



CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

SHARE INCENTIVE SCHEME

adopted on [●] June 2022

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1. DEFINITIONS

In this Share Incentive Scheme the following expressions have the following meanings unless the context requires otherwise:

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| “Articles” | The Articles of Association of the Company |
| “Board” | the board of Directors of the Company |
| “Company” | China Power International Development Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange |
| “Conditions for Grant” | the conditions upon which the Company may grant Share Options to the Scheme Participants |
| “Conditions for Vesting” | the conditions upon which Share Options shall be vested in and become exercisable by the Scheme Participants |
| “Director(s)” | director(s) of the Company |
| “Effective Period” | the period during which the Scheme is effective |
| “Exercise Period” | the period during which the Share Options shall be vested in and exercisable by the Scheme Participants |
| “Exercise Price” | the price determined by the Company when granting the Share Options to the Scheme Participant(s), at which the Scheme Participant(s) subscribe for the Shares upon exercise of the Share Options |
| “General Meeting” | the general meeting of the shareholders of the Company |
| “Grant” | the granting of the Share Options under the Scheme to the Scheme Participants |
| “Grant Date” | a date on which the Share Options are granted to the Scheme Participant(s) by the Board pursuant to the Scheme |
| “Group” | the Company and its subsidiaries from time to time |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

| | |
|--------------------------------------|--|
| “Independent Directors” | the independent non-executive directors of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |
| “PRC” or “China” | the People’s Republic of China, which for the purpose of the Scheme, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Remuneration Committee” | the Remuneration and Nomination Committee under the Board |
| “SASAC” | the State-owned Assets Supervision and Administration Commission of the State Council of the PRC |
| “Scheme Participant(s)” | the participant(s) to the Scheme |
| “Share(s)” | ordinary share(s) of the Company |
| “Share Incentive Scheme” or “Scheme” | the share option incentive scheme of the Company proposed to be approved by the Shareholders at the General Meeting |
| “Share Options” | rights to acquire Shares under the terms of the Scheme |
| “Shareholder(s)” | person(s) whose names appear on the register of members as a registered holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiaries” | has the meaning given to it by the Listing Rules |

2. PURPOSES AND PRINCIPLES

Purposes

- 2.1 The Share Incentive Scheme aims at (1) further improving the incentive mechanism of the Company in support of the transformation and development of the Company; (2) fully motivating the Company's senior management, middle management and core business backbone personnel; and (3) aligning the interest of the Shareholders, the Company and the individual interest of the core backbone employees effectively, so that all parties will share a common concern for the long-term development of the Company.

Principles

- 2.2 The Share Incentive Scheme is prepared in accordance with the requirements of the relevant laws and regulations the “Trial Measures for the Implementation of Share Incentive Schemes by State-controlled Listed Companies (Overseas)” (《国有控股上市公司（境外）实施股权激励试行办法》), “the Notice on Issues concerning Regulating the Implementation of Share Incentive Schemes by State-controlled Listed Companies” (《关于规范国有控股上市公司实施股权激励制度有关问题的通知》), the “Working Guidelines for the Implementation of Share Incentive Schemes by Central Enterprise-controlled Listed Companies” (《中央企业控股上市公司实施股权激励工作指引》), the Listing Rules and the Articles.

3. ADMINISTRATION

- 3.1 The Board shall act as the executive and administrative body of the Incentive Scheme and be responsible for the implementation of the Share Incentive Scheme. The Remuneration Committee shall be responsible for drafting, revising, endorsing and confirming the Share Incentive Scheme, and submitting the same to the Board for consideration.
- 3.2 Upon consideration and approval by the Board, the Board shall seek the approval from the Shareholders at the General Meeting. The Board may handle any other matters relating to the Scheme within its scope of authority as delegated by the Shareholders at the General Meeting.
- 3.3 The Remuneration Committee shall act as the supervisory authority of the Share Incentive Scheme, and shall provide opinions as to whether the Scheme is beneficial to the sustainable development of the Company and the interests of the Company and the Shareholders as a whole. The Remuneration Committee shall supervise the implementation of the Scheme as to whether it is in compliance with the relevant laws, regulations, regulatory documents and operational rules of the Listing Rules, and shall be responsible for verifying the list of the Scheme Participants.
- 3.4 Before granting any Share Options to the Scheme Participants, a Board meeting shall be convened to review the Conditions for Grant set by the Company and whether the Conditions for Grant have been fulfilled, which shall be endorsed and confirmed by the Remuneration Committee. If the conditions are not fulfilled, the Company shall not grant any Share Options to the Scheme Participants and the Share Options which have not been granted shall not be deferred to the next grant.

3.5 The Company shall make application to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares to be issued and allotted pursuant to the exercise of any Share Options granted under the Scheme.

4. SCOPE OF SCHEME PARTICIPANTS

4.1 The Scheme Participants under the Scheme are the Directors, senior management and backbone management, technical and business personnel (who have a direct impact on the Company's operating performance and sustainable development) of the Company (including its controlled subsidiaries). The assessment results of the Scheme Participants shall meet or exceed the relevant standards for performance appraisal of the Company.

4.2 The Scheme Participants shall exclude any person if he/she falls under any of the following:

- (1) persons who do not hold any positions in or are not employed by the Company or its controlled subsidiaries;
- (2) Independent Directors or any external directors;
- (3) Shareholders or de-facto controllers of the Company who, individually or collectively, hold over 5% of the Shares, their spouses, parents, children and "associates" as defined under the Listing Rules; and
- (4) responsible persons of the enterprises managed by SASAC.

5. SOURCE OF SHARES AND TOTAL QUANTITY OF GRANT

Source

5.1 New Shares listed on the Stock Exchange will be issued to the Scheme Participant(s) pursuant to the exercise of the Share Options granted under the Scheme.

Total quantity of Grant

5.2 The total aggregate number of Shares to be issued pursuant to the exercise of the Share Options granted to the Scheme Participants under the Scheme shall not exceed 111,711,100 Shares, representing approximately 1.0312% of the total share capital (i.e. 10,833,386,321 Shares) of the Company as at the date of announcement of the Scheme, of which the quantity of the initial grant will not be more than 100,540,000 Shares, accounting for 90% of all the Share Options under the Scheme.

5.3 Unless approved by a resolution at a General Meeting, the number of underlying Shares in respect of the Share Options granted to a Scheme Participant (including exercised and outstanding Share Options) during the Effective Period of the Scheme shall not in aggregate exceed 1% of the total share capital of the Company.

5.4 In the event of conversion of capital reserve into new Shares, issue of bonus Shares, share subdivision, rights issue, share consolidation, etc. during the period from the date of announcement of the Scheme to the completion of registration of the underlying Shares of the Share Options by a Scheme Participant, the number of Share Options to be granted will be subject to adjustments in accordance with the relevant rules of the Scheme.

6. EFFECTIVE PERIOD, GRANT DATE, WAITING PERIOD AND EXERCISE PERIOD

Effective Period

6.1 The Scheme shall be valid from the Grant Date until the date when all Share Options have been exercised or cancelled and the maximum Effective Period of the Scheme shall not exceed 72 months.

Grant Date

6.2 The Grant Date shall be a trading day, and shall be determined by the Board after the Scheme has been considered and approved at a General Meeting.

6.3 The Board shall not grant Share Options to a Scheme Participant following the occurrence of a possible price sensitive event, or under a possible price sensitive situation which arises as a result of a resolution, until all price sensitive information has been announced or disclosed in accordance with the requirements of the Listing Rules and any stipulated restriction period thereof has expired. Holders of the Share Options already granted who have knowledge of the above information may not exercise their Share Options until the above announcement has been made.

6.4 No Share Options shall be granted by the Board to the Scheme Participant(s) within one month before the earlier of the following dates:

- (1) the date of the Board meeting for the approval of any annual, half-yearly, quarterly and any other interim results of the Company;
- (2) the deadline for the Company to announce its annual, half-yearly, quarterly or any other interim results in accordance with the Listing Rules,

until the end of the day of the relevant results announcement.

Waiting Period

6.5 No Share Options shall be exercised within twenty-four (24) months from the Grant Date of the relevant Share Options.

Exercise Period

6.6 The Scheme Participant(s) may exercise their Share Options in tranches during the Exercise Period after the expiration of the waiting period, subject to the achievement of specific performance appraisal targets for that year as a Condition for Vesting, the specific arrangements are as follows:

| Exercise Period | Timing of Exercise Period | Percentage of Share Options exercisable |
|------------------------|---|--|
| First Exercise Period | From the first trading day after 24 months from the Grant Date to the last trading day within 36 months from the Grant Date | 33% |
| Second Exercise Period | From the first trading day after 36 months from the Grant Date to the last trading day within 48 months from the Grant Date | 33% |
| Third Exercise Period | From the first trading day after 48 months from the Grant Date to the last trading day within 60 months from the Grant Date | 34% |

7. EXERCISE PRICE

7.1 The Exercise Price of the Share Options shall be determined in accordance with the fair market price principle, with the Grant Date as the base day for pricing. The fair market price shall not be lower than the higher of the following prices:

- (1) the closing price of the Shares on the Grant Date; and
- (2) the average closing price of the Shares on the five (5) trading days prior to the Grant Date.

7.2 In the event of conversion of capital reserve into new Shares, issue of bonus Shares, share subdivision, rights issue, share consolidation, etc. during the period from the date of announcement of the Scheme to the completion of registration of the underlying Shares of the Share Options by a Scheme Participant, the Exercise Price of the Share Options will be subject to adjustments in accordance with the relevant rules of the Scheme.

7.3 No fee shall be payable by a Scheme Participant on the application for or acceptance of the grant of Share Options.

8. CONDITIONS FOR GRANT AND CONDITIONS FOR VESTING

Conditions for Grant

8.1 The Company may grant Share Options to a Scheme Participant upon fulfilment of the following conditions by the Company and the Scheme Participant:

- (1) The Company has complied with the requirements of Article 6 of the Guidelines on the Implementation of Share Incentive Scheme for Listed Companies Controlled by Central Enterprises of the PRC in relation to the conditions to be met by the Company for the implementation of share incentive scheme and satisfies the requirements for the implementation of share incentive scheme.
- (2) Conditions for Grant for a Scheme Participant:
 - (i) the Scheme Participant holds position in or is employed by the Company or its controlled subsidiaries;
 - (ii) the Scheme Participant is not under any circumstances prescribed in the Scheme where he/she shall not participate in the Scheme; and
 - (iii) according to the relevant measures for performance appraisal of the Company, there were no “unsatisfactory” results in the individual performance appraisal in relation to the Scheme Participant in the last three years before the Grant Date.
- (3) The Scheme sets performance conditions for the grant and grants are made only when all performance metrics meet the set targets. The performance metrics under the Scheme shall be set on such level that is comparable to the Company’s industry peers and comparable companies of the Company.

Conditions for Vesting

8.2 The Share Options granted to the Scheme Participants are exercisable only if the following conditions are met.

- (1) Conditions for Vesting in relation to the Company
 - (i) Share Options granted under the Scheme are subject to performance appraisal in parallel to the exercise on an annual basis over the three accounting years of the Exercise Period, with the achievement of performance appraisal targets as a Condition for Vesting for Scheme Participants. These performance appraisal targets may include, but are not limited to:
 - (a) the level of return on equity (expressed as an average weighted indicator after deducting non-recurring gains and losses) and the ranking compared with the industry average or benchmark companies;
 - (b) the level of compound growth rate of net profit and the ranking compared with the industry average or benchmark companies (net profit shall be that attributable to the shareholders of the parent company, and the same calculation basis shall be applied to the benchmark companies used for comparison);

- (c) the level of economic value added (EVA) rate; and
 - (d) the ratio of clean energy installed capacity to total installed capacity; and
 - (ii) the Company is not under any circumstances prescribed in the Scheme where the Scheme shall be terminated.
- (2) Conditions for Vesting for the Scheme Participant
- (i) According to the Company's performance appraisal measures, the Scheme Participants may only exercise their Share Options for the current period if their performance appraisal of the previous year satisfies the conditions. The Remuneration Committee will evaluate the comprehensive appraisal of the Scheme Participants in each appraisal year and determine the exercise ratio of a Scheme Participant according to his/her individual performance appraisal results; and
 - (ii) the Scheme Participant is not under any circumstances (for example, in breach of the requirements of the Articles or serious breach of duty) prescribed in the Scheme.

If a Scheme Participant is under any circumstances referred to in (ii) above, the outstanding Share Options granted to such Scheme Participant shall not be exercised, unless otherwise specified in the Scheme.

9. TRANSFERABILITY AND RIGHTS OF SHARE OPTIONS AND SHARES

Transferability of Share Options

- 9.1 The Share Options shall be personal to the Scheme Participants to whom the Share Options are granted and shall not be transferred or used as guarantee or repayment of debts before such Share Options are exercised.

Rights attaching to Share Options and Shares

- 9.2 The Share Options granted to the Scheme Participants shall be entitled to the rights of their Shares upon registration of transfer by the Company's share registrar, including but not limited to the rights to dividends, rights issue, voting rights, etc. and shall rank pari passu with other Shareholders who own the same type of Shares.

10. ADJUSTMENT TO SHARE OPTIONS

- 10.1 In the event of conversion of capital reserve into new Shares, issue of bonus Shares, share subdivision, rights issue, share consolidation, etc. during the period from the date of announcement of the Scheme to the completion of registration of the underlying Shares of the Share Options by a Scheme Participant, the number of Share Options to be granted and the Exercise Price will be subject to adjustments in accordance with the relevant rules of the Scheme.

10.2 In addition, in respect of any such adjustments, the auditors or an independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the relevant requirements under Chapter 17 of the Listing Rules.

11. ADJUSTMENTS TO THE NUMBER OF SHARE OPTIONS AND EXERCISE PRICE

Adjustments to the number of Share Options

11.1 If there is any conversion of capital reserve into new Shares, issue of bonus Shares, share subdivision, rights issue, share consolidation, etc. during the period from the date of announcement of the Scheme to the completion of registration of the underlying Shares of the Share Options by a Scheme Participant, the number of Share Options to be granted will be subject to adjustments in accordance with the relevant rules of the Scheme. The method of adjustment is set out as below:

- (1) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$Q = Q_0 \times (1 + n)$$

Where: “ Q_0 ” represents the number of Share Options before the adjustment; “ n ” represents the ratio per Share of conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision (i.e. the number of shares increased per share after conversion, issue or subdivision); “ Q ” represents the number of Share Options after the adjustment.

- (2) Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: “ Q_0 ” represents the number of Share Options before the adjustment; “ P_1 ” represents the closing price as at the record date of the Share Options; “ P_2 ” represents the subscription price; “ n ” represents the ratio of allotment (i.e. the ratio of the number of Shares in the rights issue to the total share capital of the Company before the rights issue); “ Q ” represents the number of Share Options after the adjustment.

- (3) Share consolidation

$$Q = Q_0 \times n$$

Where: “ Q_0 ” represents the number of Share Options before the adjustment; “ n ” represents the ratio of consolidation (i.e. one share consolidated into n shares); “ Q ” represents the number of Share Options after the adjustment.

- (4) Additional issuance

In the event of additional issuance of new Shares by the Company, the number of Share Options will not be adjusted.

Adjustments to Exercise Price

11.2 If there is any conversion of capital reserve into new Shares, issue of bonus Shares, share subdivision, rights issue, share consolidation, etc. during the period from the date of announcement of the Scheme to the completion of registration of the underlying Shares of the Share Options by a Scheme Participant, the Exercise Price of Share Options will be subject to adjustments in accordance with the relevant rules of the Scheme. The method of adjustment is set out as below:

- (1) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$P = P_0 \div (1 + n)$$

Where: “P₀” represents the Exercise Price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision; “P” represents the Exercise Price after the adjustment.

- (2) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: “P₀” represents the Exercise Price before the adjustment; “P₁” represents the closing price as at the record date of the Share Options; “P₂” represents the subscription price; “n” represents the ratio of allotment (i.e. the ratio of the number of Shares in the rights issue to the total share capital of the Company before the rights issue); “P” represents the Exercise Price after the adjustment.

- (3) Share consolidation

$$P = P_0 \div n$$

Where: “P₀” represents the Exercise Price before the adjustment; “n” represents the ratio of consolidation; “P” represents the Exercise Price after the adjustment.

- (4) Additional issuance

In the event of additional issuance of new Shares by the Company, the Exercise Price of Share Options will not be adjusted.

12. AMENDMENT TO THE SCHEME

12.1 The Company may amend the Share Incentive Scheme prior to its approval at a General Meeting. Amendments are subject to the approval of the Board.

12.2 If the Company amends the Share Incentive Scheme which has been approved at a General Meeting, such amendments shall be announced in a timely manner and submitted to a General Meeting for consideration, and which shall not include the following circumstances:

- (1) early exercise of Share Options;
- (2) reduction of Exercise Price.

12.3 The Remuneration Committee shall express an independent opinion as to whether the amended Scheme is beneficial to the sustainable development of the Company and whether there are circumstances that are clearly prejudicial to the interests of the Company and all Shareholders. The legal counsel shall express its professional opinion as to whether the amended Scheme is in compliance with the Scheme and the relevant laws and regulations, and whether there are circumstances that are clearly prejudicial to the interests of the Company and all Shareholders, and the amended Scheme or the Share Options shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

13. TERMINATION OF THE SHARE INCENTIVE SCHEME

13.1 If any of the following events occurs in relation to the Company, the Scheme shall be terminated, including but not limited to:

- (1) failure to engage an auditor to carry out audit work in accordance with the relevant procedures and requirements;
- (2) issue of an auditors' report by a certified public accountant with an adverse opinion or a disclaimer of opinion with respect to the annual financial report or internal control evaluation report of the Company;
- (3) the state-owned assets supervisory authority or the audit department raising material objections to the financial results or the annual financial report of the Company;
- (4) imposition of penalties by the securities regulator or other relevant authorities due to serious violations of relevant laws or regulations by the Company.

13.2 Upon termination of the Scheme by the Company due to the circumstances described above, outstanding Share Options granted to Scheme Participants shall not be exercised.

14. LAPSE AND CANCELLATION OF SHARE OPTIONS

14.1 In the event of termination or cancellation of the employment relationship between a Scheme Participant and the Company for objective reasons such as transfer, removal, retirement, death, loss of capacity to civil act, etc., the exercisable portion of the granted Share Options may be exercised within six months from the date of termination of employment (or when they become exercisable) if the exercisable time limit and performance evaluation criteria are met in that year, and the Share Options will lapse after six months; if the exercisable time limit and performance evaluation criteria are not met in that year, in principle, the Share Options shall no longer be exercisable. The Share Options then outstanding shall not be exercised.

- 14.2 If a Scheme Participant resigns (excluding resignation due to organizational transfer) or is terminated from the employment relationship for personal reasons, the Share Options then outstanding shall no longer be exercisable. Incentive gains received from equity awards will be negotiated and resolved in accordance with the provisions of the grant agreement or the share incentive management rules.
- 14.3 The outstanding Share Options granted to a Scheme Participant under the Scheme shall not be exercised if the Scheme Participant is unable to perform his/her duties or if he/she is involved in any of the following:
- (1) any violation of national laws and regulations, breach of professional ethics, disclosure of the Company's secrets, dereliction of duty or malfeasance of duty that seriously damages the interests or reputation of the Company and causes direct or indirect economic loss to the Company;
 - (2) he/she, as an employee who has violated the Company's rules and regulations, has been dismissed for serious violations of discipline in accordance with the Company's rules on employee rewards and punishments;
 - (3) the Company has sufficient evidence to prove that the Scheme Participant has committed any illegal and undisciplined acts such as accepting bribes, soliciting bribes, corruption, theft, disclosing business and technical secrets, during his or her employment, which directly or indirectly harm the interests of the Company;
 - (4) he/she is held criminally liable for a criminal act or commit other misconduct;
 - (5) he/she has engaged in an act of bankruptcy or insolvency or has entered into any arrangement or reorganization of his/her debts with his/her major creditors;
 - (6) (if so determined by the Board) there is any other ground which entitles the employer to terminate the employment under any applicable law, or pursuant to the service contract or terms of employment entered into between the Scheme Participant and the Group;
 - (7) violation of the relevant laws and regulations or the Articles that caused undue damage to the Company, etc.
- 14.4 In the event of incapacity other than due to work-related injury on the part of a Scheme Participant, if the time limit for vesting the Share Options and the performance evaluation criteria have been met at the time of such occurrence, the vested portion of the Share Options may be exercised within six months from the date of termination of employment, and the Share Options will lapse after six months; if the time limit for vesting the Share Options and the performance evaluation criteria have not been met, the Share Options shall not be exercised. In case of incapacity due to work-related injury, the Share Options granted to him shall remain unchanged and can still be exercised in accordance with the relevant rules.

14.5 Other circumstances under which the Share Options granted to a Scheme Participant shall lapse are as follows:

- (1) in the event of a qualified relationship between the Scheme Participant and the Company or any of its subsidiaries (other than as an employee or senior management), the Scheme Participant's Share Options shall lapse on the date the Scheme Participant terminates his or her qualified relationship with the Company or any of its subsidiaries for any reason;
- (2) in the event of a breach of the rules described in the Scheme by the Scheme Participant, the Share Options shall lapse from the date when the Board exercises the Company's right to cancel such Share Options;
- (3) if Share Options are granted pursuant to certain conditions, restrictions or limits, such Share Options shall lapse on the date when the Board resolves that the Scheme Participant fails to meet or satisfy such conditions, restrictions or limits;
- (4) Share Options shall lapse on the date of occurrence of such event as may be expressly provided for in the letter relating to the grant of such Share Options or expiry of such period (if any);
- (5) other circumstances not specified and the manner in which they are handled are to be determined by the Board.

14.6 The Board may, at its sole discretion, cancel any granted Share Options which have not been exercised in accordance with such terms as may be agreed with the relevant Scheme Participant in a manner consistent with all applicable legal requirements. If the Company cancels Share Options and then issues new Share Options to the same Scheme Participant, new Share Options may only be issued under the Share Incentive Scheme where there are outstanding Share Options (excluding the cancelled Share Options) within the limit approved by the Shareholders as described in the relevant provisions of Chapter 17 of the Listing Rules.

15. APPLICABLE LAWS AND DISPUTE SETTLEMENT MECHANISM

15.1 In case of disputes between the Company and the Scheme Participants regarding matters in relation to the Share Options, such disputes shall be governed and bound by and construed in accordance with the relevant laws of the Hong Kong Special Administrative Region, the People's Republic of China as well as other relevant domestic and overseas laws.

15.2 The Company and the Scheme Participants may settle the disputes through negotiation or mediation. If a party is unwilling to settle the dispute through negotiation or mediation, or the dispute cannot be resolved through negotiation or mediation, an application of arbitration may be made to an arbitration organization in accordance with the written arbitration agreement entered into thereafter. If no written arbitration agreement is entered into within 28 days after the conclusion of the negotiation or mediation, either party may file a lawsuit with the court with jurisdiction in the place where the Company operates.

16. PRE-CONDITIONS OF THE SHARE INCENTIVE SCHEME

16.1 The Scheme is subject to the obtaining of:

- (1) the letter of consent and approval from the SASAC; and
- (2) the approval and adoption of the Scheme at a General Meeting.