and have neither lapsed nor been cancelled or exercised in full (the “Subsisting Option”) and all outstanding options granted and yet to be exercised under any other schemes including the Pre-IPO Share Option Scheme, of our Company shall not exceed such number of Shares as shall represent 30 per cent. of our Company issued share capital from time to time. No options under the Share Option Scheme or any other schemes of may be granted if such options will result in such overall limit being exceeded;
- (ii) Subject always to the overall limit specified in paragraph (c)(i) above:
- the Board may grant options under the Share Option Scheme, generally and without further authority, to the extent to which the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company in aggregate not exceeding 10 per cent. of the Shares in issue on the date on which dealings in the Shares commence on the Stock Exchange (the “Scheme Mandate Limit”) (being 74,287,485 Shares assuming the Over-allotment Option is not exercised). For the avoidance of doubt, options which have lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;
  - the Scheme Mandate Limit may be refreshed by obtaining the approval of the shareholders in a general meeting of the Company provided that such refreshed limit shall not exceed 10 per cent. of the Shares in issue as at the date of approval of such limit (the “Refreshed Limit”). Options previously granted under the Share Option Scheme (including those outstanding, exercised, cancelled, lapsed in accordance with the Share Option Scheme) shall not be counted for the purpose of calculating the Refreshed Limit; and
  - the Board may issue a circular to the shareholders of the Company and seek separate shareholders’ approval in general meeting of the Company to grant options under the Share Option Scheme beyond the 10 per cent. limit to Eligible Persons specifically identified by the Company before such approval is sought. The Company shall send a circular to its shareholders in accordance with and containing such information as required under rule 17.03(3) of the Listing Rules.
- (iii) Unless approved by the Company’s shareholders in the manner set out in the following sub-paragraph, the total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each Eligible Person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1 per cent. of the Shares in issue.
- (iv) Further options may be granted under the Share Option Scheme in excess of the limit stated in the sub-paragraph above, by issuing a circular to the shareholders of the Company and obtaining separate approval of the shareholders of the Company in general meeting with such Eligible Person and his associate(s) (as defined in the Listing Rules) abstaining from voting, provided that the terms and number (including the exercise price) of the options to be granted to such Eligible Person are fixed before the relevant shareholders’

approval is obtained, and the date of the meeting of the Board proposing such further grant shall be deemed to be the Date of Grant (as defined below) for the purpose of determining the subscription price for Shares under the Share Option Scheme.

**(d) Exercise price**

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised in accordance with the terms of the Share Option Scheme shall be determined by the Board and notified to an Eligible Person at the time of offer of the option and shall be not less than the greater of (subject to any adjustments made as described in paragraph (l) below):

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date, which must be a business day, of the written offer of the option (the "Date of Grant"); and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

**(e) Rights are personal to grantee**

An offer to grant an option and an option under the Share Option Scheme shall be personal to the Eligible Person to whom it is granted or made and shall not be assignable. No Eligible Person shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or enter into any agreement to do any of the foregoing.

**(f) Options granted to directors or substantial shareholders**

- (i) Any options to be granted to an Eligible Person who is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) shall be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed grantee of such options).
- (ii) Without prejudice to the generality of the sub-paragraph above, if any options to be granted to an Eligible Person who is a substantial shareholder (as defined in the Listing Rules) or independent non-executive director of the Company or any of their respective associates (as defined in the Listing Rules) would result in the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of such grant:
  - representing in aggregate over 0.1 per cent. of the Shares in issue; 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.
- (iii) any change in the terms of the option granted to an Eligible Person who is a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director of the Company or any of their respective associates (as defined in the

Listing Rules) shall be approved by the Company's shareholders in general meeting by poll convened and held in accordance with the Articles of Association in the manner set out in the above sub-paragraph (ii).

Such further grant of options must be approved by the Company's shareholders in general meeting by poll convened and held in accordance with the Articles of Association. All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting, except that any connected person may vote against such resolution provided that his intention to do so has been stated in the circular to be dispatched to the Company's shareholders. The aforementioned circular shall contain such information as required under rule 17.04 of the Listing Rules.

**(g) Grant of option**

- (i) Each grantee of options will receive an option certificate sealed by the Company specifying the number of options granted and specifying the applicable terms and conditions relating to such options. These terms and conditions may include provisions as to the performance conditions which must be satisfied before the option can be exercised, the minimum period for which an option must be held before it can be exercised, vesting conditions (if any), lapse conditions and such other provisions as the Board may determine.
- (ii) The Board shall not grant any option under the Share Option Scheme 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 announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (1) the date of the Board meeting for the approval of the Company's interim or annual results; and (2) the deadline for the Company to publish its interim or annual results announcement under the listing agreement between the Company and the Stock Exchange, and ending on the date of the results announcement, no option shall be granted.

**(h) Exercise of option**

The grantees can exercise the option granted to the following extent at any time during the period in which the option remains a Subsisting Option (in this paragraph, "year" means each successive period of twelve months, the first such period being year 0 commencing on the Date of Grant):

| <b>Date</b>          | <b>Percentage of Option exercisable</b>   |
|----------------------|---|
| from Year 1 onwards: | up to 20.0 per cent. of the Shares comprised in the option at the Date of Grant (or if applicable, as subsequently adjusted in accordance with the Scheme); |
| from Year 2 onwards: | up to 40.0 per cent. of the Shares so comprised, less the number of Shares in respect of which the option had been previously exercised;                    |
| from Year 3 onwards: | up to 60.0 per cent. of the Shares so comprised, less the number of Shares in respect of which the option had been previously exercised;                    |

| <b>Date</b>          | <b>Percentage of Option exercisable</b>  |
|----------------------|--|
| from Year 4 onwards: | up to 80.0 per cent. of the Shares so comprised, less the number of Shares in respect of which the option had been previously exercised; |
| from Year 5 onwards: | all unexercised options the option holder is entitled.   |

**(i) Time of exercise of an option**

Subject to paragraph (h) above, an option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be notified by the Board to each option holder upon the grant of option, such period not to exceed ten years from the Date of Grant of the relevant option (the “Exercise Period”).

**(j) Cancellation of options**

Any cancellation of any Subsisting Option shall be conditional on the approval by the Board (including the approval of independent non-executive Directors) and the option holder(s) concerned.

In the event that the Board elects to cancel Subsisting Options and issue new options to the same option holder, the issue of such new options shall be made with available unissued options (excluding the cancelled options) within the limits described in paragraph (c) above.

**(k) Voting and dividend rights**

No voting rights shall be exercisable and no dividends shall be payable in relation to options that have not been exercised.

**(l) Effects of alterations in the capital structure of the Company**

Subject to the limits described in paragraph (c) above, in the event of any capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made in relation to any Subsisting Option to:

- the number of Shares subject to the unexercised option and/or;
- the amount payable for each Share to be subscribed for under an option granted to the extent it is unexercised and/or;
- the maximum number of Shares referred to in paragraph (c) above,

and such alteration shall be certified by the auditors for the time being of the Company as being fair and reasonable, provided any such alteration shall give an option holder the same proportion of the issued share capital of the Company as that to which he was previously entitled and shall not have the effect of enabling any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any option in full being increased. Where any such alterations shall require an alteration in the capital structure of the Company (other than by way or a capitalisation of profits or reserves), such alteration shall be further conditional upon the auditors for

the time being of the Company also certifying in writing that the alterations satisfy the foregoing proviso. The issue of Shares or other securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any adjustments referred to above.

**(m) Rights on a takeover**

If, during the Exercise Period, an offer is made to acquire all or part of the issued Shares, or all or part of the issued Shares (other than those held by the offeror and persons acting in concert (as defined in The Codes on Takeovers and Mergers and Share Repurchases of Hong Kong) with it) and such offer becomes or is declared unconditional, the Company shall give written notice to all persons then holding Subsisting Options and each such option holder may, by notice in writing to the Company, within 14 days of the date of such notice, exercise his option (in accordance with the terms of the Share Option Scheme) in full or to the extent specified in such notice.

**(n) Rights on schemes of compromise or arrangement**

If, during the Exercise Period, an application is made to the court (otherwise than where the Company is being voluntarily wound up) pursuant to sections 166 and 167 of the Companies Ordinance in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), the Company will give written notice of such event as soon as reasonably practicable to all option holders. An option holder may by notice in writing to the Company, within a period of 21 days after the date of such application, exercise his Subsisting Option (in accordance with the terms of the Share Option Scheme) in full or to the extent specified in such notice.

**(o) Rights on a voluntary winding up**

In the event of a notice of a meeting being convened to consider a resolution for the voluntary winding up of the Company during the Exercise Period, the Company shall forthwith upon such notice being given, give written notice to option holders of the convening of such meeting and an option holder may thereupon by notice in writing to the Company exercise any Subsisting Option at any time not later than five business days prior to the proposed general meeting of the Company (in accordance with the terms of the Share Option Scheme) to its full extent or to the extent specified in such notice.

**(p) Ranking of Shares**

Shares issued or transferred on the exercise of an option shall rank equally in all respects with fully paid up Shares in issue at the date of allotment (including without limitation as to voting, dividend and transfer rights and rights arising on the liquidation of the Company) and will be subject to the Articles of Association for the time being in force. They shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment. A share issued upon the exercise of an option shall not carry voting rights until the registration of the grantee (or any other person) as the holder thereof.

**(q) Present status of the Share Option Scheme**

The Share Option Scheme shall take effect subject to the following conditions being fulfilled:

- (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options; and

- (ii) the commencement of dealings in the Shares on the Stock Exchange,

in each case, on or before 30 June 2004.

The Board considers that it is not appropriate to state the value of all options that can be granted under the 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 the exercise price, exercise period, lock up period (if any), performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of the options as at the Latest Practicable Date would be based on a great number of speculative assumptions and would therefore not be meaningful and be misleading to the Company's shareholders.

As at the date of this prospectus, no option has been granted or agreed to be granted by the Company under the Share Option Scheme.

**(r) Duration of the Share Option Scheme**

Unless otherwise terminated by the Board or the shareholders of the Company in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it is conditionally adopted by resolution of our shareholders in general meeting (the "Scheme Period"), and after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Subsisting Options granted within the Scheme Period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

**(s) Amendment of the Share Option Scheme**

- (i) Subject to sub-paragraph (ii) below, the Board may amend any of the provisions of the Share Option Scheme or withdraw or otherwise terminate the Share Option Scheme at any time but no alterations to the matters specified from time to time in the Listing Rules shall be made to the advantage of any option holder unless approved by the Company's shareholders in general meeting. In addition, no alteration shall operate to affect adversely any rights which have accrued to any option holder at that date.
- (ii) Provided that no alteration shall operate to affect adversely any rights which have accrued to any option holder at that date, the Company in general meeting must approve in advance by ordinary resolution any proposed change which relates to the following:
- the persons to or for whom Shares may be provided under the Share Option Scheme;
  - the authority of the Board in relation to any alteration to the terms of the Share Option Scheme;
  - the limitations on the number of Shares which may be issued under the Share Option Scheme;
  - the individual limit for each option holder under the Share Option Scheme;

- the determination of the amount payable for each Share to be subscribed for under an option;
  - any rights attaching to the options and the Shares;
  - the terms of the granted options;
  - the rights of option holders in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction or any other variation of capital of the Company;
  - the provisions under the Share Option Scheme as described in paragraph (h) above and this sub-paragraph (ii);
  - any matters set out in rule 17.03 of the Listing Rules as amended from time to time; and
  - any alterations to the Share Option Scheme which are of a material nature.
- (iii) Except as described in sub-paragraph (ii) above and subject to sub-paragraph (i) above, the Board need not obtain the approval of the Company's shareholders in general meeting for any minor changes:
- to benefit the administration of the Share Option Scheme;
  - to comply with or take account of the provisions of any proposed or existing legislation; or
  - to take account of any changes to a relevant legislation or the Listing Rules; or
  - to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company or any of its subsidiaries or any present or future option holder.
- (iv) Any alterations to the terms and conditions of the Share Option Scheme of material nature shall be subject to the approval of the Stock Exchange (if required), save where such alterations take effect automatically under the existing terms of the Share Option Scheme.
- (v) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of the Listing Rules.

**(t) Lapse of options**

- (1) An option shall lapse automatically (to the extent not already exercised) on the earliest of the following events:
- (i) expiry of the Exercise Period;
  - (ii) the first anniversary of the death of the option holder (and in the 12 months following such death, the personal representative may exercise the option (to the extent not already exercised) in whole or in part in accordance with the terms of the Share Option Scheme);

- (iii) in the case of an option holder who is an employee or director of the Company upon the option holder ceasing to be such employee or director by reason of dismissal from employment or termination of office or, in the case of an option holder who is a consultant or advisor of the Company upon such option holder ceasing to be such consultant or advisor by reason of termination by the relevant company of the contract for provision of such services, in each case on the ground of:
- the option holder's misconduct;
  - the option holder committing an act of bankruptcy;
  - the option holder becoming insolvent or making any arrangements or composition with his or her creditors generally; or
  - the option holder being convicted of any criminal offence involving his or her integrity or honesty;
- (2) An option, to the extent that it is not a Subsisting Option which has been validly vested to and exercisable by the grantee in the manner as described under paragraph (h) above, shall lapse automatically on the earliest of the following events:
- (i) three months after the option holder ceases to be an employee of the Company by reason of:
- his retirement;
  - his resignation;
  - ill health or disability;
  - the expiry of his contract of employment with the Company; or
  - termination of his employment with the Company for reasons other than the reasons specified in sub-paragraphs (1)(ii) and (1)(iii) above;
- (ii) in the case of an option holder who is a consultant or advisor of the Company, three months after the date on which such option holder is notified of the passing of a resolution of the Board resolving that in the reasonable opinion of the Board, the option holder no longer provides consultancy or advisory (as appropriate) services to the Company;
- (iii) three months after the option holder ceases to be a director of the Company for reasons other than the reasons specified in sub-paragraphs (1)(ii) and (1)(iii) above;
- (iv) in the case of any takeovers, schemes of compromise or arrangement and voluntary winding up, the expiry of the periods of notice as specified in the Share Option Scheme provided that in the case of schemes of compromise or arrangement, the proposed compromise or arrangement becomes effective;

- (v) save as otherwise provided in paragraph (o) above, the close of business on the fifth business day prior to the general meeting of the Company for considering the resolution for the voluntary winding up of the Company or the date of the commencement of the winding up of the Company, whichever is earlier; or
- (vi) any breach of the provision described in paragraph (e) above.

If an option shall lapse, the Board shall notify the option holder (or his personal representative as the case may be) in writing of such lapse and forthwith upon such notification the option holder (or his personal representative as the case may be) shall be bound to surrender to the Company the option certificate evidencing such option.

**(u) Termination**

The Board or the shareholders of the Company in general meeting may at any time terminate the Share Option Scheme and in such event, no further option shall be granted or offered but the provisions of the Share Option Scheme shall remain in force in all other respects. All options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme.

**(v) Disclosure of the Share Option Scheme**

The Company will, unless otherwise allowed by the Stock Exchange or other relevant authority, disclose all information as required by the Listing Rules or any other applicable rules and regulations in its annual and interim reports.