

**WAI YUEN TONG MEDICINE HOLDINGS LIMITED**  
*(incorporated in Bermuda with limited liability)*

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**SHARE OPTION SCHEME**

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Conditionally adopted pursuant to  
an ordinary resolution of Shareholders dated [•] 2023

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# WAI YUEN TONG MEDICINE HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

## 1. DEFINITIONS

1.1 In this Scheme, unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	[•] 2023, the date on which this Scheme was conditionally adopted by the Shareholders;
“associate”	has the meaning ascribed to it under the Listing Rules;
“associated company”	means, in relation to a company, any body corporate or other entity whose results are recorded in that company’s financial statements using the equity method of accounting;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of Directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which the Stock Exchange is open for the business of dealing in securities;
“close associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	Wai Yuen Tong Medicine Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“core connected person”	has the meaning ascribed to it under the Listing Rules;

“Date of Grant”	in respect of an Option, the Business Day on which the Offer is made to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of this Scheme;
“Employee Participant”	any director or employee of any member of the Group (including persons who are granted Option(s) under this Scheme as an inducement to enter into employment contracts with any member of the Group) and, for the avoidance of doubt, excludes any former employee unless such person qualifies as a Participant in some other capacity;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of this Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit”	the meaning ascribed thereto in paragraph 7.4;
“inside information”	has the meaning ascribed to it under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended from time to time;
“New Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 7.2(a);
“Offer”	the offer of the grant of an Option made in accordance with paragraph 3;

“Option”	an option to subscribe for Shares granted pursuant to this Scheme and for the time being subsisting;
“Option Period”	in respect of any particular Option, the period during which the Grantee may exercise the Option, which is determined and notified by the Board to the Grantee at the time of making an Offer and must not be more than 10 years from the Date of Grant;
“Participant”	means an Employee Participant or Related Entity Participant who is eligible to be granted Option(s) under this Scheme;
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company;
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 7.1;
“share scheme(s)”	has the meaning ascribed to it under the Listing Rules;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 4;

“Subsidiary” a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly;

“substantial shareholder” has the meaning ascribed to it under the Listing Rules;

- 1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References herein to “paragraphs” are to paragraphs of this Scheme. Words importing the singular include the plural and vice versa, words importing a gender or the neuter include both genders and the neuter references to persons include bodies corporate or unincorporate.
- 1.3 References in this Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.4 References (express or implied) in this Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively 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 there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.
- 1.5 In construing this Scheme:
  - (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
  - (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

## 2. PURPOSE, DURATION AND ADMINISTRATION

- 2.1 The purpose of this Scheme is to reward Participants who have contributed or may contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole. The eligibility of any of the Participants for grant(s) of Option(s) shall be determined by the Board from time to time on the basis of the Board's opinion as to the Participant's contribution to the success of the Group's operations. In assessing whether Options are to be granted to any Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impact which such Participant has brought to the Group's operations and whether granting the Options to such Participant is an appropriate incentive to such Participant to continue to contribute towards the Group's operations.
- 2.2 This Scheme shall be subject to the administration of the Board whose decision as to 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 parties. The Board shall have the right to (a) interpret and construe the provisions of this Scheme; (b) determine the persons (if any) who shall be offered Options under this Scheme, and the number of Shares and Subscription Price, subject to paragraph 4; (c) subject to paragraph 11, make such adjustments to the terms of the Options granted under the Scheme to the relevant Grantee as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offers and/or the administration of the Scheme provided that the same are not inconsistent with the provisions of this Scheme and the Listing Rules.
- 2.3 This Scheme shall take effect subject to (i) the passing of a resolution by the shareholders of Wang On Group Limited to approve this Scheme; and (ii) the passing of a resolution by Shareholders to approve and adopt this Scheme and to authorise the Board to grant Options under this Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Options. A certificate of a Director that the condition set out in this paragraph 2.3 have been satisfied shall be conclusive evidence of the matters certified.
- 2.4 Subject to paragraphs 2.3 and 13, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted under this Scheme but the provisions of this Scheme shall remain in full force and effect in all other respects. Options granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the said 10-year period.

### 3. GRANT OF OPTIONS

3.1 On and subject to the terms of this Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms shall include:–

- (i) the minimum period as determined by the Board for which an Option must be held before it can be exercised, which, subject to paragraphs 5.3(e) to (h), shall not be less than 12 months unless the following applies in relation to grants to Employee Participants:–
  - (a) grants of “make whole” Options to new Employee Participants to replace share options such Employee Participants forfeited when leaving their previous employers;
  - (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
  - (c) grants of Options which are subject to the fulfilment of performance targets;
  - (d) grants of Options with a mixed vesting schedule such that the Share Options vest evenly over a period of 12 months; or
  - (e) grants of Options with a total vesting and holding period of more than 12 months.
- (ii) any performance target which the Board considers to be appropriate in relation to any specific grant of Option(s) and may include, without limitation, business performance and financial performance of the Group or specific business unit(s), attaining of corporate goals, and/or individual performance appraisal, that must be achieved before the Option(s) can be exercised in whole or in part; and
- (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.



- 3.2 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of 14 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after this Scheme has been terminated in accordance with the terms hereof or after the Participant for whom the Offer is made has ceased to be a Participant.
- 3.3 No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable rules, regulations or law.
- 3.4 An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.
- 3.5 Any Offer may be accepted 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 whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 14 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated in paragraph 3.4, it shall be deemed to have been irrevocably declined.
- 3.6 The Company may not grant any Options after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it may not grant any Option during the period commencing 1 month immediately before the earlier of:
- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or 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 during any period of delay in publishing a results announcement.

- 3.7 Any grant of Option shall be made, if not already obtained, subject to the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of such Option and accordingly an Option shall only take effect upon listing approval in respect of Shares which may fall to be issued upon exercise of such Option being obtained.
- 3.8 Save as set out under paragraphs 3.1 and 5.3(d) and as may be provided for by the Board in the relevant grant letter for an Offer, there is no performance target attached to the Options, or any clawback mechanism for the Company to recover or withhold Options granted to any Participant that have vested.

#### 4. SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board in its absolute discretion but in any event must not be less than the highest of:–

- (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

#### 5. EXERCISE OF OPTIONS

- 5.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

- 5.2 An Option may, subject to the provisions of paragraph 8, be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set out in paragraph 5.3 by the Grantee (or, as the case may be, his legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative(s)) share certificates in respect of the Shares so allotted.
- 5.3 Subject to any restrictions applicable under the Listing Rules and the terms of grant thereof, an Option may be exercised by the Grantee at any time during the Option Period, provided that:—
- (a) in the event of the Grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph 6(f) having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 12 months following his death;
  - (b) in the event of a Grantee who is an employee or a director of the Company or another member of the Group ceasing to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph 6(f), the Option (to the extent not already exercised) shall lapse after the expiry of 14 days from the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable;

- (c) in the event of a Grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within 1 month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation;
- (d) in the event of the Grantee ceasing to be a Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph 6(f), his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part pursuant to paragraph 5.2, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;
- (e) if a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5.3(f) below) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) 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 (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company;
- (f) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice;
- (g) in the event a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option; and

(h) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5.3(f) above, between the Company and its members 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 on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

5.4 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum of association and bye-laws of the Company for the time being in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

## 6. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:—

- (a) the expiry of the Option Period (subject to the provisions of this Scheme);
- (b) the expiry of the periods referred to in paragraph 5.3;
- (c) the expiry of the period referred to in paragraph 5.3(e) provided that if any court of competent jurisdiction makes an order the effect of which is to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (d) subject to the scheme of arrangement (referred to in paragraph 5.3(f)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5.3(f);
- (e) the date of the commencement of the winding-up of the Company;

- (f) the date on which the Grantee (being an Employee Participant) ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily. A resolution of the Board or the board of directors of the relevant Subsidiary 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 paragraph 6(f) shall be conclusive and binding on the Grantee, and where appropriate, his legal representative(s);
- (g) the date on which the Grantee commits a breach of paragraph 5.1; and
- (h) subject to paragraph 5.3, the date the Grantee ceases to be a Participant for any other reason.

## 7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 7.1 Subject to paragraphs 7.2, the maximum number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and all other options and awards under any other share schemes of the Company must not, in the absence of Shareholders' approval, in aggregate exceed 10% of the Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of this Scheme and (as the case may be) such other share schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. Options granted under the Scheme which have been cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. For the avoidance of doubt, where the Company cancels Options granted under this Scheme to a Participant, and makes a new grant to the same Participant, such new grant may only be made with available Scheme Mandate Limit.
- 7.2 (a) The Scheme Mandate Limit referred to in paragraph 7.1 may be refreshed at any time by obtaining approval of the Shareholders in general meeting after 3 years from the Adoption Date (or, as the case maybe, the last refreshment of such limit) provided that the new Scheme Mandate Limit as refreshed (the "**New Scheme Mandate Limit**") must not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such New Scheme Mandate Limit. Options previously granted under this Scheme or any other share schemes of the Company (including those outstanding, cancelled, lapsed in accordance with this Scheme or exercised options) will not be counted for the purpose of calculating the total number of Shares underlying the New Scheme Mandate Limit. All other provisions under this Scheme applicable to the Scheme Mandate Limit shall also apply to any New Scheme Mandate Limit.

- (b) The Scheme Mandate Limit referred to in paragraph 7.1 may also be refreshed within any 3-year period from the Adoption Date (or, as the case maybe, the last refreshment of such limit) by obtaining approval of the Shareholders in general meeting PROVIDED THAT in such case, any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at such general meeting and subject to compliance with other applicable requirements under the Listing Rules.

7.3 Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:-

- (a) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
- (b) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to the Shareholders containing the name of each specified Participant who may be granted such Options, the number and terms (which must be fixed before Shareholders' approval) of the Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose and such other information required under the Listing Rules; and
- (c) in respect of any grant of Options subject to this paragraph, the date of the Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of determining the Subscription Price.

7.4 Where any grant of Options to a Participant would result in the Shares issued and to be issued in respect of all options or awards granted to such Participant (excluding any options or awards lapsed in accordance with the terms of the share schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the "**Individual Limit**"), such grant must be separately approved by Shareholders in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting. The identity of the Participant, number and terms of the Options to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to the Shareholders which shall contain the information required by the Listing Rules. In respect of any grant of Options subject to this paragraph, the date of the Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of determining the Subscription Price.

- 7.5 If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options (including Options under this Scheme) and awards to be granted under this Scheme and any other share schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 7.6 Each grant of Option(s) 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 the grantee of such Option(s)).
- 7.7 If a grant of Options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) would result in the Shares issued and to be issued in respect of all options (including Options under this Scheme) and awards granted (excluding any options and awards lapsed in accordance with the terms of the Scheme or other share schemes 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% of the Shares in issue, such further grant of Options is required to be approved by Shareholders at a general meeting of the Company, with voting to be taken by way of a poll. The grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The number and terms of the Options to be granted (including the Subscription Price) shall be fixed before Shareholders' approval and the Company shall send a circular to Shareholders which shall contain the information and the independent non-executive Directors' views required by the Listing Rules.
- 7.8 Any change in the terms of an Option granted to a Director, chief executive or substantial shareholder of the Company or (any of their respective associates) must be approved by Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the Option requires such approval (except where the changes take effect automatically under the existing terms of the Scheme).



## 8. REORGANISATION OF CAPITAL STRUCTURE

8.1 In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, such corresponding alterations (if any) shall be made in:—

- (a) the number or nominal amount of Shares subject to the Scheme and/or Options granted thereunder; and/or
- (b) the Subscription Price for the Shares subject to the Option so far as unexercised;

provided that:—

- (i) any such adjustments give a Grantee the same proportion of the equity capital, rounded to the nearest whole Share, of the Company as that to which that Grantee was previously entitled; and
- (ii) notwithstanding paragraph 8.1(i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor that is calculated taking into account guidance/interpretation of the Listing Rules as may be issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

8.2 The Company shall engage the Auditors or an independent financial adviser to certify in writing to the Board, either generally or as regards any particular Grantee, that the adjustments made by the Company under paragraph 8.1 satisfy the requirements set out in paragraphs 8.1(i) and 8.1(ii) above. The capacity of the Auditors or the independent financial adviser to the Company (as the case may be) in this paragraph 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 financial adviser (as the case may be) shall be borne by the Company.

8.3 If there has been any alteration in the capital structure of the Company as referred to in paragraph 8.1, the Company shall within 28 days after receipt of the Auditors' certificate or the certificate of the independent financial adviser to the Company as referred to in paragraph 8.2, inform each Grantee of such alteration and of any adjustment to be made in accordance with the Auditors' certificate or the certificate of the independent financial adviser to the Company obtained by the Company for such purposes.

## 9. SHARE CAPITAL

9.1 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 meet subsisting requirements on the exercise of Options.

9.2 The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

## 10. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser to the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser to the Company shall be shared equally between the Company and the relevant Grantee.

## 11. ALTERATION OF THIS SCHEME

This Scheme may be altered in any respect by a resolution of the Board provided that any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions of this Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Participants must be approved by the Shareholders in general meeting. Any change to the terms of any Options granted to a Participant shall be approved by the Board, the remuneration committee of the Board, the independent non-executive Directors and/or the Shareholders (as the case maybe) if the initial grant of Options was approved by the Board, the remuneration committee of the Board, the independent non-executive Directors and/or the Shareholders (as the case maybe), except where the alterations take effect automatically under the existing terms of the Scheme. The Scheme so altered must still comply with Chapter 17 of the Listing Rules. Any change to the authority of the Board to alter the terms of the Scheme must be approved by Shareholders in general meeting.

12. CANCELLATION

Any Options granted but not exercised may be cancelled if the Grantee so agrees. Where the Company cancels the Options and issues new Options to the same Grantee, the issue of such new Options may only be made under this Scheme or any other share schemes of the Company (excluding the cancelled Options) within the Scheme Mandate Limit.

13. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of this Scheme shall remain in full force and effect in respect of Options which are granted during the life of this Scheme and which remain unexpired immediately prior to the termination of the operation of this Scheme.

14. MISCELLANEOUS

14.1 The Company shall bear the costs of establishing and administering this Scheme.

14.2 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares.

14.3 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 for the time being and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.

14.4 Any notice or other communication served by post:—

- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
- (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

Any notice or other communication served by either party by hand shall be deemed to be served when delivered.

- 14.5 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. A Grantee shall pay all tax and discharge all other liabilities to which he may become subject to as a result of the participation in this Scheme or the exercise of any Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme. A Grantee shall, on demand, indemnify the Company fully against all claims and demands which may be made against the Company (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to hereinabove or to pay tax or other liabilities referred to hereinabove and against all incidental costs and expenses which may be incurred or spent by the Company.
- 14.6 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the other provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Options to Participants and to determine the Subscription Price, to any of the Company's directors or any committee established by the Board from time to time.
- 14.7 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.
- 14.8 No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to this Scheme, unless and until Shares are actually issued to the Grantee pursuant to his exercise of such Option.
- 14.9 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

– End of this Scheme –