THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular or as to the action to be taken, you should consult your 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 e-Kong Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

e-Kong Group Limited

(Incorporated in Bermuda with limited liability)

PROPOSALS FOR
ADOPTION OF THE NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF THE NEW SCHEME RULES AND PROCEDURES
FOR SHARE OPTION SCHEMES FOR SUBSIDIARIES AND
CANCELLATION OF THE EXISTING RULES AND PROCEDURES
FOR SHARE OPTION SCHEMES FOR SUBSIDIARIES

A notice convening a special general meeting of the shareholders of the Company to be held at Suite 2101-3, K. Wah Centre, 191 Java Road, North Point, Hong Kong on Friday, 28 June 2002 at 10:30 a.m. (or as soon as possible after conclusion or adjournment of the Annual General Meeting of the Company to be convened at 10:00 a.m. on the same day and at the same place) or any adjournment thereof is set out on pages 30 to 31 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrars in Hong Kong, Secretaries Limited, 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

Hong Kong, 12 June, 2002

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DEFINITIONS

In this circular (including the Appendices), unless the context otherwise requires, the following expressions have the following meanings:

"Affiliate"	means any company or entity in which any company in the Group or the Subsidiary Group holds an interest, or a subsidiary of such company or entity
"Applicable Legislation"	means all legislation, laws and regulations of the jurisdiction in which the Relevant Subsidiary is incorporated that provide and regulate the requirement of and the manner in which the holder(s) of the majority shareholding interest of the Relevant Subsidiary may acquire the remainder or define the terms "parent", "holding company" or "subsidiary" (or the like)
"associate"	has the same meaning ascribed to it under the Listing Rules
"Board"	means the board of directors of the Company or a duly authorised committee thereof
"business day"	has the same meaning ascribed to it under the Listing Rules
"Bye-laws"	means the bye-laws of the Company or the articles of association or any other constitutional document (as appropriate) of the Relevant Subsidiary as amended from time to time
"chief executive"	has the same meaning ascribed to it under the Listing Rules
"Commencement Date"	means, in respect of an Option or a Subsidiary Option, the business day on which an offer of the grant of an Option or a Subsidiary Option is accepted by an Eligible Participant in accordance with the New Share Option Scheme or a New Subsidiary Scheme, respectively, or otherwise an Option or a Subsidiary Option is granted to an Eligible Participant thereunder
"Company"	means e-Kong Group Limited, a company incorporated in Bermuda
"Director(s)"	includes any person who occupies the position of a director, by whatever name called, of the Company
"Eligible Participant(s)"	means any person who falls within any of the categories provided under paragraph (d) of each of the summaries of the principal terms of the New Share Option Scheme or of the New Scheme Rules and Procedures for Subsidiaries
"Employee(s)"	means any employee or officer of any company in the Group or in the Subsidiary Group or any person who is employed by any company in the Group or in the Subsidiary Group (whether full time or part time) at the time when the Option or the Subsidiary Option is granted to such person

"Existing Scheme Rules and Procedures for Subsidiaries"	means the existing rules and procedures for employee share option schemes for subsidiaries of the Company adopted and approved by the Company on 25 April 2001
"Existing Share Option Scheme"	means the existing share option scheme of the Company adopted on 25 October 1999 in general meeting by ordinary resolution
"Existing Subsidiary Scheme(s)"	means the existing share option schemes of the Relevant Subsidiaries adopted pursuant to the Existing Scheme Rules and Procedures for Subsidiaries
"Fair Market Value"	means, in respect of a Share, a value as determined in good faith by the Board which shall not be less than either (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of calculation or (b) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the date of calculation; in respect of a Subsidiary Share, (a) if the Subsidiary Shares are listed or readily tradable on a securities exchange or other market system of international or regional repute, including without limitation the Stock Exchange ("Recognized Exchange"), a value as determined in good faith by the board of the Relevant Subsidiary which shall be not less than either (i) the closing price of Subsidiary Shares as stated in the daily quotations sheet (or the like) of the said Recognized Exchange on the date of calculation; or (ii) the average closing price of the Subsidiary Shares as stated in the daily quotations sheets (or the like) of the said Recognized Exchange for the 5 trading days immediately preceding the date of calculation; (b) if the Subsidiary Shares are not listed or readily tradable on a Recognized Exchange, a value as determined in good faith by the board of the Relevant Subsidiary which shall state in writing what in its opinion was the fair market value of the Subsidiary Shares at the date of calculation, having regard to the fair market value of the business of the Relevant Subsidiary as a going concern and as between a willing vendor and willing purchaser on the open market. The board of the Relevant Subsidiary may rely on such experts and professional advisers as it deems appropriate or necessary to determine such valuation. The Relevant Subsidiary shall provide the board of the Relevant Subsidiary with all information which the board of the Relevant Subsidiary may reasonably require in connection with their determination of the Fair Market Value

"Grantee"	means, unless otherwise provided in the New Share Option Scheme or New Subsidiary Scheme, any Eligible Participant who accepts an offer of the grant of an Option or a Subsidiary Option in accordance with the terms of the New Share Option Scheme or a New Subsidiary Scheme or (where the context so permits) a person or persons entitled to any such option in consequence of the death of the Eligible Participant
"Group"	means the Company and its subsidiaries and "company in the Group" shall be construed accordingly
"Holding Company"	means a company which is a holding company within the meaning of section 2 of the Companies Ordinance of Hong Kong or a similar provision under the Applicable Legislation for the time being (if any) and, if the company is incorporated in the United States, also within the meaning of a "parent corporation" within the meaning of Section 424(e) of the United States Internal Revenue Code of 1986, as amended
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong
"Independent Professional Advisers"	means the auditors or other independent financial advisers appointed or retained by the Company
"Latest Practicable Date"	5 June, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"New Share Option Scheme"	means a new share option scheme to be adopted by the Company pursuant to Ordinary Resolution no. 2 as set out in the Notice of Special General Meeting
"New Scheme Rules and Procedures for Subsidiaries"	means new scheme rules and procedures for share option schemes for Subsidiaries to be adopted by the Company pursuant to Ordinary Resolution no. 4 as set out in the Notice of Special General Meeting
"New Subsidiary Scheme(s)"	means a new share option scheme implemented by a Relevant Subsidiary pursuant to the New Scheme Rules and Procedures for Subsidiaries

"Notice of Special General Meeting"	means the notice convening the Special General Meeting as set out in this circular
"Offer Date"	means the date on which an Option or a Subsidiary Option is offered to an Eligible Participant
"Option(s)"	means an option to subscribe for Shares granted pursuant to the Existing Share Option Scheme or the New Share Option Scheme and for the time being subsisting
"Option Period"	means a period, within which an Option or a Subsidiary Option may be exercisable, to be determined and notified by the Board or the board of directors of a Relevant Subsidiary to each Grantee commencing on a day after the Commencement Date and expiring on the last day of such period or the 10th anniversary of the Commencement Date, whichever is the earlier
"Ordinary Resolution(s)"	means the proposed ordinary resolutions as referred to in the Notice of Special General Meeting
"Preference Shareholders"	means holders of preference shares of HK$1.00 each in the capital of the Company
"Relevant Subsidiary(ies)"	means any Subsidiary to which the Existing Scheme Rules and Procedures for Subsidiaries or the New Scheme Rules and Procedures for Subsidiaries apply
"Share(s)"	means ordinary share(s) of $0.02 each (or of such other nominal amount as shall result from a sub-division, a reconstruction or a consolidation of such share(s) from time to time) in the capital of the Company
"Shareholders"	means holders of Shares for the time being
"Special General Meeting"	means a special general meeting of the Shareholders to be held at the principal office of the Company in Hong Kong on Friday, 28 June 2002 at 10:30 a.m. (or as soon as possible after conclusion or adjournment of the Annual General Meeting of the Company to be convened at 10:00 a.m. on the same day and at the same place) or any adjournment thereof
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Subscription Price"	means the price per Share or per Subsidiary Share at which a Grantee may subscribe for Shares or Subsidiary Shares on the exercise of an Option or a Subsidiary Option as determined in accordance with the provisions described in paragraph (e) of Appendix II and paragraphs (e) and (f) of Appendix III respectively

"Subsidiary"	means a company which is a subsidiary, within the meaning of Section 2 of the Companies Ordinance of Hong Kong or (in case of the Company) Section 86 of the Companies Act 1981 of Bermuda or (in case of a Relevant Subsidiary) a similar provision under the Applicable Legislation (if any), and if the company is incorporated in the United States, within the meaning of a "subsidiary corporation" under Section 424(f) of the United States Internal Revenue Code of 1986, as amended, and "Subsidiaries" shall be construed accordingly
"Subsidiary Group"	means the Relevant Subsidiary and its subsidiaries, and "company in the Subsidiary Group" shall be construed accordingly
"Subsidiary Option(s)"	means an option to subscribe for Subsidiary Shares granted pursuant to the Existing Subsidiary Scheme or the New Subsidiary Scheme and for the time being subsisting
"Subsidiary Share(s)"	means ordinary share(s) in the capital of a Relevant Subsidiary
"Substantial shareholder"	has the same meaning ascribed to it under the Listing Rules
"US$"	means United States dollars, the lawful currency of the United States

e-Kong Group Limited

(Incorporated in Bermuda with limited liability)

Directors:
Mr. Richard John Siemens *(Chairman)*
Mr. Kuldeep Saran
Mr. Derrick Francis Bulawa
Mr. Lim Shyang Guey
Mr. William Bruce Hicks *
Mr. Shane Frederick Weir **
Mr. Matthew Brian Rosenberg **

* *Non-executive Director*
** *Independent Non-executive Directors*

Registered Office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Principal Office:
Suite 2101-3
K. Wah Centre
191 Java Road
North Point
Hong Kong

12 June 2002

To the Shareholders and, for information purposes only,
the Preference Shareholders and the existing holders of Options

Dear Sir or Madam,

PROPOSALS FOR ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SCHEME RULES AND PROCEDURES FOR SUBSIDIARIES AND CANCELLATION OF THE EXISTING SCHEME RULES AND PROCEDURES FOR SUBSIDIARIES

INTRODUCTION

The Existing Share Option Scheme and Existing Scheme Rules and Procedures for Subsidiaries were adopted on 25 October 1999 and 25 April 2001, respectively. In view of the recent amendments to Chapter 17 of the Listing Rules in relation to share option schemes of listed issuers on the Stock Exchange and their subsidiaries, which came into effect on 1 September 2001, the Directors propose to recommend to Shareholders at the Special General Meeting to approve the amendments to certain provisions of the Existing Share Option Scheme, the adoption of the New Share Option Scheme and the New Scheme Rules and Procedures for Subsidiaries and simultaneously terminate the Existing Share Option Scheme and cancel the Existing Scheme Rules and Procedures for Subsidiaries.

The purpose of this circular is to provide you with information in respect of Ordinary Resolutions to be proposed at the Special General Meeting for amendments to certain provisions of the Existing Share Option Scheme, the adoption of the New Share Option Scheme and the New Scheme Rules and Procedures for Subsidiaries, the termination of the Existing Share Option Scheme and the cancellation of the Existing Scheme Rules and Procedures for Subsidiaries.

SHARE OPTION SCHEME OF THE COMPANY

Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 25 October 1999 and will expire on 24 October 2009. As at the Latest Practicable Date, the Company had granted 156,182,497 Options to certain Directors and employees of the Group pursuant to the Existing Share Option Scheme, representing approximately 3.3 per cent of the issued ordinary share capital of the Company. Out of the 156,182,497 Options, 19,226,988 had been exercised, 130,358,509 were still outstanding and 6,597,000 had lapsed in accordance with the terms of the Existing Share Option Scheme. The Board intends that no further Options will be granted under the Existing Share Option Scheme after the Latest Practicable Date.

It is contemplated that the Existing Share Option Scheme will terminate upon the New Share Option Scheme taking effect. Options granted and not yet exercised under the Existing Share Option Scheme will however remain effective and are bound by the terms of the Existing Share Option Scheme.

To streamline the administration of the outstanding Options under the Existing Share Option Scheme, the Directors propose to amend certain provisions contained therein so that the relevant provisions under the Existing Share Option Scheme and the New Share Option Scheme will be consistent in terms of operation. The proposed amendments are summarised in Appendix I.

New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Board to grant Options to Eligible Participants as (i) incentives and/or rewards in recognition or acknowledgement of the contributions that Eligible Participants have made and will make to the Group; and (ii) motivation to high calibre employees for high levels of performance in order to enhance long-term shareholder value. Under the New Share Option Scheme, the Company will be allowed to grant Options to a wider category of persons other than full time employees of the Company and its subsidiaries as classified under Eligible Participants.

According to the New Share Option Scheme, the grant of Options may be subject to conditions which may include the minimum period that must be held, the performance target that must be achieved before the Options can be exercised and the basis for determination of the exercise price. Such conditions and basis will serve to enhance the value of the Group as well as to achieve the purpose of the new share option schemes.

As at the Latest Practicable Date, the number of Shares in issue was 4,699,262,008. On the basis of such figure (assuming no further Shares are issued between the period from 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 which may be granted under the New Share Option Scheme and to be granted any other share option schemes will be 469,926,200 Shares, being 10 per cent of the issued ordinary share capital of the Company as at the Latest Practicable Date. The Company may however obtain approval from its Shareholders to refresh the said 10 per cent limit in accordance with the Listing Rules, provided that the maximum number of Shares to be issued upon exercise of all outstanding Options under the New Share Option Scheme and any other share option schemes must not exceed 30 per cent of the issued ordinary share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular.

Value of Options

The Directors consider that it is not appropriate to value all the Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the Option value cannot be reasonably determined at this stage. Such variables include the exercise price, exercise period, the restrictions, conditions and limitations (if any) imposed by the Directors upon the grant of the Options and other relevant variables. The subscription price payable for the Shares depends on the closing prices 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. With a scheme life of 10 years, the Board is of the view that it is too premature to state whether or not the Options will be granted under the New Share Option Scheme, and if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the Subscription Price of the Shares given the possible variation of the Share price during the 10 years life span of the New Share Option Scheme. The Directors believe that any valuation of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and be misleading to the Shareholders. Shareholders should note that under the Listing Rules, estimated valuations of Options should be determined by reference to the Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology.

Conditions for the Adoption of the New Share Option Scheme

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

(i) the approval by the Shareholders; and

(ii) the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of Options granted under the New Share Option Scheme, which Shares shall not exceed 10% of the issued ordinary share capital of the Company as at the date of approval.

Application will be made to the Listing Committee of the Stock Exchange to obtain the approval referred to in item (ii) above.

SCHEME RULES AND PROCEDURES FOR SUBSIDIARIES

Existing Scheme Rules and Procedures for Subsidiaries

The Existing Scheme Rules and Procedures for Subsidiaries were adopted and approved by the Company for its subsidiaries in general meeting on 25 April 2001 to enable employees of the Relevant Subsidiaries to acquire direct equity interests in the Relevant Subsidiary which they serve. Thereafter, the Relevant Subsidiaries, including ZONE Group Inc., speedinsure Global Limited and EventClicks Global Limited, adopted their respective Existing Subsidiary Schemes, each in terms and conditions of the Existing Scheme Rules and Procedures for Subsidiaries. As at the Latest Practicable Date, no Subsidiary Options have ever been granted by the said Relevant Subsidiaries under their respective Existing Subsidiary Schemes since their adoption. There is no current plan to grant any Subsidiary Options after the Latest Practicable Date. Upon cancellation of the Existing Scheme Rules and Procedures for Subsidiaries, the Relevant Subsidiaries will terminate the Existing Subsidiary Schemes.

New Scheme Rules and Procedures for Subsidiaries

The purpose of the New Scheme Rules and Procedures for Subsidiaries is to formulate a set of standard rules and procedures for share option schemes for Subsidiaries in compliance with the newly amended Chapter 17 of the Listing Rules. Therefore, upon the shareholders of a Relevant Subsidiary adopting a New Subsidiary Scheme under the terms and conditions as set forth in the New Scheme Rules and Procedures for Subsidiaries, its board of directors will be able to grant Subsidiary Options to Eligible Participants as (i) incentives and/or rewards in recognition or acknowledgement of the contributions that Eligible Participants have made and will make to the Subsidiary Group; and (ii) motivation to high calibre employees for high levels of performance. Similar to the New Share Option Scheme, the Relevant Subsidiaries will be allowed to grant Subsidiary Options to a wider category of persons other than full time employees of the Relevant Subsidiaries as classified under Eligible Participants.

As prescribed by the Listing Rules, the New Scheme Rules and Procedures for Subsidiaries are required to be approved by the Shareholders of the Company in general meeting before any application or any implementation by a Relevant Subsidiary.

A summary of the principal terms of the New Scheme Rules and Procedures for Subsidiaries is set out in Appendix III to this circular.

Conditions for the Adoption of the New Scheme Rules and Procedures for Subsidiaries

The adoption of the New Scheme Rules and Procedures for Subsidiaries is conditional upon the approval by the Shareholders, and the adoption by each Relevant Subsidiary of its New Subsidiary Scheme is conditional upon the approval by the shareholders of the Relevant Subsidiary.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable 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.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting to be held at Suite 2101-3, K. Wah Centre, 191 Java Road, North Point, Hong Kong on Friday, 28 June 2002 at 10:30 a.m. (or as soon as possible after conclusion or adjournment of the Annual General Meeting of the Company to be convened at 10:00 a.m. on the same day and at the same place) or any adjournment thereof, is set out on pages 30 to 31 of this circular.

A form of proxy for use at the Special General Meeting is enclosed with this circular. The form of proxy, in order to be valid, must be deposited in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the Special General Meeting if they wish.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Bye-laws of the Company, the Amended Existing Share Option Scheme, the New Share Option Scheme and the New Scheme Rules and Procedures for Subsidiaries will be available for inspection during normal business hours at the principal office of the Company in Hong Kong at Suite 2101-3, K. Wah Centre, 191 Java Road, North Point, Hong Kong for a period of 14 days before the date of the Special General Meeting and at the Special General Meeting itself.

RECOMMENDATION

The Directors believe that the proposed amendments to certain provisions of the Existing Share Option Scheme, the adoption of the New Share Option Scheme and the New Scheme Rules and Procedures for Subsidiaries, the termination of the Existing Share Option Scheme and the cancellation of the Existing Scheme Rules and Procedures for Subsidiaries are all in the best interests of the Company and its Shareholders. The Directors therefore recommend that all Shareholders should vote in favour of all the Ordinary Resolutions in relation thereto as set out in the Notice of Special General Meeting.

GENERAL

An announcement will be made on the outcome of the Special General Meeting on the business day following such meeting.

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
e-Kong Group Limited
Richard John Siemens
Chairman

The following is a summary of the proposed amendments to the Existing Share Option Scheme, but does not form part of, nor is it intended to be part of, the Existing Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Existing Share Option Scheme.

1. EXERCISE OF OPTIONS

It is proposed that the Option Period in relation to the exercise of Options will be changed and the rules relating to the Grantee ceasing to be an employee of the Group will be redefined. Rule 6.3(a) of the Existing Share Option Scheme is to be amended in the following manner.

"6.3(a) In the event of the Grantee ceasing to be an Employee for any reason other than his or her death, ill health, disability or retirement in accordance with his or her letter of employment or the termination of his or her employment on grounds of misconduct or bankruptcy,"

(i) The following provision under the Existing Share Option Scheme will be deleted in its entirety

"the Grantee may exercise the Option up to his other entitlement at the date of cessation (to the extent not already exercised) within the period of 1 month following the date of such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not."

(ii) and be replaced with the following provision

"the Grantee may exercise the Option up to his other entitlement at the date of cessation (to the extent not already exercised) within the period of 1 month following the date of such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not and provided that the Grantee is not or does not become an Employee, director, consultant, supplier, agent, partner or adviser of or contractor to any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, unless the Board otherwise determines. Alternatively, if the Grantee is, continues to be or otherwise becomes an Employee, director, consultant, supplier, agent, partner or adviser of or contractor to any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, unless the Board otherwise determines, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent not already exercised) within such period as the Board may determine, and in relation to the part(s) and portion(s) of the Option that is not exercisable at the date of cessation, the Board shall have absolute discretion in determining whether such part(s) or portion(s) of the Option shall continue to be in full force and effect notwithstanding the cessation."

2. INDEPENDENT PROFESSIONAL ADVISERS

References to the term "Auditors" contained in the Existing Share Option Scheme will be replaced with the term "Independent Professional Advisers". As a result, the following rules of the Existing Share Option Scheme will be amended in the following manner:–

(a) the definition of "Auditors" in Rule 1.1 will be deleted in its entirety;

(b) the following definition will be added in Rule 1.1 immediately after the definition of "Grantee":–

"Independent Professional Advisers"	the auditors of the Company or other independent financial advisers appointed or retained by the Company;

Additionally, all references to "Auditors" in the Existing Share Option Scheme will be replaced with the term "Independent Professional Advisers".

3. INCIDENTAL AND OTHER AMENDMENTS

(a) The following definition will be added in Rule 1.1 immediately after the definition of "Adoption Date":–

"Affiliate"	any company or entity in which any company in the Group holds an interest, or a subsidiary of the such company,"

(b) The words "Adoption Date" in the definition of "Option Period" in Rule 1.1 will be replaced with "Commencement Date".

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

Purpose

(a) The purpose of the New Share Option Scheme is to enable the Board to grant Options to Eligible Participants as (i) incentives and/or rewards in recognition or acknowledgement of the contributions that Eligible Participants have made and will make to the Group; and (ii) motivation to high calibre employees for high levels of performance in order to enhance long-term shareholder value.

Duration and Administration

(b) The New Share Option Scheme will be valid and effective, at the discretion of the Board, subject to a maximum period of 10 years from the date of adoption of the New Share Option Scheme, after which period no further Options will be offered or granted but in all other respects the provisions of the New Share Option Scheme will remain in full force and effect.

(c) The New Share Option Scheme will be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect (save as otherwise provided in the New Share Option Scheme) shall be final and binding on all parties. Any funding requirements for the New Share Option Scheme will be met by the Company.

Who may join

(d) The Board may at its discretion grant Options to:–

(i) any director, Employee, consultant, customer, supplier, business introduction agent, or legal, financial or marketing adviser of or contractor to any company in the Group or any Affiliate (such person is hereinafter referred to as a “Related Party” of the Group);

(ii) any discretionary trust the discretionary objects of which include, any of the foregoing (such discretionary trust is hereinafter referred to as a “Derivative Eligible Participant”).

Subscription Price

(e) The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph (v) and the provisions of the Listing Rules, be a price determined by the Board in its absolute discretion and notified to any Eligible Participant at the time of offer of grant of Option and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Commencement Date; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets over the 5 business days immediately preceding the Commencement Date; and (iii) the nominal value of a Share.

Grant of Options

(f) The grant of an Option shall be offered to an Eligible Participant by letter in such form as the Board may from time to time determine specifying the terms, conditions, restrictions and limitations on which the Option is to be granted. Unless the Directors otherwise determine and state in the offer of the grant of an Option to a Grantee, a Grantee is not required to achieve any performance targets before any Options can be exercised.

(g) An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of an Option duly signed by the Grantee together with a remittance in favour of the Company of HK$1.00 (or its US$ equivalent) in consideration of the grant thereof is received by the Company on a business day not later than 28 days from the Offer Date.

(h) The grant of an Option may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers or disclosed in accordance with the requirements of the Listing Rules.

(i) No Options may be granted during the period commencing 1 month immediately preceding the earlier of (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with paragraph 12 of the Company's Listing Agreement) for the approval of the Company's interim or annual results for any financial year; and (ii) the deadline for the Company under its Listing Agreement to publish its interim or annual results announcement for any financial year, and ending on the date of the results announcement.

Maximum number of Shares

(j) Subject to paragraph (l), the Company may refresh the Scheme Mandate Limit at any time subject to the approval of the Shareholders in general meeting. However, the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval (the "Refreshed Limit"). Options previously granted under the New Share Option Scheme and any other share option schemes (whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised) will not be counted for the purpose of calculating the Refreshed Limit.

(k) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes must not in aggregate exceed 30% of the issued ordinary share capital of the Company from time to time.

(l) The total number of Shares for which Options may be granted (together with Options exercised and Options then outstanding) under the New Share Option Scheme and to be granted under any other share option schemes, shall not in aggregate exceed such number of Shares representing 10% of Shares in issue as at the date of approval of the New Share Option Scheme ("Scheme Mandate Limit") unless Shareholders' approval has been obtained pursuant to paragraphs (j) and (m). Options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company will not be counted.

(m) Subject to paragraph (l), the Company may also seek separate approval from the Shareholders in general meeting for the granting of Options beyond the Scheme Mandate Limit provided that the Options in excess of the limit are granted only to Eligible Participants specifically identified by the Board before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of such specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to such Eligible Participants with an explanation as to how these Options serve such purpose and such other information required under the Listing Rules.

Maximum Entitlement of Each Eligible Participant

(n) The maximum number of Shares issued and which may fall to be issued upon the exercise of Options granted under the New Share Option Scheme and any other share option schemes (including both exercised and outstanding Options) to each Eligible Participant shall not exceed 1% of the Shares in issue for the time being in any 12 month period up to and including the Commencement Date (the "Individual Limit"). Any further grant of Options in excess of the Individual Limit must be approved by Shareholders in general meeting with such Eligible Participant and his or her associates abstaining from voting. The Company must send a circular to the Shareholders containing the identity of such Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant) and such other information required under the Listing Rules.

Time of Exercise of Options

(o) 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, subject to a maximum period of 10 years from the Commencement Date. The Directors may provide terms, conditions, restrictions and/or limitations on the exercise of an Option during the period the Option may be exercised including, if appropriate, a minimum period for which the Option must be held or a performance target which must be achieved before the Option can be exercised.

Rights are Personal to Grantee

(p) An Option is personal to the Grantee and shall not be transferable or assignable.

Rights on Death, Ill Health, Injury, Disability or Retirement

(q) If the Grantee of an Option is an Employee and ceases to be an Employee by reason of his or her death, ill health, injury, disability or retirement in accordance with his or her contract of employment and none of the events which would be a ground for termination of his or her employment as described under paragraph (z)(iii) arises, the Grantee or, as the case maybe, his or her legal representative(s) shall be entitled to exercise all or any of the Options (to the extent not already exercised) at any time within a period of 12 months or such longer period as the Board may determine, from the date of such cessation which shall be the last day on which the Grantee was at work with the company in the Group.

(r) If the Grantee is an individual other than an Employee and ceases to be an Eligible Participant by reason of his or her death, ill health, injury, or disability and none of the events listed in paragraph (z)(iv) happens, the Grantee or his or her legal representative(s) shall be entitled to exercise all or any of the Options (to the extent not already exercised) at any time within a period of 12 months following his or her death or injury, or the first day of ill health or disability (as the case may be) or such longer period as the Board may determine.

Rights of Related Parties on Ceasing to be Eligible Participants

(s) If the Grantee is a Related Party of the Group and ceases to be an Eligible Participant for any reason other than his or her death, ill health, injury, disability or retirement in accordance with his or her contract of employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) or the termination of his or her employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) on one or more of the grounds specified in paragraph (z)(iii) or (iv), and provided that the Grantee is not or does not become an Employee, director, consultant, supplier, agent, partner or adviser of or contractor to any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, unless the Board otherwise determines, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent not already exercised) at any time within the period of 1 month following the date of such cessation, or such longer period as the Board may determine, and in relation to the part(s) and portion(s) of the Option that is not exercisable at the date of cessation, the Board shall have absolute discretion in determining whether such part(s) or portion(s) of the Options shall continue to be in full force and effect notwithstanding the cessation.

(t) If the Grantee is a Related Party of the Group and ceases to be an Eligible Participant for any reason other than his or her death, ill health, injury, disability or retirement in accordance with his or her contract of employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) or the termination of his or her employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) on one or more of the grounds specified in paragraph (z)(iii) or (iv), but the Grantee is, continues to be or otherwise becomes an Employee, director, consultant, supplier, agent, partner or adviser of or contractor to of any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent not already exercised) within such period as the Board may determine, and, in relation to the part(s) and portion(s) of the Options that is not exercisable at the date of cessation, the Board shall have absolute discretion in determining whether such part(s) or portion(s) of the Option shall continue to be in full force and effect notwithstanding the cessation.

(u) For the purposes of paragraphs (f), (q), (r), (s), (t), (z) and (ab), and where the context so permits, the word "Grantee" includes any Eligible Participant within any category described in paragraph (d)(i) that beneficially owns, is a beneficiary of or is a discretionary object of any Derivative Eligible Participant that is granted with an Option.

Effect of Reorganisation of Capital Structure

(v) In the event of a capitalization issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), while any Option remains exercisable, such corresponding alterations (if any) shall be made in:–

(i) the Subscription Price; and/or

(ii) the number or nominal amount of Shares comprised in the Option,

as the Directors (having received, for adjustments other than pursuant to a capitalization issue, a statement in writing from the Independent Professional Advisers that in their opinion the adjustments proposed are fair and reasonable) may deem appropriate, provided that any such adjustment will give a Grantee the same proportion of the equity capital of the Company to which that person was previously entitled. No such alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.

Rights on Compromise or Arrangement

(w) If a compromise or arrangement between the Company and Shareholders or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees (or their legal personal representatives) on the same day as it gives notice of the meeting to Shareholders or creditors and all or any of the Options (to the extent not already exercised) shall become exercisable on such date and the Grantee may at any time thereafter until the earlier of (i) 2 calendar months after that date and (ii) the date on which such compromise or arrangement is sanctioned by the court, exercise all or any of the Options (to the extent not already exercised) in whole or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Company may require the Grantee (or his or her legal personal representatives) to transfer or otherwise deal with the Shares as a result of the exercise of Option in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

Rights on General Offer

(x) If a general offer whether by way of take-over, 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 concert with the offeror) and such offer becomes or is declared unconditional, the Grantee (or his or her legal personal representative(s)) may by notice in writing to the Company exercise all or any of the Options (to the extent not already exercised) in whole or in such part as specified in such notice at any time within 21 days after the date on which the offer becomes or is declared unconditional.

Rights on Voluntary Winding Up

(y) In the event a notice is given by the Company to Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and each Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than 2 business days prior to the proposed Shareholders' meeting) exercise all or any of the Options (to the extent not already exercised) in whole or in part and the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

Lapse of Options

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

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraphs (q) to (t), (w) to (y);

(iii) in respect of the Grantee being an Employee, the date on which the Grantee ceases to be an Employee by reason of the termination of his or her employment on the grounds that:–

(1) the Grantee has been guilty of misconduct;

(2) the Grantee has committed any act of bankruptcy or is otherwise unable or has no reasonable prospect of being able to pay his or her debts;

(3) the Grantee has become insolvent or has made any arrangements or composition with his/her/its other creditors generally;

(4) the Grantee has been convicted of any criminal offence involving his or her integrity or honesty, or

(5) the Grantee has caused a material breach of any of the terms or covenants of his or her employment to the effect that any company in the Group may terminate such Grantee's employment for cause or without notice or otherwise on any ground of summary dismissal under applicable labour laws.

(iv) in respect of the Grantee not being an Employee, the date on which the Board in its absolute discretion determines that:–

(1) the Grantee has committed any breach or is non-compliant with any provision in any agreement or contract entered into between the Grantee and a company in the Group or an Affiliate;

(2) the Grantee (being an individual) has committed any act of bankruptcy or otherwise is unable or has no reasonable prospect of being able to pay his or her debts;

(3) the Grantee (being a corporation) has ceased or suspended payment of its debts, or becomes unable to pay its debts;

(4) the Grantee has otherwise become insolvent or has made any arrangements or composition with his/her/its other creditors generally; or

(5) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee.

(v) the date of the commencement of the winding-up of the Company;

(vi) the date on which the Board may prescribe at the time of the offer of grant of the Option; and

(vii) the date on which the Board determines the Option shall lapse due to the Grantee committing a breach of or being non-compliant with any obligation or provision of any of the terms, conditions, restrictions and/or limitations attached to the grant of the Option.

Ranking of Shares

(aa) Shares allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws and, subject to the terms, conditions, restrictions and/or limitations upon which the Option shall be granted to the Grantee, will rank pari passu with the fully paid Shares in issue on the date of the exercise of an Option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment of Shares upon the exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment of Shares upon the exercise of an Option. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

Alteration of the New Share Option Scheme

(ab) The New Share Option Scheme may be altered in any respect by resolution of the Board except for 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 the advantage of Grantees or prospective

Grantees except with the prior sanction of a resolution of the Shareholders in general meeting (subject to the prior approval of the Stock Exchange to any material alteration except where the amendments take effect automatically under the existing terms of the New Share Option Scheme). No such alteration shall operate to affect adversely the terms of issue of any Options 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 Bye-laws for the time being for a variation of the rights attached to the Shares.

(ac) Any amended terms of the New Share Option Scheme must comply with the relevant requirements of the Listing Rules.

Grant of Option to Certain Connected Persons

(ad) Any Options granted to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is a Grantee of an Option, in accordance with the Listing Rules.

(ae) Where any grant of an Option to a substantial shareholder of the Company, an independent non-executive Director or any of their respective associates would result in 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 of Option:–

(i) representing in aggregate over 0.1% of Shares in issue for the time being; 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,

then such further grant of Options must be approved by Shareholders in general meeting by way of poll and a circular shall be sent to the Shareholders in accordance with the Listing Rules. All connected persons (having its meaning ascribed to it under Rule 1.01 of the Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the circular.

Termination and Cancellation

(af) The Company, by resolution in general meeting or of the Board, may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered or granted but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the New Share Option Scheme.

(ag) The Board shall have absolute discretion to cancel any Option granted at anytime to any Grantee which has neither lapsed nor been exercised in full (or any part or portion thereof) at any time, with the agreement of the Grantee provided that if the Company shall issue a new Option to the same Grantee, the issue of such new Option shall be made with available unissued Options (excluding all the cancelled Options) within the limits referred to in paragraphs (j) to (n).

The following is a summary of the principal terms of the New Scheme Rules and Procedures for Subsidiaries that will formulate a set of standard rules of procedures for New Subsidiary Schemes. The summary does not form part of, nor is it intended to be part of, the New Scheme Rules and Procedures for Subsidiaries nor should it be taken as affecting the interpretation of the New Scheme Rules and Procedures for Subsidiaries.

Purpose

(a) The purpose of the New Subsidiary Scheme is to enable the board of the Relevant Subsidiary to grant Subsidiary Options to Eligible Participants as (i) incentives and/rewards in recognition or acknowledgement of the contributions that Eligible Participants have made and will make to the Subsidiary Group; and (ii) motivation to high calibre employees for high levels of performance.

Duration and Administration

(b) A New Subsidiary Scheme implemented by a Relevant Subsidiary will be valid and effective, at the discretion of the board of directors of the Relevant Subsidiary, for a maximum period of 10 years from the date of adoption, after which period no further Subsidiary Options will be offered or granted but the provisions of the New Subsidiary Scheme shall remain in full force and effect.

(c) A New Subsidiary Scheme will be subject to the administration of the board of each Relevant Subsidiary whose decision as to all matters arising in relation to the New Subsidiary Scheme or its interpretation or effect (save as otherwise provided in the New Subsidiary Scheme) shall be final and binding on all parties. Any funding requirements for the New Subsidiary Scheme will be met by the Relevant Subsidiary.

Who may join

(d) The board of each Relevant Subsidiary may in its discretion grant Subsidiary Options to:–

 (i) any director, Employee, consultant, customer, supplier, business introduction agent, or legal, financial or marketing adviser of or contractor to any company in the Subsidiary Group, any of its Holding Companies or any Affiliate (such person is hereinafter referred to as a "Related Party" of the Subsidiary Group);

 (ii) any discretionary trust the discretionary objects of which include, any of the foregoing (such discretionary trust is hereinafter referred to as a "Derivative Eligible Participant").

Subscription Price

(e) Subject to paragraph (f) and the provisions of the Listing Rules, the Subscription Price in respect of any Subsidiary Option shall, subject to any adjustments made pursuant to paragraph (w), be a price determined by the board of the Relevant Subsidiary in its absolute discretion save that such price shall be not less than the par value of a Subsidiary Share provided that if the Subsidiary Option is intended to qualify as an incentive stock option under the tax laws of the United States, the Subscription Price thereof shall be not less than the Fair Market Value of a Subsidiary Share.

(f) If applicable, the Subscription Price of any Subsidiary Options granted at any time (a) during the period commencing 6 months before the filing of Form A1 (having its meaning defined in the Listing Rules) or its equivalent for listing on the Growth Enterprise Market of the Stock Exchange or an overseas stock exchange and up to the listing date of the Relevant Subsidiary shall not be less than the new issue price (if any); and (b) after the Subsidiary Shares have been listed on the Stock Exchange, shall be at least the higher of (i) the closing price of the Subsidiary Shares as stated in the Stock Exchange's daily quotations sheet on the Commencement Date; (ii) the average closing price of the Subsidiary Shares as stated in the Stock Exchange's daily quotations sheets over the 5 business days immediately preceding the Commencement Date; and (iii) the nominal value of a Subsidiary Share.

Grant of Subsidiary Options

(g) The grant of a Subsidiary Option shall be offered to an Eligible Participant in writing in such form as the board of the Relevant Subsidiary may from time to time determine specifying the terms, conditions, restrictions and limitations on which the Subsidiary Option is to be granted. Unless the directors of the Relevant Subsidiary otherwise determine and state in the offer of the grant of a Subsidiary Option to a Grantee, a Grantee is not required to achieve any performance targets before any Subsidiary Options can be exercised.

(h) A Subsidiary Option shall be deemed to have been granted and accepted and to have taken effect when the acceptance of the offer of the grant of a Subsidiary Option duly acknowledged by the Grantee in such form as the board of the Relevant Subsidiary may from time to time determine together with a remittance in favour of the Relevant Subsidiary of HK$1.00 (or its US$ equivalent) in consideration of the grant thereof is received by the Relevant Subsidiary on a business day not later than 28 days from the Offer Date.

(i) The grant of a Subsidiary Option may not be made after an event has occurred to which the trading price or volume of Shares of the Company on the Stock Exchange may be sensitive or a matter to which such trading price or volume may be sensitive has been the subject of a decision until such price sensitive information has been published in the newspapers or disclosed in accordance with the requirements of the Listing Rules.

(j) No Subsidiary Options may be granted during the period commencing 1 month immediately preceding the earlier of (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with paragraph 12 of the Company's Listing Agreement) for the approval of the Company's interim or annual results for any financial year; and (ii) the deadline for the Company under its Listing Agreement to publish its interim or annual results announcement for any financial year, and ending on the date of the results announcement.

Maximum Number of Subsidiary Shares

(k) Subject to paragraph (m), the Company may refresh a Subsidiary Scheme Mandate Limit at any time subject to the approval of the Shareholders in general meeting. However, the Subsidiary Scheme Mandate Limit as refreshed must not exceed 10% of the Subsidiary Shares in issue as at the date of the aforesaid Shareholders' approval (the "Subsidiary Refreshed Limit"). Subsidiary Options previously granted under the New Subsidiary Scheme and any other share option schemes (whether outstanding, cancelled, lapsed in accordance with its applicable rules or already exercised) will not be counted for the purpose of calculating the Subsidiary Refreshed Limit. The Company must send a circular to the Shareholders containing such information required under the Listing Rules.

(l) The maximum number of Subsidiary Shares which may be issued upon exercise of all outstanding Subsidiary Options granted and yet to be exercised under a New Subsidiary Scheme and any other share options schemes of the Relevant Subsidiary must not in aggregate exceed 30% of the nominal amount of the issued ordinary share capital of the Relevant Subsidiary from time to time.

(m) The total number of Subsidiary Shares in respect of which Subsidiary Options may be granted (together with Subsidiary Options exercised and Subsidiary Options then outstanding) under a New Subsidiary Scheme, and to be granted under any other share option schemes, shall not in aggregate exceed such number of Subsidiary Shares representing 10% of Subsidiary Shares in issue as at the date of approval of the New Subsidiary Scheme ("Subsidiary Scheme Mandate Limit") unless Shareholders' approval has been obtained pursuant to paragraphs (k) and (n). Subsidiary Options which have lapsed in accordance with terms of a New Subsidiary Scheme or any other share option schemes shall not be counted.

(n) Subject to paragraph (m), the Company may also seek separate approval from Shareholders in general meeting for the granting of Subsidiary Options beyond the New Subsidiary Scheme Mandate Limit provided the Subsidiary Options in excess of the limit are granted only to Eligible Participants specifically identified by the board of the Relevant Subsidiary before such approval is sought. The Company must send a Circular to the Shareholders containing a generic description of such specified Eligible Participants, the number and terms of Subsidiary Options to be granted, the purpose of granting Subsidiary Options to such Eligible Participants with an explanation as to how these Subsidiary Options serve such purpose and such other information required under the Listing Rules.

Maximum Entitlement of Each Eligible Participant

(o) The maximum number of Subsidiary Shares issued and which may fall to be issued upon the exercise of Subsidiary Options granted under a New Subsidiary Scheme and any other share option schemes (including both exercised and outstanding Subsidiary Options) to each Eligible Participant shall not exceed 1% of the Subsidiary Shares in issue for the time being in any 12 month period up to and including the Commencement Date (the "Subsidiary Individual Limit"). Any further grant of Subsidiary Options in excess of the Individual Limit must be approved by Shareholders in general meeting with such Eligible Participant and his or her associates abstaining from voting. The Company must send a circular to the Shareholders containing the identity of such Eligible Participant, the number and terms of the Subsidiary Options to be granted (and Subsidiary Options previously granted to such Eligible Participant) and such other information required under the Listing Rules.

Time of Exercise of Subsidiary Options

(p) A Subsidiary Option may be exercised in accordance with the terms of a New Subsidiary Scheme at any time during a period to be determined and notified by the directors of each Relevant Subsidiary to each Grantee, subject to a maximum period of 10 years from the Commencement Date of the New Subsidiary Scheme. The directors of each Relevant Subsidiary may provide terms, conditions, restrictions and/or limitations on the exercise of a Subsidiary Option during the period the Subsidiary Option may be exercised including, if appropriate, a minimum period for which the Subsidiary Option must be held or a performance target which must be achieved before the Subsidiary Option can be exercised.

Rights are personal to Grantee

(q) A Subsidiary Option is personal to the Grantee and shall not be transferable or assignable.

Rights on Death, Ill Health, Injury, Disability or Retirement

(r) If the Grantee of a Subsidiary Option is an Employee and ceases to be an Employee by reason of his or her death, ill health, injury, disability or retirement in accordance with his or her contract of employment and none of the events which would be a ground for termination of his or her employment as described under paragraph (aa)(iii) arises, the Grantee or, as the case maybe, his or her legal representative(s) shall be entitled to exercise all or any of the Subsidiary Options (to the extent not already exercised) at any time within a period of 12 months or such longer period as the board of the Relevant Subsidiary may determine, from the date of such cessation which shall be the last day on which the Grantee was at work with the company in the Subsidiary Group.

(s) If the Grantee of a Subsidiary Option is an individual other than an Employee and ceases to be an Eligible Participant by reason of his or her death, injury or disability and none of the events listed in paragraph (aa)(iv) happens, the Grantee or his or her legal representative(s) shall be entitled to exercise all or any of the Subsidiary Options (to the extent not already exercised) at any time within a period of 12 months following his or her death or injury, or the first day of ill health or disability (as the case may be) or such longer period as the board of the Relevant Subsidiary may determine.

Rights of Related Parties on Ceasing to be Eligible Participants

(t) If the Grantee of a Subsidiary Option is a Related Party of the Subsidiary Group and ceases to be an Eligible Participant for any reason other than his or her death, ill health, disability or retirement in accordance with his or her contract of employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) or the termination of his or her employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) on one or more of the grounds specified in paragraph (aa)(iii) or (iv), and provided that the Grantee is not or does not become an Employee, director, consultant, supplier, agent, partner or adviser of or contractor to any company in the Group or (at the direction of a company in the Group) an Affiliate immediately thereafter, unless the board of the Relevant Subsidiary otherwise determines, the Grantee may exercise the Subsidiary Option up to his or her entitlement at the date of cessation (to the extent not already exercised) at any time within the period of 1 month following the date of such cessation, or such longer period as the board of the Relevant Subsidiary may determine. In relation to the part(s) and portion(s) of the Subsidiary Option that is not exercisable at the date of cessation, the board of the Relevant Subsidiary shall have absolute discretion in determining whether such part(s) or portion(s) of the Subsidiary Options shall continue to be in full force and effect notwithstanding the cessation.

(u) If the Grantee is a Related Party of the Subsidiary Group and ceases to be an Eligible Participant for any reason other than his or her death, ill health, injury, disability or retirement in accordance with his or her contract of employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) or the termination of his or her employment (or any other contract to whom the Grantee is a party or otherwise binding on the Grantee) on one or more of the grounds specified in paragraph (aa)(iii) or (iv), but the Grantee is, continues to be or otherwise becomes an Employee, director, consultant, supplier, agent, partner or adviser of or contractor to of any company in the Subsidiary Group or (at the direction of a company in the Subsidiary Group) an Affiliate immediately thereafter, the Grantee may exercise the Subsidiary Option up to his or her entitlement at the date of cessation (to the extent not already exercised) within such period as the board of the Relevant Subsidiary may determine, and, in relation to the part(s) and portion(s) of the Subsidiary Options that is not exercisable at the date of cessation, the board of the Relevant Subsidiary shall have absolute discretion in determining whether such part(s) or portion(s) of the Subsidiary Option shall continue to be in full force and effect notwithstanding the cessation.

(v) For the purposes of paragraphs (g), (r), (s), (t), (u), (x), (aa), and (ac), and where the context so permits, the word "Grantee" includes any Eligible Participant within any category described in paragraph (d)(i) that beneficially owns, is a beneficiary of or is a discretionary object of any Derivative Eligible Participant that is granted with a Subsidiary Option.

Effect of Reorganisation of Capital Structure

(w) In the event of a capitalization issue, rights issue, subdivision or consolidation of Subsidiary Shares or reductions of the share capital of the Relevant Subsidiary (other than an issue of Subsidiary Shares as consideration in respect of a transaction to which the Relevant Subsidiary is a party), while any Subsidiary Option remains exercisable, such corresponding alterations (if any) shall be made in:–

  (i) the Subscription Price; and/or

  (ii) the number or nominal amount of Subsidiary Shares comprised in the Subsidiary Option,

as the Directors (having received, for adjustments other than pursuant to a capitalization issue, a statement in writing from the Independent Professional Advisers that in their opinion the adjustments proposed are fair and reasonable) may deem appropriate, provided that any such adjustment will give a Grantee the same proportion of the equity capital of the Company to which that person was previously entitled. No such alteration shall be made the effect of which would be to enable any Subsidiary Shares to be issued at less than its nominal value.

Rights on Compromise or Arrangement

(x) If a compromise or arrangement between the Relevant Subsidiary and shareholders or creditors of the Relevant Subsidiary is proposed in connection with a scheme for the reconstruction or amalgamation of the Relevant Subsidiary, the Relevant Subsidiary shall give notice thereof to all Grantees (or their legal personal representatives) on the same day as it gives notice of the meeting to shareholders or creditors of the Relevant Subsidiary and all or any of the Subsidiary Options (to the extent not already exercised) shall become exercisable on such date and the Grantee may at any time thereafter until the earlier of (i) 2 calendar months after that date and (ii) the date on which such compromise or arrangement is sanctioned by the court, exercise all or any of the Subsidiary Options (to the extent not already exercised) in whole or in part, but the exercise of a Subsidiary Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Subsidiary Options shall lapse except insofar as previously exercised under the New Subsidiary Scheme. The Relevant Subsidiary may require the Grantee (or his or her legal personal representatives) to transfer or otherwise deal with the Subsidiary Shares as a result of the exercise of Subsidiary Option in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Subsidiary Shares been subject to such compromise or arrangement.

Rights on General Offer

(y) If a scheme or contract involving transfer of Subsidiary Shares whether by way of take-over, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the holders of Subsidiary Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), the Grantee (or his or her legal personal representative(s)) may by notice in writing to the Relevant Subsidiary exercise all or any of the Subsidiary Options (to the extent not already exercised) in whole or in such part as specified in such notice at any time within such period as prescribed in the Applicable Legislation after the date on which the offer becomes or is declared unconditional.

Rights on Voluntary Winding Up

(z) In the event a notice is given by the Relevant Subsidiary to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Relevant Subsidiary, the Relevant Subsidiary shall on the same date as or soon after it despatches such notice to each shareholder of the Relevant Subsidiary give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) and each Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than 2 business days prior to the proposed general meeting) exercise any of all the Subsidiary Options (to the extent not already exercised) in whole or in part and the Relevant Subsidiary shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Subsidiary Shares to the Grantee credited as fully paid.

Lapse of Subsidiary Options

(aa) A Subsidiary Option shall lapse automatically (to the extent not already exercised) on the earliest of:–

(i) the expiry of the Option Period;

(ii) to the extent it relates to such portion of the Subsidiary Option that is able to be exercised, the expiry of any of the periods referred to in paragraphs (r) to (u), (x) to (z);

(iii) in respect of the Grantee being an Employee, the date on which the Grantee ceases to be an Employee by reason of the termination of his or her employment on the grounds that:–

(1) the Grantee has been guilty or misconduct;

(2) the Grantee has committed any act of bankruptcy or otherwise is unable or has no reasonable prospect of being able to pay his or her debts;

(3) the Grantee has become insolvent or has made any arrangement or composition with his/her/its creditors generally;

(4) the Grantee has been convicted of any criminal offence against any company in the Subsidiary Group involving fraud or his or her integrity or honesty, or

(5) the Grantee has caused a material breach of any of the terms or covenants of his or her employment to the effect that any company in the Subsidiary Group may terminate such Grantee's employment for cause or without notice or otherwise on any ground of summary dismissal under applicable labour laws.

(iv) in respect of the Grantee not being an Employee, the date on which the board of the Relevant Subsidiary in its absolute discretion determines that:–

(1) the Grantee has committed any breach or is non-compliant with any provision in any agreement or contract entered into between the Grantee and a company in the Subsidiary Group or an Affiliate;

(2) the Grantee (being an individual) has committed any act of bankruptcy, or otherwise is unable or has no reasonable prospect of being able to pay his or her debts;

(3) the Grantee (being a corporation) has ceased or suspended payment of its debts, or becomes unable to pay its debts; or

(4) the Grantee has otherwise become insolvent or has made any arrangements or composition with his/her/its other creditors generally; or

(5) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee.

(v) the date of the commencement of the winding-up of the Relevant Subsidiary;

(vi) the date on which the board of the Relevant Subsidiary may prescribe at the time of the offer of grant of the Subsidiary Option; and

(vii) the date on which the board of the Relevant Subsidiary determines the Subsidiary Option shall lapse due to the Grantee committing a breach of or being non-compliant with any obligation or provision of any of the terms, conditions, restrictions and/or limitations attached to the grant of the Subsidiary Option .

Ranking of Subsidiary Shares

(ab) Subsidiary Shares allotted upon the exercise of a Subsidiary Option will be subject to all the provisions of the Bye-laws and, subject to the terms, conditions, restrictions and/or limitations upon which the Subsidiary Option shall be granted to the Grantee, will rank pari passu with the fully paid Subsidiary Shares in issue on the date of the exercise of a Subsidiary Option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment of Subsidiary Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment of Subsidiary Shares. A Subsidiary Share allotted and issued upon the exercise of a Subsidiary Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

Alteration of the New Subsidiary Scheme

(ac) The provisions of a New Subsidiary Scheme may be altered in any respect by resolution of the board of the Relevant Subsidiary except for the provisions of a New Subsidiary Scheme relating to matters contained in 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 (subject to the prior approval of the Stock Exchange to any material alteration except where the amendments take effect automatically under the existing terms of a New Subsidiary Scheme). No such alteration shall operate to affect adversely the terms of issue of any Subsidiary Options 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 of the Relevant Subsidiary under its Bye-laws for the time being for a variation of the rights attached to the Subsidiary Shares.

(ad) Any amended terms of a New Subsidiary Scheme must comply with the relevant requirements of the Listing Rules.

Grant of Subsidiary Options to certain Connected Persons

(ae) Any Subsidiary Option granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors of the Company, excluding any independent non-executive director of the Company who is a Grantee of a Subsidiary Option.

(af) Where any grant of a Subsidiary Option to a substantial shareholder of the Company, an independent non-executive director of the Company or any of their respective associates would result in Subsidiary Shares issued and to be issued upon exercise of all Subsidiary Options already granted and to be granted (including Subsidiary Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant of Subsidiary Option:–

(i) representing in aggregate over 0.1% of the Subsidiary Shares in issue for the time being; and

(ii) (where the Subsidiary Shares are listed on the Stock Exchange) having an aggregate value, based on the closing price of the Subsidiary Shares at the date of each grant, in excess of HK$5 million,

then such further grant of Subsidiary Options must be approved by Shareholders in general meeting by way of poll and a circular shall be sent to the Shareholders in accordance with the Listing Rules. All connected persons (having its meaning ascribed to it under Rule 1.01 of the Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the circular.

Termination, Cancellation, Assumption and Substitution

(ag) Subject to the Listing Rules providing to the contrary, the Relevant Subsidiary, by resolution in general meeting or of the board of the Relevant Subsidiary, may at any time terminate the operation of a New Subsidiary Scheme and in such event no further Subsidiary Options will be offered or granted but Subsidiary Options granted prior to such termination shall continue to be valid and exercisable in accordance with a New Subsidiary Scheme.

(ah) The board of the Relevant Subsidiary shall have absolute discretion to cancel any Subsidiary Options granted at anytime to any Grantee which has neither lapsed nor been exercised in full (or any part of portion thereof) at any time, with the agreement of the Grantee provided that if the Relevant Subsidiary shall issue a new Subsidiary Option to the same Grantee, the issue of such new Subsidiary Option shall be made with available unissued Subsidiary Options (excluding all cancelled Subsidiary Options) within the limits referred to in paragraph (k) to (o).

(ai) Notwithstanding any other provisions in a New Subsidiary Scheme, at any time prior to the Subsidiary Shares becoming listed or readily tradable on a Recognized Exchange, the board of the Relevant Subsidiary may in its sole discretion provide that any Subsidiary Options may be assumed by any company or entity which becomes a Holding Company or otherwise acquires majority control of the Relevant Subsidiary, or may be substituted by a similar option or award under the remuneration or compensation plans of such company or entity with such terms, in the reasonable opinion of the board of the Relevant Subsidiary, that are no less favourable than those of the Subsidiary Option so assumed or substituted.

e-Kong Group Limited

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of e-Kong Group Limited (the "Company") will be held at Suite 2101-3, K. Wah Centre, North Point, Hong Kong on Friday, 28 June 2002 at 10:30 a.m. (or as soon as possible after conclusion or adjournment of the Annual General Meeting of the Company to be convened at 10:00 a.m. on the same day and at the same place) or any adjournment thereof for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT** the board of directors of the Company be and is hereby authorised to make such amendments to the Existing Share Option Scheme (as defined in the circular despatched to the shareholders of the Company on 12 June 2002 (the "Circular") and produced to the meeting marked "A" and for purpose of identification signed by the Chairman) as it shall in its opinion deem fit or desirable in order to ensure that the provisions relating to, inter alia, exercise of options under the Existing Share Option Scheme shall be substantially consistent with the relevant provisions contained in the New Share Option Scheme (as defined in the Circular); and **THAT** the board of directors of the Company be and is hereby further authorised to pass such resolutions and to do all such further acts and things and to take all such steps and actions and to execute all such documents on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the aforesaid amendments to the Existing Share Option Scheme."

2. "**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares of the Company which may fall to be issued by the Company pursuant to the exercise of any options granted under the New Share Option Scheme (as defined in the Circular), which shares shall not exceed 10% of the issued ordinary share capital of the Company for the time being, the New Share Option Scheme (the rules of which are set out in the printed document marked "B" produced to this meeting and for the purpose of identification signed by the Chairman) be and is hereby approved and adopted with effect from the close of this meeting; and **THAT** the board of directors of the Company be and is hereby authorised to do all such further acts and things and to take all such steps and actions and to execute all such documents on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the New Share Option Scheme, including without limitation, to issue and allot shares in the capital of the Company on terms therein mentioned."

3. "**THAT** subject to and conditional upon the passing of Resolution no. 2 set out in this Notice and the New Share Option Scheme taking effect in accordance with its terms, and subject further to the completion by the board of directors of the Company of all necessary actions to implement Resolution No. 1 set out in this Notice, the Existing Share Option Scheme be and is hereby terminated with effect from the close of this meeting."

4. "**THAT** the New Scheme Rules and Procedures for Subsidiaries (as defined in the Circular, which are set out in the printed document marked "C" produced to this meeting and for the purpose of identification signed by the Chairman) be and are hereby approved and adopted; and **THAT** the board of directors of the Company be and is hereby authorised to do all such further acts and things and to take all such steps and actions and to execute all such documents on behalf of the Company as may be necessary, desirable or expedient in order to implement and/or give effect to the New Scheme Rules and Procedures for Subsidiaries, and, subject to and conditional upon shareholders of each Relevant Subsidiary (as defined in the Circular) having approved the adoption of the New Subsidiary Scheme (as defined in the Circular) under the terms and conditions as set forth in the New Scheme Rules and Procedures for Subsidiaries, the application thereof to Relevant Subsidiaries, including without limitation, to issue and allot shares in the capital of each Relevant Subsidiary on terms therein mentioned."

5. "**THAT** subject to and conditional upon the passing of Resolution no. 4 set out in this Notice and the New Scheme Rules and Procedures for Subsidiaries taking effect in accordance with its terms, the Existing Scheme Rules and Procedures for Subsidiaries (as defined in the Circular) be and is hereby cancelled with effect from the close of this meeting."

By Order of the Board of
e-Kong Group Limited
Wang Poey Foon, Angela
Company Secretary

Hong Kong, 12 June 2002

Notes:

1. A member of the Company entitled to attend and vote at the Special General Meeting convened by the above notice (or at any adjournment thereof) is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint a proxy in respect of part only of his/her holding of shares in the Company. A proxy need not be a member of the Company.

2. To be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority must be deposited at the Company's branch share registrars in Hong Kong, Secretaries Limited, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person should you so wish.

3. In case of joint registered holders of any shares, any one of such persons may vote at the Special General Meeting, either personally or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the Special General Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

4. A form of proxy for use at the Special General Meeting is enclosed herewith.