

**LEE'S PHARMACEUTICAL HOLDINGS LIMITED**  
*(incorporated in Cayman Islands with limited liability)*

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**RULES OF THE  
SHARE OPTION SCHEME**

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Adopted by an ordinary resolution  
passed by the shareholders of the Company  
at the annual general meeting held on [●] May 2022

**RULES OF  
SHARE OPTION SCHEME**

**1. INTERPRETATION**

1.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<b>“associates”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Auditors”</b>	the auditors for the time being of the Company
<b>“Board”</b>	the board of Directors from time to time (or a duly authorized committee thereof delegated with the powers of the Directors to administer these Rules)
<b>“Business Day”</b>	a day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
<b>“close associates”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Company”</b>	Lee’s Pharmaceutical Holdings Limited, a company incorporated in Cayman Islands with limited liability
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules
<b>“core connected person”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Date of Grant”</b>	the date on which an Option Certificate is issued by the Company pursuant to a resolution of the Directors provided that such issue shall not be later than 7 days after the end of the period of acceptance mentioned in Rule 4.1
<b>“Directors”</b>	the directors of the Company for the time being
<b>“Effective Date”</b>	the date on which the Scheme was conditionally adopted by an ordinary resolution passed by the Shareholders at the annual general meeting held on [19] May 2022
<b>“Eligible Person”</b>	the following persons who are eligible to participate in the Scheme:

<u>Eligible Persons</u>	<u>Basis for determining eligibility</u>
Employees	any employee (whether full-time or part-time) of the Company or any of its subsidiaries who has contributed to the Group’s research and development, including but not limited to project leader, project member, engineer and technician
Staff and advisers	any staff, advisor (professional or otherwise), consultant, agent or business partner that the Company deems important to provide support to the Group

Directors	any director (including executive, non-executive and independent non-executive directors) of the Group
<b>“Exercise Price”</b>	<p>the exercise price for Shares under the Scheme will be determined by the Board and notified to each grantee and will be no less than the highest of:</p> <p>(a) the closing price of a Shares as stated in the Stock Exchange's daily quotations sheets on the Date of Grant, which must be a Business Day; and</p> <p>(b) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five trading Days immediately preceding the Date of Grant of such Option (subject to adjustments),</p> <p>or (where applicable) such price as from time to time adjusted pursuant to the Scheme and subject to the requirements under Chapter 17 of the Listing Rules</p>
<b>“Financial Adviser”</b>	as defined in Rule 8.1
<b>“Group”</b>	the Company and its subsidiaries, and members of the Group shall mean any one of them
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People's Republic of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Option”</b>	an option to subscribe for Shares pursuant to the Scheme and for the time being subsisting
<b>“Option Certificate”</b>	a certificate issued to an Eligible Person upon the grant of any Option to him, in such form as the Board may from time to time determine
<b>“Option Holder”</b>	a person holding an Option
<b>“Option Period”</b>	the period within which Options may be exercised in accordance herewith and as the Board may determine which shall not be more than ten years from the Date of Grant (subject to the rules relating to earlier termination of the Scheme, if any, in accordance herewith)
<b>“Relevant Event”</b>	<p>(a) any alteration in the share structure of the Company whilst any Option remains exercisable by way of capitalisation issue, rights issue, consolidation or sub-division of Shares or reduction of the capital of the Company in accordance with legal requirements of the Stock Exchange (excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party); or</p> <p>(b) any distribution of the Company's capital assets to the Shareholders pro-rata, whether in cash or specie,</p>

except dividend paid out of the net profits attributable to the Shareholders for each financial year of the Company

“Scheme”	this share option scheme in its present form which was conditionally adopted by an ordinary resolution passed by the Shareholders at the annual general meeting held on [19] May 2022 (or as from time to time amended in accordance with the provisions hereof)
“Scheme Period”	the period of ten years commencing on the Effective Date, within which Options are to be granted pursuant hereto
“Share”	an ordinary share of HK\$0.05 each (or such other nominal value as such ordinary shares may be divided or consolidated or converted into) in the capital of the Company
“Shareholder”	the holder of a Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers published by the Hong Kong Securities and Futures Commission
“HK\$”	Hong Kong dollars

1.2 In the Scheme:

- (a) references to the singular include the plural, references to any one gender include every gender, references to persons include bodies corporate and unincorporated; and (in each case) vice versa;
- (b) references to the Rules are to the rules hereunder;
- (c) headings used herein are for convenience only and shall not affect their interpretation; and
- (d) references to any statute, statutory provision, act, law, ordinance, rules, and regulations and notes, schedules, guidelines and appendices thereto shall be construed as references to each of them as respectively amended, consolidated or re-enacted, or as its operation is modified by any similar instrument of a later date and which also include subsidiary legislation or instrument or regulation enacted under the relevant instrument.

2. **GRANT OF OPTIONS**

- 2.1 For the purpose of advancing the interests of the Company and its Shareholders by providing to Eligible Persons a performance incentive for continued and improved service with the Group and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership, on and subject to the terms of the Scheme, the Board shall, during the life of the Scheme and at its absolute discretion (subject to any terms and conditions as it may think fit) offer to grant on one or more occasions to an Eligible Person as the Board may in its absolute discretion think fit. In granting the Option, the Board shall notify the grantee all relevant particulars relating to the Option, including the Option Period, the number of Shares to which the Option relates, the Exercise Price and any additional restrictions or conditions as

the Board may in its absolute discretion impose on exercising the Options. In determining the eligibility of an Eligible Person, the Board will assess the Eligible Person based on factors such as their working experience, industry knowledge and their past and/or expected contribution to the development and success of the Group. For the basis of determining the eligibility of employees, staff, advisers and Directors as the Eligible Persons, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice.

- 2.2 Any agreement for the grant of or offer of Options pursuant hereto shall be subject to the terms of the Scheme and shall be subject to any adjustments made pursuant to the Scheme at any time and from time to time.
- 2.3 The Scheme and the grant of any Option hereunder is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options under the Scheme; and (ii) the passing of an ordinary resolution by the Shareholders (a) to adopt the Scheme; (b) to authorise the Directors to grant the Options thereunder; and (c) to allot, issue and deal with the Shares pursuant to the exercise of any Options granted under the Scheme. If such conditions are not fulfilled, then:
- (a) the Scheme shall forthwith determine;
  - (b) any Option granted or agreed to be granted pursuant to these Rules and any offer of a grant shall be of no effect; and
  - (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Scheme or any Option.
- 2.4 For the avoidance of doubt, no Options shall be granted to any Eligible Person after inside information has come to the knowledge of the Company until (and including) the trading day after the Company has announced the information and in particular, during the period commencing one 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); or
  - (b) the deadline for the Company to announce the results of the Group for any financial 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. For the avoidance of doubt, no Option may be granted during any period of delay in publishing a results announcement.

- 2.5 Where any grant of option is proposed to be made to any person who is a connected person of the Company, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements. Any grant of an Option to a director, chief executive or a substantial shareholder of the Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of such Options).
- 2.6 Where Options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates and the proposed grant of Options, when aggregated with the Options (whether exercised, cancelled, outstanding or granted (whether or not cancelled) under the Scheme) already granted and to be granted to such person in the preceding 12-month period, would entitle them to receive more than 0.1 per cent. of the total issued Shares for the time being and the value of which by reference to the closing price of Shares at the date of each grant is in excess of HK\$5 million, then the proposed grant must be subject to the approval of the Shareholders in general meeting of the Company. For

the purpose of the general meeting of the Company, the grantee, his associates and all core connected persons of the Company must abstain from voting in favour in such general meeting.

- 2.7 For the purpose of Rule 2.6, the circular containing the following shall be prepared by the Company and despatched to Shareholders no later than the date on which the Company gives notice of the general meeting of the Company to approve the proposed grant of Options:
- (a) details of the number and terms of the Options (including the Exercise Price) to be granted to each grantee and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price;
  - (b) a recommendation from all the independent non-executive Directors (excluding one who is the grantee of the relevant Options) on whether or not to vote in favour of the proposed grant; and
  - (c) any other information as may be required under the Listing Rules.
- 2.8 Any change in the terms of the Options granted to an Eligible Person who is a Director, chief executive or a substantial shareholder of the Company or their respective associates shall be approved by the Shareholders in such manner as set out in Rules 2.6 and 2.7 above.

### 3. **MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

- 3.1 Notwithstanding the provisions below, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other share option schemes must not exceed 30 per cent. (or such higher percentage as may from time to time be permitted under the Listing Rules and the Stock Exchange) of the Shares in issue from time to time (the “**Scheme Limit**”).
- 3.2 The total number of Shares available for issue upon exercise of all Options to be granted under the Scheme and any other share option schemes must not in aggregate exceed 10 per cent. (or such higher percentage as may from time to time be permitted under the Listing Rules and the Stock Exchange) of the total number of Shares in issue as at the date of approval of the Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to Rules 3.3 and 3.5 below. Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- 3.3 The Scheme Mandate Limit may be renewed at any time subject to Shareholders’ approval. The Scheme Mandate Limit as “refreshed” must not exceed 10 per cent. of the total number of Shares in issue at the date of the Shareholders’ approval for renewal of the Scheme Mandate Limit. Options previously granted under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. A circular for the purpose of seeking Shareholders’ approval on the renewal of the Scheme Mandate Limit, which contains the information as required under the Listing Rules, shall be sent to the Shareholders.
- 3.4 The total number of the Shares issued and to be issued upon exercise of the Options granted including those granted (whether or not cancelled) under the Scheme and to be granted to any Eligible Person (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the Date of Grant to such Eligible Person shall not exceed 1 per cent. of the issued Shares from time to time (the “**1 per cent. Limit**”). Any further grant of Options in excess of this 1 per cent. Limit must be subject to (i) separate Shareholders’ approval with that Eligible Person and his close associates (or his associates if the Eligible Person is a connected person) abstaining from voting and (ii) the issue of a circular. The circular must disclose the identity of the participants, the number and the terms of the Options granted and to be granted, and such other information as required under the Listing Rules. The number and terms (including the exercise price) of the Options to be granted to such participants must be fixed before the Shareholders’ approval and the date of the meeting of the Board for proposing such

further grant should be taken as the Date of Grant for the purpose of calculating the Exercise Price.

- 3.5 The Company may also seek separate Shareholders' approval and issue a circular to all of the Shareholders for granting Options beyond the Scheme Mandate Limit to Eligible Persons specifically identified by the Company before such approval is sought. The circular must contain, amongst other things, a generic description of the identified participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified participants, an explanation as to how the terms of such Options serve the intended purpose and such other information as the Shareholders consider applicable or as required under the Listing Rules.
- 3.6 The Company shall make additional disclosures in the annual and interim reports of the Company including details of the Options granted and value of the options granted or a negative statement, if such disclosure of value is not appropriate (in the manner as required under the Listing Rules) to:-
- (a) each connected person (including the Directors, chief executive or substantial shareholders of the Company, or their respective associates);
  - (b) each participant with Options granted in excess of the individual limit;
  - (c) aggregate figures for employees working under employment contracts; and
  - (d) other participants in aggregate.
- 3.7 The Company shall make disclosures in the annual reports of the Company a summary on the terms of each share option scheme adopted by the Company (including this Scheme) in the manner as required under the Listing Rules.

#### **4. ACCEPTANCE OF OFFERS OF OPTIONS**

- 4.1 On and subject to the rules of the Scheme, the Listing Rules and such other conditions as the Board may in its absolute and sole discretion sees fit, offers of Options shall be made by the Company to the Eligible Person within the Scheme Period and shall be open for acceptance in writing and such notice of acceptance must be duly received by the secretary of the Company on or before 5:00 p.m. on the expiry date for acceptance of the offer specified in the offer provided that an offer shall not be open for acceptance after the expiry of 14 days from the date upon which the offer is made. Upon acceptance of the Option, the grantee shall pay HK\$1 to the Company as consideration for the grant, and on the Date of Grant Option Certificate(s) under the common seal of the Company shall be issued.
- 4.2 An Option shall be personal to the Option Holder and shall not be transferable or assignable by the Option Holder, but an Option Holder may accept on offer from an offeror in respect of a general offer made by such offeror for the securities of the Company and/or pursuant to the Takeovers Code. All Options of the Option Holder who have breached this Rule shall, immediately before the time of such breach, lapse forthwith. The Shares to be allotted upon the exercise of an Option will be subject to the Company's articles of association for the time being in force and will rank pari-passu with the fully paid Shares in issue on the date of exercise of the Option.
- 4.3 Offers of Options not accepted within the period referred to in Rule 4.1 shall lapse. 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 Rules 7 and 10);
  - (b) the expiry of the periods referred to in Rules 5.2 and 6 respectively;

- (c) subject to the scheme or amalgamation becoming effective, the expiry of the period referred to in Rule 6.2;
- (d) the date on which the grantee of an Option ceases to be an Eligible Person by reason of the termination of his or her employment, directorship, office or appointment on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence involving his integrity or honesty;
- (e) the close of the two Business Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company or, if no such general meeting is held, the date of the commencement of the winding-up of the Company; or
- (f) the date on which the Option is cancelled by the Board in accordance with the shareholders' approval in general meeting as provided in Rule 11.

## 5. RIGHTS OF EXERCISE

- 5.1 Subject to Rules 4.3, 5.2, 6 and the provisions for early termination of the Scheme, Options may be exercised by an Eligible Person (or in the case of his death, his personal representative(s)), in whole or in part, at any time during the Option Period and in accordance with the provisions in Rule 7.1.
- 5.2 If an Option Holder ceases to be an Eligible Person during any relevant Option Period:
- (a) by reason of death (evidenced to the satisfaction of the Board), then any outstanding offer of an Option to him shall lapse and his personal representative(s) may exercise all his Options (to the extent not already exercised) within a period of 3 months from the date of such death (or for such a longer period as the Board may determine), failing which they shall lapse and determine at the end of the relevant period;
  - (b) by reason of ill-health, injury or disability (all evidenced to the satisfaction of the Board), or because his employing company ceases to be a member of the Group, then any outstanding offer of an Option to him shall lapse and he or she may exercise all his Options (to the extent not already exercised) within a period of 3 months of such ill-health, injury, disability or cessation, failing which they shall lapse and determine at the end of the relevant period;
  - (c) by reason of voluntary resignation, retirement in accordance with his contract of employment or upon expiration of his employment contract or termination of employment on grounds other than those set out in Rules 4.3(d), 5.2(a) to 5.2(b), 5.2(d) or otherwise agree with the Company, then any outstanding offer of an Option to him shall lapse and he or she may exercise all his Options within 3 months of such resignation, retirement, expiration or termination, failing which they shall lapse and determine at the end of the relevant period; and
  - (d) due to any other reasons whatsoever, including termination of his employment for serious misconduct or in accordance with the termination provisions of his contract of employment by his employing company otherwise than by reason of redundancy or on the ground that the Option Holder commits an act of bankruptcy or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty (and for such purpose, a resolution of the Board to the effect that the employment of such a person has or has not been terminated on one or more of the grounds specified in this Rule shall be conclusive and binding on the relevant Options Holder), then any outstanding offer of an Option to him shall lapse and all his Options shall lapse and determine on the date of the cessation or termination.



5.3 Notwithstanding anything in the Scheme to the contrary, the Option Period shall not be extended and, on expiry of the Option Period, all rights in respect of an Option shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its duties under the Scheme in relation to the exercise. No Option may be exercised after the expiry of the Option Period.

## 6. TAKEOVER OFFERS, COMPROMISE, ARRANGEMENT, LIQUIDATION AND REORGANISATION

6.1 If an offer has been made to the holders of Shares or otherwise, the Board shall as soon as practicable thereafter notify every Option Holder accordingly and the Directors shall within 14 days thereafter notify every Option Holder as to which of the following provision shall apply provided always that in the case of any adjustment proposed to be made to the number of Shares or amount of the Exercise Price, the relevant requirements in the Scheme on adjustments to the number of Shares or amount of Exercise Price subject to Options already granted shall be complied with :

- (a) each Option Holder shall be entitled at any time to exercise all or any of his Options in whole or in part; or
- (b) the Directors may grant a cash bonus award to the Option Holder for an amount equal to the exercise price in consideration of such Option Holder surrendering the relevant Options for cancellation; or
- (c) the Director may grant a cash sum equal to the difference between (a) the Exercise Price and (b) the greater of the offer price for the Shares or the fair market value of the Shares, as determined by the Directors, in consideration of such Option Holders surrendering the relevant Options for cancellation; or
- (d) the Directors may determine that any or all outstanding Options will not vest or become exercisable immediately in the event of a tender offer or exchange offer to acquire the Shares if provision is made to substitute new Options that are, in the Directors' opinion, equivalent to the outstanding Options.

Each grantee of Option Holder may by notice in writing to the Company within 21 days of the date of such notice, exercise his Option in whole or in part (to the extent not already exercised) and if an Option Holder fails to notify the Company in writing within the prescribed period to exercise his Option, his Option shall lapse.

6.2 If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holder (together with a notice of the existence of the provisions of this Rule) on the same date as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon and subject to the Directors having complied with relevant requirements in the Scheme on adjustments to the number of Shares or amount of Exercise Price subject to Options already granted, each Option Holder shall be entitled to exercise all or any of his Option in whole or in any part or any time prior to 12:00 noon on the business day immediately preceding the date of the meeting directed to be convened by the Court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all Option Holders 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 thereupon lapse and determine.

6.3 Subject to Rule 6.4(a) below, in the event of notice being given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if though fit, approving a resolution to voluntarily wind-up the Company when the Company is solvent, the Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Option Holders (together with a notice extracting the words of this Rule).

Thereupon each Option Holders (or where permitted his legal personal representatives) shall be entitled to exercise his Options in whole or in part (to the extent not already exercised) at any time no later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise 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 referred to above, allot the relevant Shares to the relevant Option Holder credited as fully paid. All Options not exercised within this prescribed period shall lapse.

6.4 In the event of a reorganisation or proposed reorganisation of the Company, the Board may at its discretion, do either of the following:

- (a) the Company may irrevocably commute for or into any other securities or other property or cash any Option outstanding, upon giving to the relevant Option Holder at least 21 days written notice of its intention to commute the Option, and during such period of notice, the Option, to the extent that it has not been exercised, may be exercised by the relevant Option Holder by notice in writing to the Company to its full extent or to the extent specified in such notice and on the expiry of such period of notice, the unexercised portion of the Option shall lapse; or
- (b) the Company or any company which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the reorganisation becoming effective, may offer any Option Holder in writing the opportunity to obtain a new or replacement option over any securities into which the Shares are changed into or are convertible into or exchangeable for, on a basis proportionate to the number of Shares under Option. In such event, the Option Holders shall, if the Option Holders accept such offer within 21 days of the written notice from the Company, be deemed to have released such Option over Shares and such Option shall be deemed to have lapsed automatically upon the acceptance of the aforesaid offer by the relevant Option Holders or if such offer is not accepted by the Option Holder within 21 days of the written notice from the Company.

6.5 For the purpose of Rule 6.4, reorganisation means any (i) compromise or arrangement, or (ii) offer for Shares which if successful would entitle the offeror to acquire all of the Shares or all of one or more particular class(es) of shares of the Company to which the offer relates other than the events specified in Rule 6.1 which Rule 6.1 shall instead apply.

## 7. TIME OF EXERCISE OF OPTIONS

7.1 An Option may be exercised in accordance with the Rules at any time during the Option Period as specified by the Board in relation to each such Option in its terms of grant. The Board may provide restrictions on how and when an Option during the period for which an Option must be held or a performance target, if any, which must be achieved before an Option can be exercised. In order for the exercise of an Option to be effective, the secretary of the Company must, prior to the expiry of the Option Period, have received:

- (a) a written notice (which may be endorsed on the Option Certificates) exercising the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised;
- (b) Option Certificates sufficient to cover the number of Shares in respect of which the Option is being exercised; and
- (c) payment in full of the total amount of the Exercise Price.

Unless otherwise agreed between the Company and the Option Holder, Shares in respect of an Option shall be issued within 30 days of the date upon which exercise of an Option becomes effective (being the date of such receipt by the Company of all the items set out in this Rule 7.1).

- 7.2 No Option shall be capable of exercise in part (other than to the full extent outstanding) except in integral amounts or integral multiples, subject to adjustment on the occurrence of any Relevant Event, of board lots for Shares as for the time being traded on the Stock Exchange.
- 7.3 A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Option Holder as the holder of the Share in the register of members of the Company. If under the terms of a resolution passed or a press announcement made by the Company prior to the date of exercise of an Option becoming effective in the manner referred to in Rule 7.1, a dividend or distribution is to be or is proposed to be paid or made to the Shareholders by reference to a record date prior to the date of exercise, the Shares to be issued upon the exercise will not rank for such dividend or distribution. Subject as aforesaid, Shares allotted upon the exercise of an Option shall rank pari passu in all respects with the Shares in issue on the date of the exercise including in respect of those rights arising on liquidation of the Company.
- 7.4 All allotments and issues of Shares will be subject to the Company's articles of association and any necessary consents under any relevant enactments or regulations for the time being in force in Hong Kong and the Cayman Islands and it shall be the responsibility of the Option Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any consent.
- 7.5 If the number of Shares to which Option Certificates lodged under Rule 7.1 relate exceeds the number of Shares comprised in the notice of exercise thereof, the Company shall provide an Option Certificate in relation to the balance to the Option Holder.

## 8. ALTERATION IN CAPITAL STRUCTURE

- 8.1 Upon the occurrence of any Relevant Event while any Option remains exercisable or otherwise, such corresponding alterations (if any) certified and confirmed by the Auditors to the Directors in writing as fair and reasonable will be made in the subject matter of the Option so far as unexercised the exercise price and/or the method of the exercise of the Option, provided that no such alteration shall be made so that a Share would be issued at less than its nominal value (if any) or which would give a grantee a different proportion of the issued shares of the Company as that to which he or she was previously entitled and no alteration shall be made if any alteration in the capital structure of the Company is the result of an issue of Shares in the capital of the Company as consideration in a transaction.

Except alterations made on a capitalisation issue, any alteration to the number of Shares subject to the Option, the Exercise Price and/or the method of exercises of the Option shall be conditional on the Auditors or an independent financial adviser (being person licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong to carry on Type 6 regulated activity – advising on corporate finance) approved by the Board ("**Financial Adviser**")) (as the case may be) confirming in writing to the Board that the alteration made is on the basis that the proportion of the issued shares of the Company to which an Option Holder is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value (if any) or which would result in the Exercise Price being increased. The capacity of the Auditors or the Financial Adviser (as the case may be) is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Option Holders. The costs of the Auditors or the Financial Adviser (as the case may be) in so certifying shall be borne by the Company.

- 8.2 Notice of any adjustments shall be given to the Option Holders by the Company which may, but need not, call in Option Certificates for endorsement or replacement.
- 8.3 For the avoidance of doubt, the issue of securities as consideration in a transaction (to which the Company is a party) shall not be regarded as a Relevant Event and consequently no adjustment shall be required as a result thereof.

## 9. ADMINISTRATION

- 9.1 The Scheme shall be administered by the Board, whose decision (save as otherwise provided herein) shall be final and binding on all parties.
- 9.2 Notices or documents required to be given to an Eligible Person or to an Option Holder shall either be delivered to him personally or sent to him by pre-paid post at his home address according to the records of the Group or sent to him delivered in person by facsimile transmission at his place of work or to such facsimile number as provided from time to time; and shall be deemed to have been received:
- (a) if by delivery in person, when delivered to the addressee;
  - (b) if by post in the case of a letter, on the second Business Day following posting if the address is in Hong Kong and on the seventh Business Day following posting if the address is outside Hong Kong; and
  - (c) if by facsimile transmission, on production of a transmission report by the machine from which the facsimile transmission was sent which indicates that the facsimile transmission was sent in its entirety to the facsimile number of the recipient notified for the purpose of this Rule.
- 9.3 Option Holders shall be entitled to receive copies of all notices and documents sent by the Company to the Shareholders generally.
- 9.4 The Company shall at all times keep available for allotment sufficient unissued Shares to satisfy all Options for the time being unexercised and, offers to grant Options which are outstanding.
- 9.5 Any dispute arising in connection with the Scheme (whether as to the number of Shares the subject of an Option, the amount of the Exercise Price or otherwise) shall be referred to the Auditors or the Financial Adviser who shall act as experts and not as arbitrators and whose decision shall be final and binding on the Company and the Option Holders.
- 9.6 The costs of introducing and administering the Scheme shall be borne by the Company.
- 9.7 The Board shall have power from time to time to make or vary regulations for the administration and operation of the Scheme, provided that the same are not inconsistent with these Rules.

## 10. ALTERATION AND TERMINATION

- 10.1 The Scheme may be altered in any respect by resolution of the Board except that the provisions of the Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered to the advantage of the grantees or prospective grantees; and that alterations to the terms and conditions of the Scheme, which are of a material nature cannot be made, unless in both case, the prior approval of the Shareholders in general meeting of the Company (with Option holders or prospective Option Holders or participants and their close associates (or his associates if the Option holder or prospective Option Holder or participant is a connected person) abstaining from voting) is obtained. No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such number of Option Holders or grantees of Options as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the Scheme.
- 10.2 Any alteration to the terms and conditions of the Scheme must comply with Chapter 17 of the Listing Rules. Any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Scheme. Any change to the authority of the Directors in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

10.3 The Company may by ordinary resolution in general meeting at any time terminate the operation of the Scheme and in such event no further Options shall be offered but the provisions of the Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior thereto but not yet exercised at the time of termination. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the Scheme Period and remain unexpired immediately prior to the termination of the operation of the Scheme shall continue to be exercisable in accordance with their terms of issue within one month after the termination of the operation of the Scheme. Any Options not exercised within this prescribed period shall lapse automatically.

10.4 In no circumstances shall a person ceasing to be an Eligible Person for any reason be entitled to any compensation for or in respect of any consequent diminution or extinction of his rights or benefits (actual or prospective) under any Options then held by him or any offer to grant any Option or otherwise in connection with the Scheme.

## 11. **CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED**

11.1 Any cancellation of Options granted but not exercised or termination of the Scheme before its term must be approved by the shareholders of the Company in general meeting, with the relevant grantees and their close associates (or his associates if the relevant grantee is a connected person) abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided that such re-issued Options shall only be granted in compliance with the terms of the Scheme. Details of the Options granted, including Options exercised or outstanding, under the Scheme, and Options that become void or non-exercisable as a result of termination must be disclosed in the circular to Shareholders seeking approval for the first new share option scheme to be established after such termination.

11.2 Notwithstanding the above, new Options may be granted to the Option holder in substitution of his cancelled Options subject to the availability of the unissued Options within the Scheme Mandate Limit (excluding the cancelled Option) or the Refreshed Limit as the case may be.

## 12. **PERIOD OF THE SCHEME**

No Option shall be granted after the Scheme Period but the provision of the Scheme shall, subject to the Rules hereof, in all other respects remain in full force and effect during the Scheme Period and Options which are granted during the Scheme Period may continue to be exercisable in accordance with their terms of issue.

## 13. **GOVERNING LAW AND JURISDICTION**

The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.