



香港交易所

The Stock Exchange of Hong Kong Ltd.

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: LP20050902-038

5 September 2005

To: All listed issuers

Attention: Authorised Representatives

Dear Sirs

Share Option Schemes

Rule 17.03(13) of the Main Board Listing Rules and Rule 23.03(13) of the GEM Listing Rules

Rule 17.03(13) of the Main Board Listing Rules and Rule 23.03(13) of the GEM Listing Rules permit restricted adjustments to be made to the exercise price of share options in the event of certain corporate activities. The overriding principle is that no adjustments to the exercise price or number of shares should be to the advantage of scheme participants without specific prior shareholders' approval. Recently, concerns have been raised that the wording of the Note to the Rule appears ambiguous. On reflection, we agree. We are also aware of a small number of cases where adjustments have been made that are to the advantage of scheme participants contravening the Listing Rule requirements.

The purpose of this letter is to provide greater clarity to the market of our interpretation of Rule 17.03(13)/Rule 23.03.13(13) and the Note to the Rule and to invite you to undertake a review of your company's compliance in the light of our supplementary guidance.

Our supplementary guidance is set out in the enclosure to this letter. Examples of permitted adjustments are given in the appendix.

Please carefully review the provisions of any share option scheme documents for compliance with the Listing Rules and our supplementary guidance. In respect of options which have been granted and are outstanding, please review any adjustments made to date. Please let us have, as soon as practicable and not later than 30 September 2005, either: (i) a confirmation that the scheme document and any such adjustments comply with the Listing Rules and our supplementary guidance; or (ii) particulars of non-compliance together with details of remedial steps which you propose to take.

.../2

香港交易及結算所有限公司

Hong Kong Exchanges and Clearing Limited

香港中環港景街一號國際金融中心一期12樓 12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
電話 Tel: (852) 2522 1122 傳真 Fax: (852) 2295 3106 網址 Website: www.hkex.com.hk 電郵 E-mail: info@hkex.com.hk

HIKE_x 香港交易所

The Stock Exchange of Hong Kong Ltd.

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

- 2 -

We appreciate that you often engage professional advisers in dealing with us in these matters. Accordingly, we have circulated this letter to investment bankers, lawyers and accountants so that they will also be aware of the above matters.

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited



Richard Williams
Head of Listing

RW/AC/GeT/cc

Encl.

c.c. The Managing Director of investment bankers
 The Managing Partner of legal advisers
 The Managing Partner of accounting firms