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

If you have sold or transferred all your shares in AV Concept Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or the transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at The Conference Room, 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 3 August 2012 at 11:00 a.m. is set out on pages 7 to 8 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

6 July 2012

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DEFINITIONS

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution to be passed by the Shareholders at the EGM
“Board”	the board of Directors
“Company”	AV Concept Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at The Conference Room, 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 3 August 2012 at 11:00 a.m. to consider and, if thought fit, approve the proposed adoption of the New Share Option Scheme as set out in the Notice
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	4 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM for the benefit of the employees and directors of the Company and its subsidiaries and other eligible participants, a summary of its principal terms is set out in the Appendix to this circular
“Notice”	the notice of the EGM as set out on pages 7 to 8 of this circular
“Old Scheme”	the share option scheme of the Company adopted pursuant to a resolution passed by the then Shareholders on 13 May 2002 and expired on 12 May 2012
“Share(s)”	share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares for the time being

DEFINITIONS

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD OF DIRECTORS



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

Executive Directors:

Dr. Hon. So Yuk Kwan (*Chairman*)

Mr. So Chi On (*Chief Executive Officer*)

Mr. Ho Choi Yan, Christopher (*Chief Financial Officer*)

Independent non-executive Directors:

Dr. Hon. Lui Ming Wah, *SBS, JP*

Mr. Charles E. Chapman

Mr. Wong Ka Kit

Registered office:

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

Head office and principal place

of business in Hong Kong:

6th Floor

Enterprise Square Three

39 Wang Chiu Road

Kowloon Bay

Hong Kong

6 July 2012

To Shareholder

Dear Sir or Madam,

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide Shareholders with information regarding the proposed adoption of the New Share Option Scheme and to seek the approval of Shareholders at the EGM in connection with such matter.

ADOPTION OF NEW SHARE OPTION SCHEME

The Old Scheme

The Old Scheme was conditionally adopted by the Company by a resolution of the then Shareholders passed on 13 May 2002 and expired on 12 May 2012.

LETTER FROM THE BOARD OF DIRECTORS

According to the terms and conditions of the Old Scheme, the period during which the options granted thereunder may be exercised must expire in any event not later than the last day of the 10 year period after the date on which the Old Scheme was adopted. Therefore, as at the Latest Practicable Date, all the rights to exercise the options granted under the Old Scheme, if any, have already terminated on 12 May 2012, being the last day of the 10 year period after the date on which the Old Scheme was adopted.

The Company currently does not maintain any share option scheme.

After the Old Scheme expired on 12 May 2012, no further option would be offered pursuant to the Old Scheme.

The New Share Option Scheme

Taking into account that the Old Scheme expired on 12 May 2012, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules.

The purpose of the New Share Option Scheme is to enable the Group to grant options to subscribe for new Shares to the eligible participants as prescribed in the rules of the New Share Option Scheme as incentives or rewards for their contribution to the Group. Set out in the Appendix to this circular is a summary of the principal terms of the New Share Option Scheme.

Pursuant to the terms of the New Share Option Scheme, the Board shall have the right to determine and select eligible participants as prescribed in the rules of the New Share Option Scheme to whom the Options may be granted. The eligibility of any of the eligible participants to an offer for the grant of options under the New Share Option Scheme shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

Conditions of the adoption of the New Share Option Scheme

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

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the rules of the New Share Option Scheme; and
- (ii) the passing of an ordinary resolution by the Shareholders to adopt the New Share Option Scheme at the EGM.

As at the Latest Practicable Date, there were 604,192,419 Shares in issue. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date and subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme at the EGM, the maximum number of Shares which may be allotted and issued upon exercise of all options which may be granted under the New Share Option Scheme and any other share option schemes of the Company will be 60,419,241 Shares, being 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit provided that the maximum number of Shares in respect of which options may be granted

LETTER FROM THE BOARD OF DIRECTORS

under the New Share Option Scheme together with any options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the Adoption Date which may fall to be allotted and issued upon the exercise of the options which may be granted under the New Share Option Scheme.

Reasons for adoption of the New Share Option Scheme

Given that (i) the Old Scheme expired on 12 May 2012 and the Board is not allowed to grant any share option under the Old Scheme; and (ii) pursuant to the terms of the New Share Option Scheme, the Directors are entitled to determine any performance targets to be achieved as well as the minimum period for which an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of options which may be granted under the New Share Option Scheme will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

Value of all options that can be granted under the New Share Option Scheme

The Directors consider that it is not possible to state the value of all options that may be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. As options have not yet been granted under the New Share Option Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

EGM

The Notice of the EGM to be held at The Conference Room, 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 3 August 2012 at 11:00 a.m. is set out on pages 7 to 8 of this circular. An ordinary resolution will be proposed at the EGM to approve, among other things, the adoption of the New Share Option Scheme.

A form of proxy for the EGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD OF DIRECTORS

VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the EGM must be taken by poll. On a poll every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his/her/its name in the register of Shareholders. An announcement on the poll results will be published by the Company on the date of the EGM in the manner as prescribed under Rule 13.39(5) of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, the Directors confirm that no Shareholder is required to abstain from voting at the EGM.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the rules of the New Share Option Scheme is available for inspection at the Company's head office and principal place of business in Hong Kong at 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong during normal business hours on any business day for the period from the date hereof and including the date of the EGM and at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme set out in the Notice is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board of Directors
AV Concept Holdings Limited
So Yuk Kwan
Chairman

NOTICE OF EGM



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of AV Concept Holdings Limited (“Company”) will be held at The Conference Room, 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 3 August 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the rules of the new share option scheme (“New Share Option Scheme”), a draft of which is produced to the meeting marked “A” and signed by the chairman of the meeting for the purposes of identification, representing an amount (“General Scheme Limit”) up to 10 per cent. of the issued shares of the Company as at the day on which this resolution is passed, with effect from the close of business of the day on which this resolution is passed, the rules of the New Share Option Scheme be approved and adopted and the directors of the Company be and are hereby authorised:

- (a) to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange;
- (b) at their absolute discretion to grant options to subscribe for shares of the Company in accordance with the rules of the New Share Option Scheme;
- (c) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the New Share Option Scheme provided that the aggregate amount of shares which may fall to be allotted and issued pursuant to this authority, together with any issue of shares of the Company upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and

NOTICE OF EGM

- (d) to take all such steps as may be necessary, desirable or expedient to carry into effect the New Share Option Scheme.”

By order of the Board
AV Concept Holdings Limited
So Yuk Kwan
Chairman

Hong Kong, 6 July 2012

Registered office:

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

6th Floor
Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Hong Kong

As at the date of this notice, the Board comprises three executive Directors, Dr. Hon. So Yuk Kwan (Chairman), Mr. So Chi On and Mr. Ho Choi Yan, Christopher and three independent non-executive Directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.

Notes:

1. A form of proxy for use at the extraordinary general meeting is being despatched to the shareholders of the Company together with a copy of this notice.
2. Any shareholder of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice shall be entitled to appoint one proxy or, if he is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote.

APPENDIX PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

Set out below is a summary of the principal terms and conditions of the New Share Option Scheme.

(1) **PURPOSE OF THE SCHEME**

The purpose of the New Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(2) **WHO MAY JOIN**

The Directors (which expression shall, for the purpose of this Appendix, include a duly authorised committee thereof) may, at their absolute discretion subject to the Listing Rules, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which the Group holds an equity interest;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

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 any of 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 Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the New Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors’ opinion as to his contribution to the development and growth of the Group.

(3) MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

- (b) The initial total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the day on which the New Share Option Scheme is approved (“**General Scheme Limit**”).

- (c) Subject to (a) above but without prejudice to (d) below, the Company may issue a circular to the Shareholders and seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share options scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted. The circular to be sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders’ approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(4) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms

APPENDIX PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

(including the exercise price) of the options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(5) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of options under the New Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by independent non-executive Directors (excluding independent non-executive Director who or whose associate is the grantee of the options).
- (b) Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any such connected person may vote against the relevant resolution at the general meeting provided that his/her/its intention to do so has been stated in the said circular to the Shareholders. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the independent Shareholders in general meeting.

(6) TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an option before it can be exercised.

(7) PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the New Share Option Scheme can be exercised.

(8) SUBSCRIPTION PRICE FOR SHARES AND CONSIDERATION FOR THE OPTION

The subscription price for Shares under the New Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(9) RANKING OF SHARES

- (a) Shares allotted upon the exercise of an option will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.
- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, reclassification or reduction of the share capital of the Company from time to time.

(10) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange, no offer for grant of options shall 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 announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of option may be made.

APPENDIX PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

The Directors may not grant any option to a participant who is subject to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company during the periods or times in which such participants is prohibited from dealing in Shares pursuant to such code.

(11) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted.

(12) RIGHTS ON CEASING EMPLOYMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (14) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any Invested Entity.

(13) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(14) RIGHTS ON DISMISSAL

If the grantee of an option is an Eligible Employee and later ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(15) RIGHTS ON BREACH OF CONTRACT

If the Directors shall at their absolute discretion determine that (a) (i) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (ii) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (b) the option granted to the grantee under the New Share Option Scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(16) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT

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 shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(17) RIGHTS ON WINDING UP

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(18) GRANTEE BEING A COMPANY WHOLLY OWNED BY ELIGIBLE PARTICIPANTS

If the grantee is a company wholly owned by one or more eligible participants:

- (a) sub-paragraphs (12), (13), (14) and (15) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (12), (13), (14) and (15) shall occur with respect to the relevant eligible participant; and
- (b) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(19) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable or the New Share Option Scheme remains in effect, such corresponding alterations (if any) certified by the auditors of the Company for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the New Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and in each case, any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy and are in compliance with the requirements of the relevant provision of the Listing Rules.

(20) CANCELLATION OF OPTIONS

Save as to breach of paragraph (22) and subject to Chapter 17 of the Listing Rules, any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of the Directors. When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (3) (c) and (d) above.

(21) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further option shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any

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options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(22) RIGHTS ARE PERSONAL TO THE GRANTEE

An option is personal to the grantee and shall not be transferable or assignable.

(23) LAPSE OF OPTION

An option shall lapse automatically (to the extent not already exercised) on the earliest of (a) the expiry of the option period in respect of such option; (b) the expiry of the periods or dates referred to in paragraphs (12), (13), (14), (15), (16), (17) and (18); or (c) the date on which the Directors exercise the Company's right to cancel the option by reason of a breach of paragraph (22) above by the grantee.

(24) OTHERS

- (a) The New Share Option Scheme is conditional on the passing of the necessary resolution to approve and adopt the New Share Option Scheme in general meeting of the Company and the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any option which may be granted under the New Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (b) The New Share Option Scheme may be altered in any respect by a resolution of the Directors except that the provisions of the New Share Option Scheme as to (i) the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date" and (ii) the provisions of the New Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules, shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the articles of association of the Company for a variation of the rights attached to the Shares.
- (c) Any alterations 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 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. The amended terms of the New Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (d) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme shall be approved by the Shareholders in general meeting.