



康臣葯業集團有限公司
CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

2024 Share Option Scheme

Approved and adopted by an ordinary resolution of the shareholders of Consun Pharmaceutical Group Limited at a general meeting held on [•]

1. DEFINITIONS

1.1 In this Scheme the following expressions, except where, the context otherwise requires, shall have the following meanings:

“Adoption Date”	means on which the last condition set out in Clause 2.1 is fulfilled;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	means the auditors for the time being of the Company;
“Board”	means the board of directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	means the day on which the Stock Exchange is open for the business of dealing in securities;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Law of Hong Kong);
“Company”	means Consun Pharmaceutical Group Limited (康臣藥業集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1681);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Eligible Participant(s)”	means any person who satisfies the eligibility requirements set out in Clause 4.1;
“Employee Participant(s)”	any director (including executive directors, non-executive directors and independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its Subsidiaries (including any persons who are granted Options under this Scheme as an inducement to enter into employment contracts with these companies), and provided that the Board shall have absolute discretion to determine whether or not one falls within such category;

“Grantee”	means any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in Clause 7.3(a)) his Personal Representative(s);
“Group”	means the Company and its Subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“inside information”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Offer”	means an offer for the grant of an Option made in accordance with Clause 5.1;
“Offer Date”	means the date on which an Offer is made to an Eligible Participant;
“Option”	means an option to subscribe for Shares granted pursuant to this Scheme;
“Option Period”	means in respect of any particular Option, a period (which may not end later than ten (10) years from the Offer Date) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the Offer of such Option to the earlier of the date on which such Option lapses under the provisions of Clause 8 and ten (10) years from the Offer Date;
“Personal Representative(s)”	means the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
“PRC”	the People’s Republic of China, and for purpose of this Scheme, does not include the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Related Entity Participant(s)”	means directors, chief executives and employees of the holding companies, fellow subsidiaries or associated companies of the Company, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
“Remuneration Committee”	the remuneration committee of the Company;

“Scheme”	means this share option scheme in its present form or any amended form from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	has the meaning given to that term in Clause 9.1;
“Service Provider(s)”	any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including but not limited to person(s) who work(s) for the Company as (i) independent contractors (including suppliers); and (ii) advisers or consultants, but excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
“Service Provider Sublimit”	has the meaning given to that term in Clause 9.2;
“Share(s)”	means ordinary share(s) of HK\$0.1 each (or of such other nominal amount as shall result from a sub-division, reduction, a consolidation, reclassification or reconstruction of such shares from time to time) in the capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) from time to time;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to Clause 6;
“Subsidiary(ies)”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Codes on Takeovers and Mergers, as approved by the Securities and Futures Commission of Hong Kong (as amended from time to time);
“Termination Date”	means close of business of the Company on the date which falls ten (10) years after the Adoption Date; and
“HK\$” and “cents”	means Hong Kong dollars and cents respectively.

- 1.2 References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).
- 1.3 References herein to Clauses are to clauses of this Scheme unless the context requires otherwise.
- 1.4 The headings are inserted for convenience only and shall not affect the construction of this Scheme.
- 1.5 Reference to a person includes any public body and any body of persons, corporate or unincorporated.
- 1.6 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender or the neuter include both genders and the neuter.

2. CONDITIONS

- 2.1 This Scheme is conditional upon:
 - (a) the passing of ordinary resolution(s) by the Shareholders at a general meeting of the Company to approve the adoption of this Scheme, and to authorize the directors of the Company to grant Options under this Scheme and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme; and
 - (b) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the new Shares to be allotted and issued pursuant to the exercise of the Options to be granted under this Scheme.
- 2.2 Notwithstanding the above, if the Grantee is a PRC resident, he or she shall not be entitled to exercise any Option until: (i) to the extent applicable, any restriction or condition imposed by the relevant PRC laws, regulations and notices in relation to the subscription of or dealing in shares of overseas listed companies by PRC residents or any law, regulation or notice with similar effects have been abolished or removed or ceased to be applicable to the Grantee or the Grantee has obtained approval, exemption or waiver from the relevant PRC regulatory authorities for the subscription of and dealing in the Shares; and (ii) he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant laws, regulations and notices in exercising the Options.

3. PURPOSE, DURATION AND ADMINISTRATION

- 3.1 The purpose of this Scheme is to enable the Group to grant Options to selected participants as incentives or rewards for their contribution to the Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of the Group; and (ii) to attract and retain or otherwise maintain ongoing business relationships with them whose contributions are or will be beneficial to the Group. 17.03 (1)
purpose of the
scheme
- 3.2 Subject to Clauses 2 and 15, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be offered or granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. 17.03 (11)
life of the
scheme
- 3.3 This Scheme shall be subject to the administration of the Board, the decision of which on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby. Subject to compliance with the requirements of the Listing Rules, the provisions of this Scheme and any applicable laws or regulations, the Board shall have the right to (i) interpret and construe the provisions of this Scheme; (ii) determine the persons who will be offered Options under this Scheme, the number of Shares and the Subscription Price and other terms and conditions (such as any vesting conditions, performance targets and clawback provisions), subject to Clause 6, in relation to such Options; (iii) subject to Clauses 10 and 13, make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary; and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.
- 3.4 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board or for any mistake of judgment made in good faith for the purposes of this Scheme, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own willful default, fraud or bad faith.
- 3.5 A Grantee shall ensure that any exercise of his Option under Clause 7 is valid and complies with all laws, legislations and regulations to which he is subject. The Board may, as a condition precedent to allotting shares upon an exercise of an Option, require the relevant Grantee to produce such evidence as it may reasonably require for such purpose.

4. DETERMINATION OF ELIGIBILITY

4.1 The Board shall be entitled (but shall not be bound) to, at its absolute discretion, select and invite any person belonging to any of the following classes of Eligible Participants, to take up an Option pursuant to which such Participant may subscribe for such number of Shares as the Board may determine:

17.03A
17.03 (2)
participants of
the scheme

- (a) an Employee Participant;
- (b) a Service Provider; and
- (c) a Related Entity Participant,

in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group.

4.2 In the case of the Employee Participants, in assessing their eligibility, the Board will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) contribution or potential contribution to the development, growth and performance of the Group; (ii) quality of work performed for the Group; (iii) initiative and commitment in performing his/her duties, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iv) length of service or contribution of the Group; and (v) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

17.03 (2)
basis of
determining
the eligibility

4.3 In assessing the eligibility of the Service Providers, the Board will take into account the criteria of (a) the individual performance of the Service Providers; (b) the frequency of collaboration and the length of business relationship with the Group; (c) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (d) the track record in the quality of services provided to and/or cooperation with the Group and the ability to maintain the quality of services; (e) the scale of business dealings and/or collaboration with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers; (f) the actual contribution or potential contribution towards the long-term development and success of the Group; and (g) the remuneration packages of comparable listed peers for similar service providers based on available information in the industry.

Further to the above criteria, set out below is the detailed basis of determining the eligibility of each category of the Service Providers:

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under this Scheme
Independent contractors (including suppliers)	<p>Independent contractors under this category are mainly third-party suppliers of raw materials and equipment for production and research and development, and service providers relating to research and development of medicines, who/which support, on a regular or recurring basis, the Group’s day-to-day operation in the research, manufacturing and sale of pharmaceutical products in the PRC.</p> <p>The Group considers that it is important to maintain an ongoing collaborative relationship with the independent contractors as the Group may from time to time require their delivery of the raw materials and services for the Group to carry out its business activities. It would also be beneficial to the collaboration between the Group and the Service Provider if the Company grants such Service Providers proprietary ownership in the Company, which encourages the Service Provider to have a vested shareholding interest in the Group and the Group’s future development and maintain a stable supply chain.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the benefits and strategic value brought by the Service Providers to the Group’s development and future prospects in terms of the profits and/or income attributable to the Service Providers’ collaboration with the Group; and (b) the business opportunities and external connections that the Service Providers have introduced or will potentially introduce to the Group.

Class of Service Providers	Contribution of the Service Providers	Criteria for determining eligibility under this Scheme
Advisers or consultants	<p>Advisers and consultants under this category would be individuals and/or businesses which provide, on a regular or recurring basis, advisory services and consultancy services, to the Group on areas relating to the Group's principal business activities in operation of research, manufacturing and sale of pharmaceutical products in the PRC or the Group's business strategy, human resources and marketing activities.</p> <p>The Group may seek advisory services and consultancy services from consultants or advisers with the expertise, professional qualifications and industry experience, which can bring positive impacts or strategic benefits to the Group's business growth and development in light of the Group's business plan from time to time. Granting performance rewards in the form of Options to such Service Providers will motivate them to continuously devote resources towards the Group and serves to bind their interests with the Group's interests in the long term.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such Service Providers, including:</p> <ul style="list-style-type: none"> (a) the expertise, professional qualifications and industry experience of the Service Providers; (b) the prevailing market fees chargeable by other services providers; (c) the Group's period of engagement of or collaboration with the Service Providers; and (d) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit.

In assessing whether a Service Provider provides services to the Group on a continuing and recurring basis, the Board will take into account factors such as: (i) the duration and nature of products or services provided to the Group in the past 12 months, and the recurrence and regularity of such products or services; (ii) the length of engagement of the Service Provider; (iii) the selection criteria against comparable metrics used to determine other Eligible Participants who have been granted Options under this Scheme; (iv) the Group's objectives in engaging the Service Provider and how granting Options to the Service Provider would align with the purpose of this Scheme or benefit the Group and its Shareholders; and (v) remuneration packages of comparable listed peers, if any, based on available industry information.

In assessing whether a Service Provider provides services to the Group in the Company's ordinary and usual course of business, the Board will take into account factors such as the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The qualified Service Providers shall directly contribute to the long-term growth of the Group's business by providing services that are of a continuing and recurring nature in the ordinary and usual course of the Group's business. In particular, they shall be closely connected to and crucial to the Group's operations.

- 4.4 In assessing the eligibility of the Related Entity Participant(s), the Board will consider, in its sole discretion, on a case-by-case basis, including (a) the responsibility taken up or to be taken up by the Related Entity Participant(s) towards the success of the Group's operations or enhancing the value of the Company and its Shares; (b) the measurable positive contributions brought by, or expected to be brought by, the Related Entity Participant on the Group's business development in terms of financial performance or financial position; (c) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; (d) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and (e) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the principal businesses of the Group through a collaborative relationship.

5. GRANT OF OPTIONS

- 5.1 The Board shall, on and subject to the terms of this Scheme and the requirements of the Listing Rules, be entitled but shall not be bound, at any time within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Eligible Participant may, during the Option Period, subscribe for such number of Shares (being, subject to Clause 14, a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) at the Subscription Price and on and subject to such terms and conditions as the Board shall, subject to Clause 9, determine and impose and inform the Grantee accordingly. 17.03 (5)
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option
- 5.2 Each grant of Options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Options). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all options and awards involving issue of new Shares already granted under this Scheme and any other share scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of this Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the date of grant (excluding treasury Shares), such further grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting. The Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The relevant Grantee, his/her associates and all core connected persons of the Company shall abstain from voting at such general meeting, except that such person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith. 17.04 (1)
17.04 (3)
17.04 (4)

- 5.3 The circular to be issued by the Company to its Shareholders pursuant to Clause 5.2 shall contain the following information: ^{17.04 (5)}
- (a) the details of the number and terms of the Options to be granted to each Grantee which must be fixed before the Shareholders' meeting. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price;
 - (b) the views of the independent non-executive directors of the Company (excluding any independent non-executive director who is the relevant Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to whether to vote for or against the resolution relating to the grant of the Options;
 - (c) the information required under Rule 17.02(2)(c) of the Listing Rules;
 - (d) the information as required under Rule 2.17 of the Listing Rules; and
 - (e) any other information as may be required under the Listing Rules or by the Stock Exchange from time to time.
- 5.4 Any change in the terms of Options granted to any Grantee who is a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the Shareholders in the manner as set out in Clause 5.3 if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- 5.5 No Offer shall be made and no Option shall be granted to any Eligible Participant in circumstances prohibited by the Listing Rules or at a time when the Eligible Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or laws. No Offer shall be made and no Option shall be granted to any Eligible Participants after inside information has come to the knowledge of the Company until (and including) the trading day after such inside information has been published in an announcement in accordance with the Listing Rules. In particular, during the period commencing 30 days immediately preceding the earlier of: ^{17.05 restriction on the time of grant of options}
- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of its quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted. Such period will also cover any period of delay in the publication of any results announcement, and where an option is granted to a director:

- (a) no Options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

For the avoidance of doubt, the period during which no Option shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

5.6 The Offer shall specify the terms on which the Option is to be granted and the Board may at its discretion specify any condition in the Offer which must be satisfied before the Option may be exercised. The Board shall forward to the Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

- (a) the Eligible Participant's name, address, position and the category to which the Eligible Participant belongs;
- (b) the date on which the Offer is made to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (c) the Option Period in respect of which the Offer is made, or as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
- (d) the date upon which an Offer must be accepted;
- (e) the date upon which an Option is deemed to be granted and accepted in accordance with the provisions of this Scheme;
- (f) the number of Shares in respect of which the Option is offered;
- (g) the Subscription Price and the manner of payment of such price for the Shares on and in consequence of the exercise of the Option;
- (h) the date of the notice given by the grantee in respect of the exercise of the Option;
- (i) the minimum period for which the Options must be held before it is vested and exercisable, in accordance with Clauses 6.2 and 6.3;
- (j) the method and procedures of acceptance of the Option which shall, unless the Board otherwise determines, be in accordance with the provisions of this Scheme;

- (k) the performance target(s) (if any) (as provided in Clause 6.5) that must be attained by the Eligible Participant before any Option can be exercised or vested in whole or in part;
- (l) the clawback mechanism for the Company to recover or withhold any Option granted to any Eligible Participants (if any) as provided in Clause 6.6;
- (m) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with this Scheme; and
- (n) a statement requiring the Eligible Participant to undertake to hold the Options on the terms on which it is to be granted and to be bound by the provisions of this Scheme.

5.7 The Offer shall be personal to the Eligible Participant concerned and shall not be transferable. It shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period as stated in the offer document provided that no such Offer shall be open for acceptance after the Termination Date or after this Scheme has been terminated.

17.03 (17)
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of options

5.8 An Offer shall be deemed to have been accepted by and the Option shall be deemed to have been granted to the Grantee and to have taken effect when the duplicate offer document constituting acceptances of the Offer duly signed by the Grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. To the extent that the offer to grant an Option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

17.03 (8)
amount
payable on
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the option

5.9 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document and accepted by the Eligible Participant in the manner as specified in Clause 5.8.

5.10 Subject to Clause 10, upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with Clause 5.8 and, if appropriate, Clause 5.9, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance.

5.11 The Option Period of an Option may not end later than ten (10) years from the Offer Date.

5.12 The Board may, at its absolute discretion, fix any minimum period for which an Option must be held (subject to Clauses 6.2 and 6.3), any performance targets (as provided in Clause 6.5) that must be achieved and any other conditions that must be fulfilled before the Options can be exercised upon the grant of an Option to an Eligible Participant.

6. SUBSCRIPTION PRICE, VESTING PERIOD, PERFORMANCE TARGETS AND CLAWBACK OF OPTIONS

- 6.1 The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to Clause 10, be at the absolute discretion of the Board, provided that it shall be not less than the highest of:
- (a) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day;
 - (b) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) Business Days immediately preceding the date of grant; and
 - (c) the nominal value of the Shares on the date of grant.
- 6.2 Save for the circumstance as described in Clause 6.3, the vesting period in respect of any Option granted shall be no less than twelve (12) months from (and including) the date of grant.
- 6.3 Options granted to an Employee Participant may be subject to a shorter vesting period in the following circumstances at the sole discretion of the Board or the Remuneration Committee:
- (a) grants of "make-whole" Options to new joiners to replace the share awards or options they forfeited when leaving their previous employers;
 - (b) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out-of-control event;
 - (c) grants that are made in batches during a year for administrative or compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
 - (d) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months, or where the Options may vest by several batches with the first batch to vest within twelve (12) months of the date of grant and the last batch to vest twelve (12) months after the date of grant;
 - (e) grants with performance-based vesting conditions provided in this Scheme or as specified in the offer letter in lieu of time-based vesting criteria; and
 - (f) grants with a total vesting and holding period of more than twelve (12) months.
- 6.4 In the circumstances contemplated in Clause 7.3, the Board shall determine in its absolute discretion whether such Options shall vest and the period within which such Options shall vest, subject to the requirements of the Listing Rules and the terms of this Scheme (including the requirements on vesting period as set out in Clauses 6.2 and 6.3). For the avoidance of doubt, vesting period of Options granted to Eligible Participants who are not Employee Participants will not be less than 12 months in any event.

17.03 (9)
17.03E
basis of
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exercise price

17.03 (6)
17.03F
vesting period

6.5 Vesting of Options shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Board or the Remuneration Committee from time to time. The Board or the Remuneration Committee shall have the authority, after the grant of any Option which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the Option Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Board or the Remuneration Committee (as the case may be). The performance targets may include the attainment of program milestones and market capitalization milestones by the Group, which may vary among the Grantees. The Board or the Remuneration Committee (as the case may be) will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board or the Remuneration Committee determines that any prescribed performance targets have not been met, the unexercised Options shall lapse automatically. For the avoidance of doubt, the performance targets are not applicable to independent non-executive directors of the Company. 17.03 (7)

6.6 Notwithstanding the terms and conditions of this Scheme, the Board has the authority to provide that any Option shall be subject to a clawback if any of the following events occurs: 17.03 (19)

- (a) if the Grantee (being an employee or a director of any member of the Group) ceases to be an Eligible Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of fraud or dishonesty or persistent or serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (b) the granting of any Option, or its becoming exercisable or vested was based on material misstatements in financial statements or any other materially inaccurate performance metric criteria;
- (c) if the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company; and
- (d) if any other clawback event implicitly or explicitly characterized in the offer letter occurs.

Upon occurrence of any of the above events (and whether an event is to be regarded as having occurred for the purpose of this Clause is subject to the sole determination of the Board) in relation to a Grantee, the Board may (but is not obliged to) by notice in writing to the relevant Grantee claw back such number of Options granted (to the extent not already exercised) as the Board may consider appropriate. The Options that are clawed back shall be regarded as cancelled and the Options so cancelled shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provided Sublimit.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be transferrable or assignable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any Option, except for the transmission of an Option on the death of the Grantee to his Personal Representative(s) on the terms of this Scheme or as permitted by the Stock Exchange or under the Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company. 17.03 (17)
- 7.2 Subject to Clause 16.8, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in Clauses 7.3 and 7.5 by giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the Option is exercised to the full extent outstanding, must be an integral multiple of such number of Shares as shall represent one board lot for dealings in Shares on the Stock Exchange for the time being). Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to Clause 10, the Company shall accordingly allot and shall instruct the share registrar to issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to Clause 7.3(a), to the estate of the Grantee) credited as fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.
- 7.3 Subject to the terms and conditions upon which such Option was granted, Clauses 6.2 and 6.3 and as hereinafter provided, a vested Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
- (a) in the event of the Grantee, who is an employee of the Group at the time of the grant of the Option, ceasing to be an employee thereof by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of its Subsidiaries specified in Clause 8.1(e) has occurred, the Grantee or, as appropriate, his Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of Clause 7.2 within a period of twelve (12) months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death);
 - (b) in the event that the Grantee, who is an employee of the Group at the time of the grant of the Option, ceases to be an employee thereof by reason other than his death, ill-health, injury, disability or termination of his relationship with the Company and/or any of its Subsidiaries on one of more of the grounds specified in Clause 8.1(e), the Grantee may exercise the Options then already vested up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) in whole or in part in accordance with the provisions of Clause 7.2 within a period of one (1) month (or such longer period as the Board may determine) from 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, failing which it will lapse (or such longer period as the Company may determine);

- (c) if a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to Clause 7.3(d)) is made to all the Shareholders (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 prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, at any time within such period as shall be notified by the Company;
- (d) if a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company;
- (e) in the event a notice is given by the Company to its members to convene a general 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 thereupon, each Grantee (or his Personal Representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon 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, allot the relevant Shares to the Grantee credited as fully paid;
- (f) if a compromise or arrangement, other than a scheme of arrangement contemplated in Clause 7.3(d), between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may, at any time thereafter but before such time as shall be notified by the Company, by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to Clause 7.4(b), and the Company shall as soon as possible and in any event no later than 2 Business Days immediately prior to the date of the proposed meeting, allot, issue and register in the register of members of the Company the name of the Grantee as holder of such number of fully paid Shares to the Grantee which falls to be issued on such exercise of the Option. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

7.4 For the purpose of this Clause 7:

- (a) any references to exercising an Option shall refer to exercising that Option to the extent not already exercised, notwithstanding that the Option Period has not come into effect;
- (b) pursuant to Clauses 7.3(c), 7.3(d), 7.3(e) and 7.3(f), the Company may in its discretion notwithstanding the terms of the relevant Option, at the same time as giving the notice provided for under each of those Clauses, also give notice to a Grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company but in any event (save for the circumstances set out in paragraphs 6.3(a) to (f)) such period shall not be less than 12 months from (and including) the date of grant; and
- (c) if the Company gives notice under Clause 7.4(b) that an Option can be exercised in part only, the balance of the Option shall lapse.

7.5 The Shares to be allotted and issued upon the exercise of an Option shall be identical to the then existing issued shares of the Company and subject to all the provisions of the memorandum of association and articles of association of the Company for the time being in force and will rank pari passu in all respects with the other fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company 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 and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date the name of the Grantee is registered on the register of members of the Company 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, save that the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

17.03 (15)

7.6 No Grantee shall enjoy any rights of a Shareholder by virtue of the grant of an Option pursuant to this Scheme, unless and until the Shares are actually issued to the Grantee pursuant to the exercise of an Option. The Options do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company until such Options have been exercised. A Share issued upon the exercise of an Option shall not carry rights until the registration of the Grantee (or any other person so permitted pursuant to this Scheme) as the holder thereof.

17.03 (10)
voting,
dividend,
transfer and
other rights

7.7 In any case where a tax is required to be withheld (including but not limited to taxes in the PRC where applicable) in connection with any exercise of any Option granted under this Scheme, the Company or any of its Subsidiaries shall have the right to:

- (a) reduce the number of Shares to be delivered pursuant to such exercise by the appropriate number of Shares to satisfy the withholding obligation of the Company or any of its Subsidiaries with respect to such exercise, or
- (b) require the Grantee (or the Personal Representative(s) of the Grantee, as the case may be) to pay or provide for payment of the amount of any taxes which the Company or any of its subsidiaries may be required to withhold with respect to such exercise, and no Shares shall be delivered to such Grantee (or the Personal Representative(s) of such Grantee, as the case may be) pursuant to such exercise unless such Grantee (or the Personal Representative(s) of such Grantee, as the case may be) has paid the amount of taxes in full as required under this Clause 7.6(b).

8. LAPSE OF OPTIONS

- 8.1 An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:
- (a) the date of expiry of the Option Period;
 - (b) the expiry of any of the periods referred to in Clause 7.3;
 - (c) the date on which the scheme of arrangement of the Company referred to in Clause 7.3 becomes effective;
 - (d) subject to Clause 7.3(d), the date of commencement of the winding-up of the Company;
 - (e) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from the employment of the Company or any of its Subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract or on any other ground on which an employer would be entitled to terminate his or her employment summarily. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 8.1(e) shall be conclusive;
 - (f) the date on which the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company;
 - (g) the date on which the Board or the Remuneration Committee determines that any prescribed performance targets have not been met after conducting the assessment referred to in Clause 6.5;
 - (h) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts when they fall due or has become insolvent or has made any arrangement or composition with its creditors generally;
 - (i) where the Grantee is a Related Entity Participant or a Service Provider, the date on which the Board shall at its absolute discretion determine that: (a) the Grantee has committed any breach of any contract entered into between the Grantee, his/her/its associate and/or the relevant related entity and/or the service provider on the one part and any member of the Group on the other part; (b) 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 its creditors generally; or (c) the Grantee and/or the relevant related entity and the service provider which the Grantee served could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever;

17.03 (12)
lapse of
option

- (j) where the Grantee is an Employee Participant, a Related Entity Participant or a Service Provider of a member of the Group (other than the Company), the date on which such member ceases to be a Subsidiary of the Company;
 - (k) the date on which the Board shall exercise the Company’s right to cancel the Option at any time after the Grantee commits a breach of Clause 7.1 or the Options are cancelled in accordance with Clause 15; or
 - (l) unless the Board otherwise determines, and other than in the circumstances referred to in Clauses 7.3(a) or 7.3(b), the date the Grantee ceases to be an Eligible Participant (as determined by a Board resolution) for any other reason.
- 8.2 For the avoidance of doubt, transfer of employment or engagement from one member of the Group to another member of the Group shall not be considered as a cessation of employment or engagement. Options held by such Grantee, to the extent not already exercised, shall remain exercisable in accordance with the terms and conditions of this Scheme.
- 8.3 The Board shall have the power to decide whether an Option shall lapse and its decision shall be binding and conclusive on all parties. The Company shall not owe any liability to any Grantee for the lapse of any Option under Clause 8.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The maximum number of Shares in respect of which all options and awards may be granted (including Shares in respect of which Options, whether exercised or still outstanding, have already been granted) under this Scheme and under any other share scheme(s) of the Company must not in aggregate exceed 10.0% of the total number of Shares in issue (excluding treasury shares) at the Adoption Date, being [81,790,142] Shares (the “**Scheme Mandate Limit**”), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit in accordance with Clause 9.4. In addition, the Company will not use treasury shares (if any) to satisfy any grant of Options or cover the exercise of any outstanding Options. Options and awards which have lapsed in accordance with the terms of this Scheme (or any other share scheme(s) of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit or the Service Provider Sublimit. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting of the Company, the maximum number of new Shares that may be issued in respect of all options and awards to be granted under this Scheme and any share scheme(s) of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares (excluding treasury Shares) as at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 9.2 Subject to Clause 9.1, within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under this Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed [8,179,014] Shares, representing 1% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).

17.03 (3)
17.03B (1)
scheme
mandate limit

17.03 (3)
17.03B (2)
Service
provider
sublimit

9.3 The Company may seek the approval of its Shareholders at general meeting to refresh the Scheme Mandate Limit or the Service Provider Sublimit after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment (as the case may be), such that the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under this Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% (and the Service Provider Sublimit as refreshed shall not exceed 1%) of the Shares in issue (excluding treasury Shares) as at the date of the aforesaid approval for refreshment by the Shareholders in general meeting. Options and awards lapsed in accordance with the terms of this Scheme and any other share scheme(s) of the Company will not be regarded as utilized for the purpose of calculating the limit as refreshed. The Company shall send a circular to the Shareholders containing the number of options and awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment.

Any refreshment within any abovementioned three-year period must be approved by the Shareholders subject to the following provisions:

- (a) any controlling shareholder(s) of the Company and their respective associates, or if there is no controlling shareholder(s) of the Company, directors (excluding independent non-executive directors) and the chief executives of the Company and their respective associates must abstain from voting in favor of the relevant resolution at the general meeting; and
- (b) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under Clause 9.3(a) and 9.3(b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit or the Service Provider Sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit or the Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

9.4 Without prejudice to Clause 9.3, the Company may also seek separate approval of the Shareholders in general meeting for granting any Options beyond the Scheme Mandate Limit, or if applicable, the refreshed limit as referred to in Clause 9.3 above, provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to Shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each specified Eligible Participant, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

9.5 Unless approved by the Shareholders in the manner set out in this Clause, the total number of Shares issued and to be issued in respect of all options and awards granted under this Scheme and any other share scheme(s) of the Company to each Eligible Participant in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury Shares) (the “**Individual Limit**”). Where any grant of Options under this Scheme to an Eligible Participant would result in the aggregate number of Shares issued and to be issued in respect of all options and awards granted under this Scheme and any other share scheme(s) of the Company to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of this Scheme and any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant exceeding the Individual Limit, such grant shall be subject to separate approval of the Shareholders in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person of the Company) abstaining from voting. A circular shall be sent to the Shareholders disclosing the identity of such Eligible Participant, the number and terms of the Options to be granted (and those options and awards previously granted to such Eligible Participant in the 12-month period), the purpose of granting the Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Participant shall be fixed before the Shareholders’ approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

17.03 (4)
17.03D
maximum
entitlement
of each
participant

9.6 The maximum number of Shares referred to in Clause 9 shall be adjusted, in such manner as the Auditors or the independent financial advisor of the Company retained for such purpose shall certify in writing to the Board to be appropriate, fair and reasonable, in the event of any alteration in the capital structure of the Company in accordance with Clause 10 by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company.

10. REORGANISATION OF CAPITAL STRUCTURE AND SPECIAL DIVIDEND

10.1 In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable whether by way of capitalisation 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 a transaction), such corresponding alterations (if any) shall be made to:

17.03 (13)
adjustment of
the exercise
price in the
event of
capitalisation
issue, rights
issue, sub-
division or
consolidation
of shares or
reduction
of capital

- (a) the number or nominal amount of Shares comprised in each Option so far as unvested;
- (b) the number or nominal amount of Shares comprised in each Option so far as vested but unexercised; and/or
- (c) the Subscription Price.

as the Auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). The capacity of the Auditors or independent financial advisor (as the case may be) in this Clause 10.1 is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or independent financial advisor (as the case may be) in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme shall be borne by the Company.

10.2 In respect of any adjustment referred to in Clause 10.1, other than any adjustment made on a capitalisation issue, the Auditors or independent financial advisor (as the case may be) must confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes and/or such other requirement prescribed under the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time.

10.3 If there has been any alteration in the capital structure of the Company as referred to in Clause 10.1, the Company shall, upon receipt of a notice from a Grantee in accordance with Clause 7.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser to the Company obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser to the Company as soon as practicable thereafter to issue a certificate in that regard in accordance with Clause 10.1.

11. SHARE CAPITAL

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to allot the Shares on the exercise of Options.

12. DISPUTES

Any dispute arising in connection with the number of Shares the subject of an Option, any adjustment under Clause 10.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on all persons who may be affected thereby.

13. ALTERATION OF THE SCHEME

13.1 Subject to Clauses 13.2 to 13.5, the Board may amend any of the provisions of this Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of this Scheme, which are not restricted under Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

17.03 (18)
alteration of
the scheme

13.2 Any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by Shareholders in general meeting. 17.03 (18)
Note 1

13.3 Any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of this Scheme. 17.03 (18)
Note 2

13.4 Any change to the authority of the directors of the Company or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in general meeting. 17.03 (18)
Note 4

13.5 The amended terms of this Scheme and/or any Options pursuant to this Clause 13 must comply with the relevant requirements of Chapter 17 of the Listing Rules. 17.03 (18)
Note 3

14. TERMINATION

The Company may by resolution in general meeting or the Board at any time terminate the operation of this Scheme and in such event no further Options shall be offered or granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any outstanding Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. Outstanding Options (to the extent not already exercised) complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of this Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of this Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of this Scheme. 17.03 (16)
termination of
the scheme

15. CANCELLATION OF OPTION GRANTED

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to Clause 7.1. Where the Company cancels Options granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under this Scheme with available Scheme Mandate Limit and Service Provider Sublimit, and that Options so cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. 17.03 (14)
cancellation
of options
granted

16. MISCELLANEOUS

16.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any employee and the rights and obligations of any employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

- 16.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 16.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or the independent financial adviser to the Company in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme.
- 16.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.
- 16.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 16.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 16.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one (1) day after the date of posting, if sent by mail; and
 - (b) when delivered, if delivered by hand.
- 16.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this Clause 16.8 shall be condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.
- 16.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 16.10 By accepting an Offer an employee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights or benefits under this Scheme.

- 16.11 The Company shall provide a summary of the terms of this Scheme to all Eligible Participants on joining this Scheme (and a copy of this Scheme document to any Eligible Participant who requests such a copy). The Company shall provide to all Eligible Participants all details relating to changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.
- 16.12 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.
- 16.13 This Scheme shall comply with the Listing Rules as amended from time to time. In the event that there are differences between the terms of this Scheme and the Listing Rules, the Listing Rules shall prevail.

– End –