

**Aidigong Maternal & Child Health Limited**

**愛帝宮母嬰健康股份有限公司**

*(a company incorporated in Bermuda with limited liability)*

# Share Option Scheme

Approved pursuant to an ordinary resolution passed by the shareholders  
of the Company in a general meeting held on [ ]

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 optimise 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.

Rule 17.03(1)

## 1. DEFINITIONS

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

“Adoption Date”	_____ , being the date on which the last condition set out in <u>Clause 2.1</u> is fulfilled;
“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;
“Bye-laws”	means the Bye-laws of the Company (as amended from time to time);
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Law of Hong Kong);
“Company”	means Aidigong Maternal & Child Health Limited (愛帝宮母嬰健康股份有限公司), a company incorporated under the laws of Bermuda with limited liability;
“Eligible Participant”	means any person who satisfies the eligibility requirements set out in <u>Clause 4</u> ;
“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 <u>Clause 7.3(a)</u> ) his Personal Representative(s);
“Group”	means the Company and its Subsidiaries;

Rule 17.03(2)

“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$” or “HK dollars”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Board”	the main board stock market operated by the Stock Exchange;
“Offer”	means an offer for the grant of an Option made in accordance with <u>Clause 5.3</u> ;
“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 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 <u>Clause 8</u> and 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);
“Scheme”	means this share option scheme in its present form or any amended form;
“Shares”	means shares of HK\$0.01 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such Shares from time to time) in the capital of the Company;

Rule 17.03 (5)

“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 <u>Clause 6</u> ;
“Subsidiary”	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;
“Termination Date”	means close of business of the Company on the date which falls ten (10) years after the Adoption Date;

Rule 17.03 (11)

- 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 individuals, bodies corporate or unincorporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal identity.
- 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 shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolution to approve the adoption of this Scheme by the shareholders of the Company in a general meeting; and
- (b) the Stock Exchange granting approval to the listing of, and permission to deal on the Main Board in the Shares which may fall to be issued pursuant to the exercise of the Options to be granted under the Scheme.

Rule 17.02(1)(a)

2.2 Reference in Clause 2.1 to the Stock Exchange formally granting the approvals, listing and permission referred to therein shall include any such approvals, listing and permission which are granted subject to the fulfillment of any condition precedent or condition subsequent.

2.3 If the conditions set out in Clause 2.1 are not satisfied within two calendar months from the Adoption Date:

- (a) this Scheme shall forthwith determine;
- (b) any Option granted or agreed to be granted pursuant to this Scheme and any Offer shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme or any option granted thereunder.

### **3. DURATION AND ADMINISTRATION**

3.1 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 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. Rule 17.03 (11)

3.2 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.

3.3 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 may, at its discretion, invite any person belonging to any of the following classes of Eligible Participants, to take up options to subscribe for Shares: Rule 17.03 (2)

- (a) any full-time or part-time employees, executives or officers of the Company or any of its Subsidiaries; and
- (b) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its Subsidiaries.

## 5. GRANT OF OPTIONS

- 5.1 The Board shall, in accordance with the provisions of this Scheme, 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 discretion select to 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 as the Board shall, subject to Clause 9, determine. Rule 17.03 (11)
- 5.2 The Board shall not make an Offer to any Eligible Participant after inside information has come to its knowledge until (and including) the trading day after the Company has announced the information pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately before the earlier of (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year, 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. Rule 17.05
- 5.3 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 and occupation;
  - (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 date upon which an Offer must be accepted;
  - (d) the date upon which an Option is deemed to be granted and accepted in accordance with the provisions of this Scheme;
  - (e) the number of Shares in respect of which the Option is offered;
  - (f) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the Option; and
  - (g) the method of acceptance of the Option which shall, unless the Board otherwise determines, be in accordance with the provisions of this Scheme.

- 5.4 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 of ten Business Days provided that no such Offer shall be open for acceptance after the Termination Date or after this Scheme has been terminated.
- 5.5 An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptances of the Options 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. Rule 17.03 (8)
- 5.6 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 5.5.
- 5.7 Subject to Clause 10, upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with Clause 5.5 and, if appropriate, Clause 5.6, 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.
- 5.8 The Option Period of an Option may not end later than ten (10) years from the Offer Date. Rule 17.03 (5)
- 5.9 The Board may, at its absolute discretion, fix any minimum period for which an Option must be held, any performance targets 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. Rule 17.03 (6)  
Rule 17.03 (7)

## **6. SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to Clause 11, be at the absolute discretion of the Board, provided that it shall be not less than the highest of: Rule 17.03 (9)

- (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 Business Days immediately preceding the date of grant; and

- (c) the nominal value of the Shares.

## 7. **EXERCISE OF OPTIONS**

- 7.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to this Scheme may be registered). Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee. Rule 17.03 (17)
- 7.2 Subject to Clause 17.8, 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 7.4 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 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 (7 days in the case of exercise pursuant to Clause 7.3(c)) after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to Clause 11, the Company shall accordingly allot and 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.
- 7.3 Subject as hereinafter provided, an 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 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death); Rule 17.03 (12)
- (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 Rule 17.03 (12)

Grantee may exercise the Option 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 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 is made to all the shareholders of the Company (or all such shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Hong Kong Code on Takeovers and Mergers)) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee of an Option shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional; Rule 17.03 (5)
- (d) 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 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;
- (e) if a compromise or arrangement 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 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 Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder

thereof. 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 The Shares to be allotted upon the exercise of an Option will not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) until completion of the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank pari passu and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

Rule 17.03 (10)  
Rule 17.03 (15)

## **8. EARLY TERMINATION OF OPTION PERIOD**

- 8.1 An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

Rule 17.03 (12)

- (a) the date of expiry of the option as may be determined by the Board;
- (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(e) 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. 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 paragraph shall be conclusive; or
- (f) 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 16.

## 9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The maximum number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date of approval of the Shareholders for the adoption of this Scheme, being \_\_\_\_\_ Shares (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to Options which have lapsed in accordance with the terms of this Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:
- Rule 17.03(3)
- (a) renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by the shareholders of the Company in general meeting; and/or
  - (b) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the shareholders of the Company shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- 9.2 Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of the Company (including this Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which Options may be granted shall be adjusted, in such manner as the Auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with Clause 11 whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), consolidation, sub-division of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.
- Rule 17.03(3)
- 9.3 The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under this Scheme and any other share option schemes of the Company (including both
- Rule 17.03 (4)

exercised, outstanding Options and Shares which were the subject of Options which have been granted and accepted under this Scheme or any other scheme of the Company but subsequently cancelled) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to:

- (a) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (b) the approval of the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his associates if the Eligible Participant is a connected person of the Company) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such Eligible Participant must be fixed before the Company's shareholders' approval and the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares.

## **10. GRANT OF OPTIONS TO CONNECTED PERSONS**

10.1 Any grant of Options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee). Rule 17.04(1)

10.2 If the Board proposes to grant Options to a substantial shareholder or any independent non-executive director of the Company or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of Options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange at the date of each grant,

such further grant of Options will be subject to the approval of the independent non-executive directors of the Company as referred to in this paragraph, the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting on a poll at which the

Grantee, his associates (as defined in the Listing Rules) and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time.

10.3 The circular to be issued by the Company to its shareholders pursuant to Clause 10.2 shall contain the following information: Rule 17.04 (3)

- (a) the details of the number and terms (including the exercise price) of the Options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting of the Company and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such Options;
- (b) a recommendation from the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the Grantee of the Options) to the independent shareholders of the Company as to voting;
- (c) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (d) the information required under Rule 2.17 of the Listing Rules.

10.4 Any vote taken at the meeting to approve the grant of such Options referred to in Clause 10.2 must be taken on a poll. The Company shall announce the results of the poll (including (i) the total number of shares entitling the holder to attend and vote for or against the resolution at the meeting, (ii) the total number of shares entitling the holder to attend and vote only against the resolution at the meeting, (iii) the number of shares represented by votes for and against the relevant resolution) by way of an announcement which is published in the newspapers on the Business Day following the meeting. The Company shall appoint its auditors, share registrar or external accountants who are qualified to serve as auditors for the Company as scrutineer for the votetaking and state the identity of the scrutineer in the announcement. The Company shall confirm in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant resolution or to abstain have done so at the general meeting.

10.5 Parties that are required to abstain from voting in favour at the general meeting referred to in Clause 10.2 may vote against the resolution at the general meeting of the Company provided that their intention to do so has been stated in the circular to shareholders of the Company. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case the Company must, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to its shareholders or publish an announcement in the newspapers notifying its shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than 10 Business Days before the date originally scheduled for the general meeting, the meeting must be adjourned Rule 17.04 (2)

before considering the relevant resolution to a date that is at least 10 Business Days from the date of despatch or publication by the chairman or, if that is not permitted by the Bye-laws, by resolution to that effect.

- 10.6 Where a meeting is required to be adjourned by resolution, all shareholders of the Company are permitted to vote on that resolution. Any shareholders who would have been required to abstain from voting on any resolution that was to be proposed shall vote in favour of the resolution to adjourn the meeting.
- 10.7 The Company must have an appropriate procedure in place to record that any parties that must abstain or have stated their intention to vote against the relevant resolution in the circular or announcement have done so at the general meeting.
- 10.8 Any change in the terms of Options granted to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of the Company, or any of their respective associates (as defined in the Listing Rules) must be approved by the shareholders.

## **11. REORGANISATION OF CAPITAL STRUCTURE**

- 11.1 In the event of any alteration in the capital structure of the Company whilst any Option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), consolidation, subdivision or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding Options and/or the subscription price per Share of each outstanding Option and/or the Scheme Limit, the New Scheme Limit and the Maximum Limit as the Auditors or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with 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 issues relating to share option schemes. The capacity of the Auditors or the approved independent financial adviser, as the case may be, in this Clause is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

Rule 17.03 (13)

Any such alterations will be made on the basis that a Grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes) for which any Grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration provided that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

- 11.2 If there has been any alteration in the capital structure of the Company as referred to in Clause

11.1, 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 11.1.

## **12. 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.

## **13. DISPUTES**

Any dispute arising in connection with the number of Shares the subject of an Option, any adjustment under Clause 11.1 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.

## **14. ALTERATION OF THE SCHEME**

Rule 17.03 (18)

This Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (b) any material alteration to the terms and conditions of this Scheme or any change to the terms of Options granted, shall first be approved by the shareholders of the Company in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the Grantees' approval in accordance with the terms of this Scheme. The amended terms of this Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of this Scheme must be approved by shareholders of the Company in general meeting.

## **15. 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 but the provisions

Rule 17.03 (16)

of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any outstanding Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. Outstanding Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with this Scheme.

## **16. 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.

Rule 17.03 (14)

## **17. MISCELLANEOUS**

- 17.1 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.
- 17.2 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.
- 17.3 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.
- 17.4 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.
- 17.5 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 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.
- 17.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.

- 17.7 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.
- 17.8 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 sub-paragraph shall be condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.
- 17.9 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.
- 17.10 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.
- 17.11 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.
- 17.12 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.
- 17.13 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.

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