

YUNFENG FINANCIAL GROUP LIMITED

雲鋒金融集團有限公司

(Incorporated in Hong Kong with limited liability)

SHARE OPTION SCHEME

adopted on [] 2022

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1. DEFINITIONS

1.01 In this Scheme the following words and expressions have the following meanings.

“ Adoption Date ”	means [] 2022 (the date on which this Scheme is conditionally adopted by resolution of the Company in general meeting);
“ Associates ”	has the meaning ascribed to under the Listing Rules;
“ Auditors ”	means the auditors of the Company for the time being;
“ Board ”	means the board of directors of the Company or a duly authorised committee thereof for the time being;
“ Business Day ”	means a day (other than Saturdays and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business during normal business hours;
“ chief executive ”	has the meaning ascribed to it under the under the Listing Rules;
“ Close Associates ”	has the meaning ascribed to it under the Listing Rules;
“ Company ”	means Yunfeng Financial Group Limited 雲鋒金融集團有限公司, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“ Companies Ordinance ”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“ Grantee ”	means any Participant who accepts an Offer in accordance with the terms hereof or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee;
“ Group ”	means the Company and the Subsidiaries from time to time;
“ Hong Kong ”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“ Listing Rules ”	means the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“ Offer ”	means an offer of the grant of Option made by the Board in

	accordance with Clause 4;	
“Offer Date”	means the date on which an Offer is made to a Participant as determined in accordance with Clause 4.03;	
“Offer Letter”	has the meaning ascribed to it under Clause 4.03;	
“Option”	means a right to subscribe for Shares in accordance with the terms of this Scheme;	
“Option Period”	means a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, and in any event, such period shall expire no later than 10 years from the Offer Date;	17.03(5)
“Participant”	means any employee (whether full-time or part-time), director or agent of any member of the Group, provided that the Board may have absolute discretion to determine whether or not one falls within the above category;	17.03(2)
“Remuneration Committee”	means the remuneration committee of the Company;	
“Scheme”	means this share option scheme in its present or any amended form in accordance with the provisions hereof;	
“Scheme Mandate Limit”	has the meaning ascribed to it in Clause 8;	
“Share(s)”	means the fully paid share(s) of the Company or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, the shares forming part of the share capital of the Company as shall result from any such sub-division, consolidation, re-classification or re-construction;	
“Shareholder(s)”	means holder(s) of the Share(s) from time to time;	
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;	
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to Clause 5;	
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance or the local companies law, act and/or ordinance where the subject company was incorporated) of the Company whether incorporated in Hong Kong or otherwise;	
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;	
“trading day”	means a day on which the Stock Exchange is open for the trading of securities;	
“HK\$”	means Hong Kong dollars, the lawful currency in Hong Kong; and	

“%” means per cent.

1.02 In this Scheme, save as where the context otherwise requires:

- (a) clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme;
- (b) references herein to Clauses are to clauses of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders;
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind; and
- (g) references to “**date of grant**” shall be construed as the Offer Date.

2. CONDITIONS

2.01 This Scheme shall take effect conditional upon:

17.02(1)(a)

- (a) the passing of an ordinary resolution approving the adoption of this Scheme by the Shareholders at a general meeting and authorising the directors of the Company to grant Options to Participants and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares to be issued pursuant to the exercise of Options under this Scheme.

3. PURPOSE, DURATION AND ADMINISTRATION

3.01 The purpose of this Scheme is for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide it with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time. 17.03(1)

3.02 In determining the basis of eligibility of each Participant, the Board would mainly take into account of the experience of the Participant on the Group’s business, the length of service of the Participant with the Group (if the Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Participant has established with the Group (if the Participant is an agent of any member of the Group), and the amount of support, assistance, 17.03(2)

guidance, advice, efforts and contributions the Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Participant is likely to be able to give or make towards the success of the Group in the future.

- 3.03 Subject to Clause 2 and Clause 12, this Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period, no further Options will be granted. Subject to compliance with provisions of Chapter 17 of the Listing Rules, the provisions of this Scheme shall remain in full force and effect and Options which are granted during the life of this Scheme may continue to be exercisable in accordance with the terms of their issue. 17.03(11)
- 3.04 This Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.
- 3.05 Subject to compliance with the requirements of the Listing Rules and the provisions of this Scheme, the Board shall have the right, among other matters, to (i) interpret and construe the provisions of this Scheme; (ii) determine the persons who will be offered Options under this Scheme, and the number of Shares and the Subscription Price, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of this Scheme.
- 3.06 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member (or on his behalf in his capacity as a member of the Board) or for any mistake of judgment made in good faith for the purposes of this Scheme. The Company shall indemnify and hold harmless any employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated against any costs or expenses (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission in connection with the administration of this Scheme, unless such act or omission has arisen out of such person's own fraud or bad faith.

4. GRANT OF OPTIONS

- 4.01 On and subject to the requirements of the Listing Rules and the terms of this Scheme, the Board shall be entitled at any time and from time to time within ten (10) years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may at its absolute discretion think fit, to subscribe for such number of Shares as the Board may (subject to Clause 8) determine at the Subscription Price pursuant to Clause 5. 17.03(11)
- 4.02 No Offer shall be made: 17.05
- (a) after inside information (having the meaning defined in the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong) has come to the Company's knowledge until (and including) the trading day after the Company has announced the information in accordance with the Listing Rules; or
 - (b) during the period of one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results of 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 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.

- 4.03 An Offer shall be made to a Participant by letter (the “**Offer Letter**”) in such form as the Board may from time to time determine specifying the number of Shares, Option Period, Subscription Price and the other relevant terms and conditions of the Option and requiring the Participant to undertake to hold the Option on the terms on which it is to be granted, and to be bound by the provisions of this Scheme and all other conditions attaching to the Offer.
- 4.04 An Offer must be made on a trading day and shall remain open for acceptance by the Participant concerned for a period of not less than ten (10) Business Days from the date of the Offer, provided that no Offer shall be capable of or open for acceptance after the 10th anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions thereof, whichever is earlier. An Option shall be deemed to have been accepted by the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, 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 within the period stipulated above. Such remittance shall in no circumstances be refundable or be considered as part of the Subscription Price. 17.03(8)
- 4.05 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted in accordance with Clause 4.04, it will be deemed to have been irrevocably declined, and lapsed automatically.
- 4.06 Any Offer to a Participant who is director, chief executive or substantial shareholder of the Company or their respective Associates under this Scheme must be approved by the independent non-executive directors of the Company or the Remuneration Committee (excluding any director who is a proposed Grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules. 17.04
- 4.07 Where any proposed Offer to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under this Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: 17.04
- (a) representing in aggregate over 0.1% of the total number of Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further proposed Offer is subject to the approval of the Shareholders in general meeting with such Participant, his Associates and all core connected persons of the Company (which has the meaning ascribed to it under the Listing Rules) abstaining from voting in favour of the resolution and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

Shareholders' approval as required under this Clause is also required for any change in the terms of Options granted to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates.

5. SUBSCRIPTION PRICE

Subject to any adjustments made pursuant to Clause 9, the Subscription Price shall be such price as determined by the Board in its absolute discretion (and shall be stated in the Offer Letter) but in any case the Subscription Price shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a trading day; and (ii) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the Offer Date, provided that for the purpose of calculating the Subscription Price, where the Shares have been listed on the Stock Exchange for less than five (5) trading days, the new issue price shall be used as the closing price for any trading day falling within the period before such listing. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of such different period shall not be less than the Subscription Price determined in the manner set out in this Clause 5.

17.03(9)

6. EXERCISE OF OPTIONS

6.01 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so. Any breach of the foregoing shall render all outstanding Options of such Grantee be automatically cancelled and lapsed in accordance with Clause 7(b).

17.03(17)

6.02 An Option may be exercised in whole or in part in the manner as set out in Clauses 6.03 and 6.04 by the Grantee (or, as the case may be, his or her legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Within ten (10) Business Days after the later of (i) the receipt of the notice and the remittance; or (ii) the receipt of the certificate of the Company's independent financial adviser or Auditors pursuant to Clause 9; the Company shall allot the relevant Shares to the Grantee (or his or her legal personal representative(s)) credited as fully paid and issue to the Grantee (or his or her legal personal representative(s)) a share certificate in respect of the Shares so allotted.

6.03 Subject to as hereinafter provided and the conditions set out in the Offer Letter referred to in Clause 4.03, the Option may be exercised by the Grantee (or his or her legal personal representative(s)) at any time during the Option Period provided that:

- (a) in the event of the Grantee ceasing to be a Participant for any reason other than his or her death or the termination of his or her employment, directorship, office or appointment or engagement on one or more of the grounds specified in Clause 7(f), the Grantee may exercise the Option in accordance with Clause 6.02, up to his or her entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) within the period of three (3) months following the date of such cessation, which date shall be the last actual working day with the relevant member of the Group whether salary is paid in lieu of notice or not,

or the last date of office or appointment as director or, as agent to the relevant member of the Group, as the case may be, in the event of which, the date of cessation as determined by a resolution of the board of the relevant member of the Group shall be conclusive, or such longer period following the date of cessation as the Board may determine (provided that the retirement of director(s) of the relevant member of the Group at annual general meeting who is/are re-elected at the same meeting shall not be regarded as ceasing employment for the purpose of this paragraph);

- (b) in the event that the Grantee ceases to be a Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment, directorship, office, appointment or engagement under Clause 7(f) arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of six (6) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (c) in the event of a general offer by way of takeover or otherwise (other than a scheme of arrangement pursuant to Clause 6.03(d)) is made to all Shareholders, or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, with the terms of the offer having been approved by any relevant regulatory authority and are in accordance with applicable laws and regulatory requirements and such offer becomes or is declared unconditional prior to the expiry of the Option, the Board shall forthwith give the relevant notice to the Grantee of such general offer, and the Grantee (or, as the case may be, his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within fourteen (14) days after the date on which the offer (or, as the case may be, revised offer) becomes or is declared unconditional;
- (d) in the event of a general offer by way of a scheme of arrangement is made to all Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings prior to the expiry of the Option, the Board shall forthwith give the relevant notice to the Grantee of such approval and the Grantee (or, as the case may be, his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) within such time as shall be specified in the notice, after the period of which, the Option (to the extent not already exercised) will lapse automatically;
- (e) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees, and thereupon, each Grantee (or where permitted under Clause 6.03(b) his or her legal personal representative(s)) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than five (5) 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 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 referred to above, allot the relevant Shares to the Grantee

17.03(10)

credited as fully paid. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and determine; and

- (f) in the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company (other than a general offer or a scheme of arrangement contemplated in Clause 6.03(c) or (d) above), the Company shall give notice thereof to all Grantees on the same day as or soon after it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal personal representative(s)) may, forthwith and until the expiry of the period commencing from such date and ending on the earlier of the date falling two (2) calendar months thereafter or the date on which such compromise or arrangement is sanctioned by Court, exercise any of his or her Options (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee (or his or her legal personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option so as to place the Grantee in the same position as nearly as possible as would have been the case had such Shares been subject to such compromise or arrangement.

6.04 Unless otherwise determined by the Board and specified in the Offer Letter, there is neither any performance target that needs to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. 17.03(6), (7)

6.05 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company and the Companies Ordinance for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue as from the date of allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions to be paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment and issue, provided always that when the date or exercise of the Option falls on a date upon which the register of members is closed then the exercise of the Option shall become effective on the first Business Day in Hong Kong on which the register of members re-opened. A Share allotted upon the exercise of an Option, however, shall not carry any voting right until the completion of the registration of the Grantee as the holder thereof. 17.03(10)
17.03(15)

6.06 The outstanding Options granted may not be exercised if all or part of the exercise of the Options will result in the holding of the total issued Shares by the public falling below 25% (or such other percentage stipulated under the Listing Rules).

6.07 In the event the Grantee has been suspended from his duties or performance of the relevant contract of employment, directorship, appointment or engagement by the relevant member of the Group, no Option can be exercised until such suspension has been lifted.

7. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of: 17.03(12)

- (a) the expiry of the Option Period (subject to Clauses 3.03 and 12);

- (b) the date on which the Grantee commits a breach of Clause 6.01;
- (c) the expiry of any of the periods referred to in Clause 6.03(a), (b), (c) or (d);
- (d) subject to Clause 6.03(e), the date of the commencement of the winding-up of the Company;
- (e) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in Clause 6.03(f); and
- (f) the date on which the Grantee by reason of the termination of his or her employment, directorship, office, appointment or engagement on any one or more of the grounds that he or she has been guilty of misconduct, or has been in breach of material term of the relevant employment, service, agency or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent or has been served a petition for bankruptcy or winding-up, or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer or an engaging party would be entitled to terminate his or her employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the Grantee's employment, service, agency or engagement contract with the relevant member of the Group, or the employment, directorship, office, appointment or engagement of the Grantee is terminated by the relevant member of the Group pursuant to the contract thereof without notice. A resolution of the board of directors of the relevant member of the Group to the effect that employment, directorship, office, appointment or engagement of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 7(f) shall be conclusive and binding on the Grantee.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.01 Subject to the Listing Rules:

17.03(3)

- (a) The total 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 shall not exceed 386,799,167, representing 10% of the total number of Shares in issue on the Adoption Date (the "**Scheme Mandate Limit**") unless the Company seeks the approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit in accordance with Clause 8.01(b) provided that options lapsed in accordance with the terms of this Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (b) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total 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 as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Mandate Limit provided that Options previously granted under this Scheme or any other share option schemes (including options outstanding,

cancelled, lapsed in accordance with the terms of this Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of Shareholders under this Clause 8.01(b), a circular containing the information as required under the Listing Rules must be sent to the Shareholders.

- (c) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed Grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders under this Clause 8.01(c), the Company must send a circular to the Shareholders containing a generic description of the specified proposed Grantees of such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the proposed Grantees with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules.
- (d) Notwithstanding any provision to the contrary herein but subject to Clause 8.01(e), the maximum number of 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 must not exceed 30% of the Shares in issue from time to time. No Options may be granted under this Scheme or any other share option schemes of the Company if this will result in the limit set out in this Clause 8.01(d) being exceeded.
- (e) The Company may grant Options beyond any of the limits as set out in paragraphs 8.01(a), (b), (c) and (d) above to such extent as may be permitted under the Listing Rules from time to time.

- 8.02 No Participant shall be granted an Option, if the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted to it or him or her under this Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant would exceed 1% of the Shares in issue unless such further grant has been approved by the Shareholders in general meeting with the Participant and his Close Associates (or his Associates if the Participant is a connected person within the meaning of the Listing Rules) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and options previously granted to such Participant and the information as required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price. 17.03(4)

9. REORGANISATION OF CAPITAL STRUCTURE

- 9.01 In the event of any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of capital (other than an alteration of share capital as a result of an issue of Shares as consideration in respect of a transaction), the Company will adjust (if any): 17.03(13)
- (a) the number of Shares subject to the Option so far as unexercised;
 - (b) the Subscription Price; and/or

- (c) the maximum number of Shares for which further Options may be granted under this Scheme,

provided that, following such adjustment, the same proportion of the issued share 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 issuers in relation to share option schemes (“**Supplementary Guidance**”), the Listing Rules and such applicable codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange) which the Grantee is entitled to subscribe for pursuant to each Option shall be same as immediately before such adjustment.

- 9.02 In addition, in respect of any such adjustment as provided in this Clause 9, other than any made on a capitalisation issue, an independent financial adviser or the Auditors must confirm in writing to the directors of the Company that such adjustment satisfies the requirements as stated in Clause 9.01 above.
- 9.03 The capacity of the Company’s independent financial adviser or the Auditors in this Clause 9 is that of an expert and not of an arbitrator and their certification shall, in absence of manifest error, be final and binding on the Company and the Grantees.
- 9.04 The costs of the Company’s independent financial advisers or the Auditors shall be borne by the Company.
- 9.05 Any adjustment made to the Subscription Price of, and/or the number of Shares subject to, any Options must comply with the Supplementary Guidance, Listing Rules and such applicable codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

10. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Board in its absolute discretion and whose decision shall be final, conclusive and binding.

11. ALTERATION OF THIS SCHEME

- 11.01 The provisions of this Scheme as to: 17.03(18)
- (a) the definitions of “Grantee”, “Option Period” and “Participant” in Clause 1.01; and
- (b) the provisions of Clauses 3.01, 3.02, 3.03, 4, 5, 6, 7, 8, 9, 12, 13 and this Clause 11 and to all such matters set out in Rule 17.03 of the Listing Rules,

shall not be altered to the advantage of the Participants except with prior approval of the Shareholders in general meeting.

- 11.02 Any alteration to the terms and conditions of this Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of this Scheme.
- 11.03 The amended terms of this Scheme or the Options shall comply with the requirements of Chapter 17 of the Listing Rules.

11.04 Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of this Scheme must be approved by the Shareholders in general meeting.

11.05 The Company must provide to all Grantees all details relating to changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.

12. TERMINATION

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of this Scheme and in such event no further Option will be offered but the provisions of this Scheme shall remain in full force and effect. Upon such termination, details of the Options granted (including Options exercised or outstanding) under this Scheme are required under the Listing Rules to be disclosed in the circular to the shareholders seeking approval of the first new scheme established thereafter. All outstanding Options granted before termination of this Scheme shall continue to be valid and exercisable for a period of six (6) months from the date of termination in accordance with the Scheme. 17.03(16)

13. CANCELLATION OF OPTIONS

Subject to Clause 6.03, the Board may at any time at its absolute discretion cancel any Option granted but not exercised. Where any Option is cancelled and new Options are to be issued to the same Participant, the issue of such new Options may only be made under this Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as set out in Clause 8.01(a) to (c). 17.03(14)

14. MISCELLANEOUS

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

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

14.03 The Company shall provide a summary of the terms of this Scheme to all Grantees upon their joining this Scheme and a copy of the rules of this Scheme to any Grantee who requests such a copy.

14.04 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to the Shareholders.

14.05 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or as otherwise notified to the Grantees from time to time and, in the case of the Grantee, his or her residential address in Hong Kong as notified to the Company from time to time.

14.06 Any notice or other communication served by post:

(a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and

(b) by the Grantee shall not be deemed to have been received until the same shall have

been received by the Company.

- 14.07 The Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of its or his or her participation in this Scheme.
- 14.08 By accepting an Option, a Grantee shall be deemed irrevocably to have accepted the grant of Option subject to the provisions of this Scheme and to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate it or him or her for loss of any rights under this Scheme.
- 14.09 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with Hong Kong laws.