
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Evergrande Group, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**PROPOSED ADOPTION OF SUBSIDIARY SHARE OPTION SCHEMES
AND
NOTICE OF EGM**

A notice convening the extraordinary general meeting to be held at the Island Ballroom C, Level 5, Island Shangri-la Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong, on Monday, 10 May 2021 at 11:00 a.m. (the “EGM”) is set out on pages 52 to 53 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

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PRECAUTIONARY MEASURES FOR THE EGM

In light of the COVID-19 pandemic and in compliance with the HKSAR Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health, the Company will implement additional precautionary measures at the EGM including, without limitation:

- (1) compulsory body temperature screening — anyone with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue;
- (2) mandatory use of surgical face masks — no masks will be provided at the EGM venue and attendees should bring their own masks;
- (3) appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding; and
- (4) No refreshments or drinks will be provided to attendees at the EGM.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly advises Shareholders NOT to attend the EGM in person, and recommends Shareholders to appoint the Chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at the Island Ballroom C, Level 5, Island Shangri-la Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong, on Monday, 10 May 2021 at 11:00 a.m. to adopt the Subsidiary Share Option Schemes;
“First Subsidiary”	Evergrande Property Services Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and is owned as to 61.70% by the Group;
“First Subsidiary Board”	the board of directors of the First Subsidiary;
“First Subsidiary Group”	the First Subsidiary and its subsidiaries;
“First Subsidiary Shares”	ordinary shares in the share capital of the First Subsidiary;
“First Subsidiary Scheme”	the share option scheme proposed to be adopted by the First Subsidiary, the principal terms of which are set out in the Appendix to this circular;
“Fifth Subsidiary”	星絡家居雲物聯科技有限公司 (Star Network Cloud IoT Technology Co., Ltd.*), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company;
“Fifth Subsidiary Board”	the board of directors of the Fifth Subsidiary;
“Fifth Subsidiary Shares”	equity capital in the Fifth Subsidiary;
“Fifth Subsidiary Scheme”	the share option scheme proposed to be adopted by the Fifth Subsidiary, the principal terms of which are set out in the Appendix to this circular;

DEFINITIONS

“Fourth Subsidiary”	恒大充電通科技有限公司 (Evergrande Charging Technology Co., Ltd.*), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company;
“Fourth Subsidiary Board”	the board of directors of the Fourth Subsidiary;
“Fourth Subsidiary Shares”	equity capital in the Fourth Subsidiary;
“Fourth Subsidiary Scheme”	the share option scheme proposed to be adopted by the Fourth Subsidiary, the principal terms of which are set out in the Appendix to this circular;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	19 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Second Subsidiary”	Evergrande Fairyland Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and is a wholly-owned subsidiary of the Company;
“Second Subsidiary Board”	the board of directors of the Second Subsidiary;
“Second Subsidiary Group”	the Second Subsidiary and its subsidiaries;
“Second Subsidiary Shares”	ordinary shares in the share capital of the Second Subsidiary;
“Second Subsidiary Scheme”	the share option scheme proposed to be adopted by the Second Subsidiary, the principal terms of which are set out in the Appendix to this circular;
“Share(s)”	ordinary shares in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

DEFINITIONS

“Sixth Subsidiary”	星絡社區雲物聯科技有限公司 (Star Network Community Cloud IoT Technology Co., Ltd.*), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company;
“Sixth Subsidiary Board”	the board of directors of the Sixth Subsidiary;
“Sixth Subsidiary Shares”	equity capital in the Sixth Subsidiary;
“Sixth Subsidiary Scheme”	the share option scheme proposed to be adopted by the Sixth Subsidiary, the principal terms of which are set out in the Appendix to this circular;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Share Option Schemes”	the First Subsidiary Scheme, the Second Subsidiary Scheme, the Third Subsidiary Scheme, the Fourth Subsidiary Scheme, the Fifth Subsidiary Scheme and the Sixth Subsidiary Scheme;
“Technology Subsidiaries”	the Fourth Subsidiary, the Fifth Subsidiary and the Sixth Subsidiary;
“Third Subsidiary”	New Gains Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and is a subsidiary of the Company;
“Third Subsidiary Board”	the board of directors of the Second Subsidiary;
“Third Subsidiary Group”	the Third Subsidiary and its subsidiaries;
“Third Subsidiary Shares”	ordinary shares in the share capital of the Third Subsidiary;
“Third Subsidiary Scheme”	the share option scheme proposed to be adopted by the Third Subsidiary, the principal terms of which are set out in the Appendix to this circular; and
“%”	per cent.



中國恒大集團

CHINA EVERGRANDE GROUP

China Evergrande Group

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

Executive Directors:

Mr. Hui Ka Yan (*Chairman*)

Mr. Xia Haijun (*Vice Chairman and President*)

Mr. Shi Junping

Mr. Pan Darong

Mr. Huang Xiangui

Mr. Lai Lixin

Independent Non-executive Directors:

Mr. Chau Shing Yim, David

Mr. He Qi

Ms. Xie Hongxi

Registered Office:

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Ugland House

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Principal place of business

in Hong Kong:

23rd Floor, China Evergrande Centre

38 Gloucester Road, Wanchai

Hong Kong

23 April 2021

To Shareholders

Dear Sir/Madam,

**PROPOSED ADOPTION OF SUBSIDIARY SHARE OPTION SCHEMES
AND
NOTICE OF EGM**

INTRODUCTION

It is proposed that subject to the approval of the Shareholders at the EGM, the Subsidiary Share Option Schemes as disclosed in this circular be adopted.

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide you with information on the Subsidiary Share Option Schemes; and (ii) to give you the notice of the EGM at which resolutions will be proposed to consider and, if thought fit, to approve the adoption of the Subsidiary Share Option Schemes.

ADOPTION OF SUBSIDIARY SHARE OPTION SCHEMES

The Company proposes to adopt the following share option schemes for the subsidiaries of the Company set out below:

(1) The First Subsidiary Scheme

The First Subsidiary is a 61.70% owned subsidiary of the Company, the shares of which were listed on the main board of the Stock Exchange (stock code: 6666). The First Subsidiary is one of the largest and fastest-growing integrated property management service enterprise in the PRC. It is an all-round property manager and manages a diverse portfolio of properties (including mid-to-high-end residential properties, office buildings and commercial properties), and has been contracted to manage other types of properties (such as theme parks, industrial parks, healthcare complexes, themed towns and schools, etc.). The First Subsidiary Group provides property management services, non-property owners and/or community value-added services in over 280 cities in 22 provinces, five autonomous regions in the PRC, serving over two million households.

The First Subsidiary does not have in place a share option scheme. It is proposed that the First Subsidiary will adopt a share option scheme in compliance with the requirements of Chapter 17 of the Listing Rules to provide the First Subsidiary with the flexibility of granting share options to the grantees as incentives or rewards for their contribution or potential contribution to the First Subsidiary.

Conditions

The adoption of the First Subsidiary Scheme is conditional upon:

- (i) the approval of the adoption of the First Subsidiary Scheme by the Shareholders at the EGM;
- (ii) the approval of the adoption of the First Subsidiary Scheme by the shareholders of the First Subsidiary at a general meeting; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to trade in, the First Subsidiary Shares that may fall to be allotted and issued pursuant to the exercise of the right of the options under the First Subsidiary Scheme.

LETTER FROM THE BOARD

Purpose

The purpose of the First Subsidiary Scheme is to enable the First Subsidiary to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the First Subsidiary. The Directors consider that the First Subsidiary Scheme will provide the eligible participants with the opportunity to acquire proprietary interests in the First Subsidiary and will encourage such eligible participants to work towards enhancing the value of the First Subsidiary and its shares for the benefit of the Company and the Shareholders as a whole.

Scheme limit

Subject to the conditions to the First Subsidiary Scheme being satisfied, the First Subsidiary Board will have the right to grant to the eligible participants options to subscribe for First Subsidiary Shares up to the scheme limit as prescribed by the Listing Rules unless approval from the Shareholders in general meeting has been obtained to renew the scheme limit such that the total number of the First Subsidiary Shares in respect of which options may be granted by the First Subsidiary Board under the First Subsidiary Scheme and any other share option schemes of the First Subsidiary in issue shall not exceed 10% of the total number of the First Subsidiary Shares in issue as at the date of approval of the refreshed limit.

Notwithstanding any other provisions of the First Subsidiary Scheme, the maximum number of First Subsidiary Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the First Subsidiary Scheme and any other share option schemes of the First Subsidiary shall not exceed 30% of the total number of First Subsidiary Shares in issue from time to time.

The First Subsidiary will apply to the Stock Exchange for the listing of, and permission to trade in, the First Subsidiary Shares that may be allotted and issued upon the exercise of the options under the First Subsidiary Scheme.

The grant of the options under First Subsidiary Scheme and the subsequent exercise of the options by the grantees will constitute a deemed disposal of the Company's interests in the First Subsidiary. The Company will comply with the requirements of Chapter 14 of the Listing Rules should the grant of the options under the First Subsidiary Scheme constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Principal terms

A summary of the principal terms of the First Subsidiary Scheme is set out in the Appendix to this circular.

LETTER FROM THE BOARD

(2) The Second Subsidiary Scheme

The Second Subsidiary is an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands. It is the holding company for the Group's tourism-related development business. The tourism-related business of the Second Subsidiary includes the development and operation of large-scale theme parks and related tourism facilities, the development and operation of tourism-related commercial properties, the development and sale of vacation homes, and the operation of hotels.

The Second Subsidiary does not have in place a share option scheme. It is proposed that the Second Subsidiary will adopt a share option scheme in compliance with the requirements of Chapter 17 of the Listing Rules to provide the Second Subsidiary with the flexibility of granting share options to the grantees as incentives or rewards for their contribution or potential contribution to the Second Subsidiary Group.

Conditions

The adoption of the Second Subsidiary Scheme is conditional upon, among others, the approval of the adoption of the Second Subsidiary Scheme by the Shareholders at the EGM.

Scheme limit

Subject to the conditions to the Second Subsidiary Scheme being satisfied, the Second Subsidiary Board will have the right to grant to the eligible participants options to subscribe for Second Subsidiary Shares up to the scheme limit as prescribed by the Listing Rules unless approval from the shareholders of the Second Subsidiary in general meeting has been obtained to renew the scheme limit such that the total number of the Second Subsidiary Shares in respect of which options may be granted by the Second Subsidiary Board under the Second Subsidiary Scheme and any other share option schemes of the Second Subsidiary in issue shall not exceed 10% of the total number of the Second Subsidiary Shares in issue as at the date of approval of the refreshed limit.

Notwithstanding any other provisions of the Second Subsidiary Scheme, the maximum number of Second Subsidiary Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Second Subsidiary Scheme and any other share option schemes of the Second Subsidiary shall not exceed 30% of the total number of Second Subsidiary Shares in issue from time to time.

The grant of the options under Second Subsidiary Scheme and the subsequent exercise of the options by the grantees will constitute a deemed disposal of the Company's interests in the Second Subsidiary. The Company will comply with the requirements of Chapter 14 of the Listing Rules should the grant of the options under the Second Subsidiary Scheme constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Principal terms

A summary of the principal terms of the Second Subsidiary Scheme is set out in the Appendix to this circular.

(3) The Third Subsidiary Scheme

The Third Subsidiary is an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands. It holds 75% interest in 房車寶集團股份有限公司 (Fangchebao Group Co. Ltd.*) (“FCB”). FCB is an internet technology service group focusing on real estate and car transactions. It applies innovative digital technologies such as big data, artificial intelligence, cloud computing and virtual reality to create three major technology platforms: FCB platform, FCB universal brokerage platform and FCB SaaS management platform to realize the closed loop of online and offline all-channel transactions in the housing and transportation market.

The Third Subsidiary does not have in place a share option scheme. It is proposed that the Third Subsidiary will adopt a share option scheme in compliance with the requirements of Chapter 17 of the Listing Rules to provide the Third Subsidiary with the flexibility of granting share options to the grantees as incentives or rewards for their contribution or potential contribution to the Third Subsidiary Group.

Conditions

The adoption of the Third Subsidiary Scheme is conditional upon, among others, the approval of the adoption of the Third Subsidiary Scheme by the Shareholders at the EGM.

Scheme limit

Subject to the conditions to the Third Subsidiary Scheme being satisfied, the Third Subsidiary Board will have the right to grant to the eligible participants options to subscribe for third Subsidiary Shares up to the scheme limit as prescribed by the Listing Rules unless approval from the Shareholders in general meeting has been obtained to renew the scheme limit such that the total number of the Third Subsidiary Shares in respect of which options may be granted by the Third Subsidiary Board under the Third Subsidiary Scheme and any other share option schemes of the Third Subsidiary in issue shall not exceed 5% of the total number of the Third Subsidiary Shares in issue as at the date of approval of the refreshed limit.

Notwithstanding any other provisions of the Third Subsidiary Scheme, the maximum number of Third Subsidiary Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Third Subsidiary Scheme and any other share option schemes of the Third Subsidiary shall not exceed 30% of the total number of the Third Subsidiary Shares in issue from time to time.

LETTER FROM THE BOARD

The grant of the options under Third Subsidiary Scheme and the subsequent exercise of the options by the grantees will constitute a deemed disposal of the Company's interests in the Third Subsidiary. The Company will comply with the requirements of Chapter 14 of the Listing Rules should the grant of the options under the Third Subsidiary Scheme constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Principal terms

A summary of the principal terms of the Third Subsidiary Scheme is set out in the Appendix to this circular.

(4) PRC technology subsidiary schemes

The Company also proposes to adopt three separate schemes for the Fourth Subsidiary, the Fifth Subsidiary and the Sixth Subsidiary, all being companies established in the PRC. Each of these subsidiaries is a wholly-owned subsidiary of the Company and is involved in technology-related business.

The Fourth Subsidiary is involved in the development of a national "charging network" for new energy vehicles. By integrating the charging resources of major mainstream operators and small and medium-sized operators across the country, an industry-leading smart charging platform for new energy vehicles is being created to effectively solve the problems of "difficulty in finding charging stations, difficult charging, and expensive charging" for new energy vehicle owners. At present, the charging network of the Fourth Subsidiary covers more than 200,000 stations, and the Fourth Subsidiary is continuing to promote in-depth interconnection with national charging operator platforms to create a national "charging network" in developing a green and low-carbon new energy vehicle charging service ecology.

The Fifth Subsidiary is a leading provider of smart home and IoT solutions. With the vision of "injecting technology into life", through innovative technology, products and design, a smart life service platform is being developed using smart home equipment, big data and value-added services as the core, in bringing intelligent, technology, quality and comfortable living to the people.

The Sixth Subsidiary, adhering to the mission of "injecting technology into life", applies the Internet + Internet of Things to provide enterprises with integrated smart community solutions, to help them to carry out digital upgrades. Through AI, big data, and cloud technology in creating a smart community ecosystem to improve corporate management efficiency, efficient community services, and bring satisfaction to the users.

Each of the Technology Subsidiaries does not have in place a share option scheme. As it is common among hi-tech companies to offer their staff and personnel share options in order to attract and retain talents, it is proposed that each of the Technology Subsidiaries will adopt a share option scheme to provide such company with the flexibility of granting share options to the grantees as incentives or rewards for their contribution or potential contribution to the company.

LETTER FROM THE BOARD

The adoption of each of the option scheme for the Technology Subsidiaries is conditional upon the approval of the adoption of the relevant scheme by the Shareholders at the EGM, respectively.

The purpose of the schemes is to enable each of the Technology Subsidiaries to grant options to selected grantees as incentives or rewards for their contribution or potential contribution to the company. The Directors consider that each of the schemes will provide the respective grantees with the opportunity to acquire proprietary interests in the company and will encourage such grantees to work towards enhancing the value of the company and its shares for the benefit of the Company and the Shareholders as a whole.

Subject to the adoption of the schemes by the Shareholders at the EGM, each of the Technology Subsidiaries will set aside 10% of its existing share capital to their respective shareholding platform to be set up. Each of the relevant board of the Technology Subsidiaries will be granted the respective authority to grant to the grantees of the subsidiary options to subscribe for shares up to the their respective scheme limit, unless approval from the Shareholders in general meeting has been obtained to renew such limits.

The shareholding platforms of the Technology Subsidiaries will hold the respective shares under the schemes. Subject to the satisfaction of the vesting period and other conditions to the relevant options, the relevant grantee may exercise the relevant options held and have such number of shares in the Technology Subsidiaries held under the relevant shareholding platform transferred to him/her.

The grant of the options under the respective schemes and the subsequent exercise of the options by the grantees will constitute a deemed disposal of the Company's interests in the relevant Technology Subsidiaries. As the relevant scheme limit under each of the schemes is limited to 10% of the equity capital of the relevant Technology Subsidiary and that each of the Technology Subsidiaries is an insignificant subsidiary of the Company, the grant of the options under the schemes and the exercise of the options thereof will be within the de minimis threshold under Chapter 14 of the Listing Rules and will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

A summary of the principal terms of each of the option schemes to be adopted by the Technology Subsidiaries is set out in the Appendix to this circular.

Others

As at the Latest Practicable Date, save for the First Subsidiary, the shares of which are listed on the main board of the Stock Exchange, none of the shares of the Second Subsidiary, the Third Subsidiary or the Technology Subsidiaries are listed on any securities exchange in Hong Kong, the PRC or elsewhere. Should the shares of any of these subsidiaries are listed on any securities exchange, their share option schemes will be subject to the more onerous requirements between Chapter 17 of the Listing Rules and the requirements of the relevant securities exchange on which the shares of the relevant subsidiary are listed.

LETTER FROM THE BOARD

As at the Latest Practicable Date, no options under any of the schemes disclosed in this circular have been granted and thus the Company considers that it would not be appropriate to disclose in this circular the value of the options that may be granted under any of the proposed schemes as if they have been granted as at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably ascertained at this stage. It would not be meaningful and may even be misleading to Shareholders if the value of the options is calculated based on a set of speculative assumptions. However, the Company will disclose the value of any options granted under such schemes during a financial year or a particular period in its annual report and interim report based on the Binomial Options Pricing Model or a generally accepted comparable methodology.

EGM

A notice convening the EGM is set out on pages 52 to 53 of this circular and a form of proxy for the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

VOTING BY POLL

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) and Rule 17.02(1)(a) of the Listing Rules.

No Shareholder has a material interest in the proposed adoption of the subsidiary share option schemes and therefore no Shareholder is required to abstain from voting at the EGM in respect of the resolutions proposed to approve the adoption of the Subsidiary Share Option Schemes.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the adoption of the Subsidiary Share Option Schemes is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the adoption of the Subsidiary Share Option Schemes.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Subsidiary Share Option Schemes is available for inspection at the principal place of business of the Company in Hong Kong at 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wanchai, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM.

Yours faithfully,
By order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

The following is a summary of the principal terms of the First Subsidiary Scheme proposed to be approved at the EGM.

(a) *Purpose*

The First Subsidiary Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants had or may have made to the First Subsidiary. The First Subsidiary Scheme will provide the eligible participants an opportunity to have a personal stake in the First Subsidiary with the view to motivate the eligible participants to optimise their performance efficiency for the benefit of the First Subsidiary.

(b) *Who may join*

The First Subsidiary Board may, at its discretion, offer to grant an option to subscribe for such number of new First Subsidiary Shares as the First Subsidiary Board may determine at an exercise price determined in accordance with paragraph (e) below to:

- (i) any full time or part-time employees, executives, officers or directors (including executive, non-executive and independent non-executive directors) of the First Subsidiary Group and of any associated corporation of the First Subsidiary; and
- (ii) any advisers, consultants, agents, suppliers or joint venture partners who, in the sole opinion of the First Subsidiary Board, will contribute or have contributed to the First Subsidiary Group.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the First Subsidiary by way of consideration. Any offer to grant an option to subscribe for First Subsidiary Shares may be accepted in respect of less than the number of First Subsidiary Shares for which it is offered. 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.

(c) *Maximum number of shares*

The maximum number of First Subsidiary Shares in respect of which options may be granted under the First Subsidiary Scheme and under any other share option schemes of the First Subsidiary must not in aggregate exceed 10% of the total number of First Subsidiary Shares in issue at the time the First Subsidiary Scheme is adopted by the Shareholders. Based on 10,810,811,000 First Subsidiary Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the First Subsidiary from the Latest Practicable Date to the date of the EGM, the maximum number of First Subsidiary Shares that may be issued upon the exercise of the options that may be granted under the First Subsidiary Scheme is 1,081,081,100 First Subsidiary Shares, being 10% of the issued share capital of the First Subsidiary as at the date of the adoption of the First Subsidiary Scheme.

The Company may seek approval from the Shareholders in general meeting for “refreshing” the 10% limit under the First Subsidiary Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the First Subsidiary under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the First Subsidiary Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

Notwithstanding the foregoing, the First Subsidiary Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the First Subsidiary Scheme and any other share option schemes of the First Subsidiary at any time shall not exceed 30% of the First Subsidiary Shares in issue from time to time.

(d) *Maximum number of options to any one individual*

The total number of First Subsidiary Shares issued and which may fall to be issued upon exercise of the options granted under the First Subsidiary Scheme and any other share option schemes of the First Subsidiary (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the First Subsidiary Shares in issue as at the date of grant.

(e) *Price of shares*

Subject to the compliance with the requirements of the Listing Rules, the subscription price of a First Subsidiary Share in respect of any particular option granted under the First Subsidiary Scheme shall be such price as the First Subsidiary Board in its absolute discretion shall determine save that such price will not be less than the highest of:

- (i) the official closing price of the First Subsidiary Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the First Subsidiary Shares as stated in the daily quotation sheets of the Stock Exchange for the 5 trading days immediately preceding the date of grant; and
- (iii) the nominal value of a First Subsidiary Share.

(f) *Granting options to connected persons*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company by the First Subsidiary must comply with the requirements of Rule 17.04 of the Listing Rules. Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the First Subsidiary 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 First Subsidiary (excluding any independent non-executive director who is the grantee of the options). If the First Subsidiary Board proposes to grant options to a substantial shareholder or any independent non-executive director or their respective associates (as defined in the Listing Rules) which will result in the number of First Subsidiary 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:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the First Subsidiary Shares in issue; and
- (ii) 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 official closing price of the First Subsidiary Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by the First Subsidiary and the approval of its shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the First Subsidiary shall abstain from voting in favour, 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 shall be taken as a poll.

(g) *Restrictions on the grant of Options*

For so long as the First Subsidiary Shares are listed on the Stock Exchange, the Subsidiary Board shall not grant any option after an inside information event relating to the First Subsidiary and/or the Company has come to the knowledge of the Company and/or the First Subsidiary until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (1) the date of the relevant board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company and/or the First Subsidiary's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for the Company and/or the First Subsidiary to publish an announcement of its results for (i) any year or half-year period in accordance with the Listing Rules, and (ii) where the Company and/or the First Subsidiary elected to publish them, any quarterly or any other interim period, and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be).

(h) *Rights are personal to grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. 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 so to do.

(i) *Time of exercise of option and duration of the First Subsidiary Scheme*

Subject to any vesting period as stipulated in the scheme, an option may be exercised in accordance with the terms of the First Subsidiary Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the First Subsidiary Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the First Subsidiary Board, the First Subsidiary Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(j) *Performance target*

A grantee may be required to achieve any performance targets as the First Subsidiary Board may then specify in the grant before any options granted under the First Subsidiary Scheme can be exercised.

(k) *Rights on ceasing employment or death*

Any options granted and already vested but are not exercised will continue to be exercisable within a period of 30 days from the date of the death of the grantee (in case of non-work related death) or from the date of the grantee ceasing to be an employee of the First Subsidiary (other than in the case of dismissal). Any options that are not exercised within the prescribed period and unvested options will lapse.

In case of work-related death and upon determination by the First Subsidiary, the options granted will remain exercisable by the successors of the grantee in accordance with the terms of the grant.

(l) *Rights on dismissal*

Any options granted will be cancelled and no longer be exercisable if the grantee is dismissed as a result of his/her fault or his/her resignation.

(m) *Ranking of First Subsidiary Shares*

The First Subsidiary Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, First Subsidiary Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid First Subsidiary Shares in issue on the date of exercise.

(n) *Effect of alterations to capital*

In the event of any alteration in the capital structure of the First Subsidiary whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, subdivision, consolidation of shares or reduction of capital, such corresponding alterations (if any) shall be made (i) in the number of First Subsidiary Shares subject to any outstanding options; and/or (ii) the exercise price per First Subsidiary Share of each outstanding option, as the auditors of the First Subsidiary or an independent financial adviser shall, at the request of the Company, the First Subsidiary or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the First Subsidiary (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain in the same proportion as it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a First Subsidiary Share to be issued at less than its nominal value.

(o) *Expiry of option*

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

- (i) the date of expiry of the option as may be determined by the First Subsidiary Board;
- (ii) the expiry of any of the periods referred in the First Subsidiary Scheme;
- (iii) the date on the grantee ceases to be an eligible participant by reason of the termination of his/her relationship with the First Subsidiary on any one or more of the grounds that he has been guilty of serious misconduct or resignation; or
- (iv) the date on which the First Subsidiary Board shall exercise the right to cancel the option in accordance with the terms of the First Subsidiary Scheme.

(p) *Alteration of the First Subsidiary Scheme*

Subject to compliance with the requirements of the Listing Rules, the First Subsidiary Scheme may be altered in any respect by resolution of the First Subsidiary Board except that:

- (i) any alteration to the advantage of the grantees; and
- (ii) any material alteration to the terms and conditions of the First Subsidiary Scheme or any change to the terms of options granted,

shall first be approved by the shareholders in general meeting.

(q) *Cancellation of Options*

Subject to the terms of the scheme, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(r) *Termination of the First Subsidiary Scheme*

The First Subsidiary may by resolution of the First Subsidiary Board at any time terminate the First Subsidiary Scheme and in such event no further option shall be offered but the provisions of the First Subsidiary Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the First Subsidiary Scheme. 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 the First Subsidiary Scheme.

(s) *Conditions of the First Subsidiary Scheme*

The First Subsidiary Scheme is conditional on:

- (1) the approval of the rules of the First Subsidiary Scheme by the Shareholders in the EGM;
- (2) the approval of the rules of the First Subsidiary Scheme by the shareholders of the First Subsidiary at a general meeting; and
- (3) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the First Subsidiary Shares that may be allotted and issued under the First Subsidiary Scheme.

The following is a summary of the principal terms of the Second Subsidiary Scheme proposed to be approved at the EGM.

(a) *Purpose*

The Second Subsidiary Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants had or may have made to the Second Subsidiary. The Second Subsidiary Scheme will provide the eligible participants an opportunity to have a personal stake in the Second Subsidiary with the view to motivate the eligible participants to optimise their performance efficiency for the benefit of the Second Subsidiary.

(b) *Who may join*

The Second Subsidiary Board may, at its discretion, offer to grant an option to subscribe for such number of new Second Subsidiary Shares as the Second Subsidiary Board may determine at an exercise price determined in accordance with paragraph (e) below to:

- (i) any full time or part-time employees, executives, officers or directors (including executive, non-executive and independent non-executive directors) of the Second Subsidiary Group and of any associated corporation of the Second Subsidiary; and
- (ii) any advisers, consultants, agents, suppliers or joint venture partners who, in the sole opinion of the Second Subsidiary Board, will contribute or have contributed to the Second Subsidiary Group.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Second Subsidiary by way of consideration. Any offer to grant an option to subscribe for Second Subsidiary Shares may be accepted in respect of less than the number of Second Subsidiary Shares for which it is offered. 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.

(c) *Maximum number of shares*

The maximum number of Second Subsidiary Shares in respect of which options may be granted under the Second Subsidiary Scheme and under any other share option schemes of the Second Subsidiary must not in aggregate exceed 10% of the total number of Second Subsidiary Shares in issue at the time the Second Subsidiary Scheme is adopted by the Shareholders. Based on 10,000 Second Subsidiary Shares in issue as at the Latest Practicable Date and assuming that there is no change to the issued share capital of the Second Subsidiary from the Latest Practicable Date to the date of the EGM, the maximum number of Second Subsidiary Shares that may be granted under the Second Subsidiary Scheme is 1,000 Second Subsidiary Shares, being 10% of the issued share capital of the Second Subsidiary as at the date of the adoption of the Second Subsidiary Scheme.

The Company may seek approval from the Shareholders in general meeting for “refreshing” the 10% limit under the Second Subsidiary Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Second Subsidiary under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the Second Subsidiary Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

Notwithstanding the foregoing, the Second Subsidiary Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Second Subsidiary Scheme and any other share option schemes of the Second Subsidiary at any time shall not exceed 30% of the Second Subsidiary Shares in issue from time to time.

(d) *Maximum number of options to any one individual*

The total number of Second Subsidiary Shares issued and which may fall to be issued upon exercise of the options granted under the Second Subsidiary Scheme and any other share option schemes of the Second Subsidiary (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Second Subsidiary Shares in issue as at the date of grant.

(e) *Price of shares*

Subject to the compliance with the requirements of the Listing Rules, the subscription price of a Second Subsidiary Share in respect of any particular option granted under the Second Subsidiary Scheme shall be such price as the Second Subsidiary Board in its absolute discretion shall determine.

In the event that the shares of the Second Subsidiary become listed, then the subscription price shall be subject to alteration in accordance with relevant requirements under note (2) to Rule 17.03(9) of the Listing Rules and any other applicable legal and regulatory requirements of the stock exchange on where it is listed. In particular, the subscription price of any options granted during the period commencing six months before the lodgement of the listing application of the Second Subsidiary up to its listing date shall be adjusted to not lower than the new issue price of the shares.

(f) *Restrictions on the time of grant of options*

If the relevant inside information of the Company is related to the Second Subsidiary and/or the Company, no offer shall be made after such inside information of the Company has come to the knowledge of the Company and/or the Second Subsidiary, until such information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board of directors of the Company (as such is first notified by the Company 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); (ii) the deadline for the Company to publish an announcement of 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 actual publication of the result announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of results announcement. The above requirements with respect to the grant of options prior to publication of the results announcement shall also apply to the Second Subsidiary if the Second Subsidiary Shares become listed.

(g) *Granting options to connected persons*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company by the Second Subsidiary must comply with the requirements of Rule 17.04 of the Listing Rules. Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Second Subsidiary 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 Second Subsidiary (excluding any independent non-executive director who is the grantee of the Options). If the Second Subsidiary Board proposes to grant options to a substantial shareholder or any independent non-executive director or their respective associates (as defined in the Listing Rules) which will result in the number of Second Subsidiary 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:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Second Subsidiary Shares in issue; and
- (ii) 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 official closing price of the Second Subsidiary Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by the Second Subsidiary and the approval of its shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Second Subsidiary shall abstain from voting in favour, 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 shall be taken as a poll.

(h) *Rights are personal to grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. 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 so to do.

(i) *Time of exercise of option and duration of the Second Subsidiary Scheme*

Subject to any vesting period as stipulated in the scheme, an option may be exercised in accordance with the terms of the Second Subsidiary Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Second Subsidiary Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the Second Subsidiary Board, the Second Subsidiary Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(j) *Performance target*

A grantee may be required to achieve any performance targets as the Second Subsidiary Board may then specify in the grant before any options granted under the Second Subsidiary Scheme can be exercised.

(k) *Rights on ceasing employment or death*

Any options granted and already vested but are not exercised will continue to be exercisable within a period of 30 days from the date of the death of the grantee (in case of non-work related death) or from the date of the grantee ceasing to be an employee of the Second Subsidiary (other than in the case of dismissal). Any options that are not exercised within the prescribed period and unvested options will lapse.

In case of work-related death and upon determination by the Second Subsidiary, the options granted will remain exercisable by the successors of the grantee in accordance with the terms of the grant.

(l) *Rights on dismissal*

Any options granted will be cancelled and no longer be exercisable if the grantee is dismissed as a result of his/her fault or his/her resignation.

(m) *Ranking of Second Subsidiary Shares*

The Second Subsidiary Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Second Subsidiary Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Second Subsidiary Shares in issue on the date of exercise.

(n) *Effect of alterations to capital*

In the event of any alteration in the capital structure of the Second Subsidiary whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, sub-division, consolidation of shares or reduction of capital, such corresponding alterations (if any) shall be made (i) in the number of Second Subsidiary Shares subject to any outstanding options; and/or (ii) the exercise price per Second Subsidiary Share of each outstanding option, as the auditors of the Second Subsidiary or an independent financial adviser shall, at the request of the Company, the Second Subsidiary or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Second Subsidiary (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain in the same proportion as it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Second Subsidiary Share to be issued at less than its nominal value.

If the Second Subsidiary is listed on the Stock Exchange or any other stock exchanges, it will comply with the applicable legal and regulatory requirements of the stock exchange on which it is listed in relation to such adjustment.

(o) *Expiry of option*

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

- (i) the date of expiry of the option as may be determined by the Second Subsidiary Board;
- (ii) the expiry of any of the periods referred in the Second Subsidiary Scheme;
- (iii) the date on the grantee ceases to be an eligible participant by reason of the termination of his/her relationship with the Second Subsidiary on any one or more of the grounds that he has been guilty of serious misconduct or resignation; or
- (iv) the date on which the Second Subsidiary Board shall exercise the right to cancel the option in accordance with the terms of the Second Subsidiary Scheme.

(p) *Alteration of the Second Subsidiary Scheme*

Subject to compliance with the requirements of the Listing Rules, the Second Subsidiary Scheme may be altered in any respect by resolution of the Second Subsidiary Board except that:

- (i) any alteration to the advantage of the grantees; and
- (ii) any material alteration to the terms and conditions of the Second Subsidiary Scheme or any change to the terms of options granted,

shall first be approved by the shareholders in general meeting.

(q) *Cancellation of Options*

Subject to the terms of the scheme, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(r) *Termination of the Second Subsidiary Scheme*

The Second Subsidiary may by resolution of the Second Subsidiary Board at any time terminate the Second Subsidiary Scheme and in such event no further option shall be offered but the provisions of the Second Subsidiary Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Second Subsidiary Scheme. 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 the Second Subsidiary Scheme.

(s) *Conditions of the Second Subsidiary Scheme*

The Second Subsidiary Scheme is conditional on the approval of the rules of the Second Subsidiary Scheme by the Shareholders in the EGM.

The following is a summary of the principal terms of the Third Subsidiary Share Option Scheme proposed to be approved at the EGM.

(a) *Purpose*

The Third Subsidiary Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants had or may have made to the Third Subsidiary. The Third Subsidiary Scheme will provide the eligible participants an opportunity to have a personal stake in the Third Subsidiary with the view to motivate the eligible participants to optimise their performance efficiency for the benefit of the Third Subsidiary.

(b) *Who may join*

The Third Subsidiary Board may, at its discretion, offer to grant an option to subscribe for such number of new Third Subsidiary Shares as the Third Subsidiary Board may determine at an exercise price determined in accordance with paragraph (e) below to:

- (i) any full time or part-time employees, executives, officers or directors (including executive, non-executive and independent non-executive directors) of the Third Subsidiary Group and of any associated corporation of the Third Subsidiary; and
- (ii) any advisers, consultants, agents, suppliers or joint venture partners who, in the sole opinion of the Third Subsidiary Board, will contribute or have contributed to the Third Subsidiary Group.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Third Subsidiary by way of consideration. Any offer to grant an option to subscribe for Third Subsidiary Shares may be accepted in respect of less than the number of Third Subsidiary Shares for which it is offered. 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.

(c) *Maximum number of shares*

The maximum number of Third Subsidiary Shares in respect of which options may be granted under the Third Subsidiary Scheme and under any other share option schemes of the Third Subsidiary must not in aggregate exceed 5% of the total number of Third Subsidiary Shares in issue at the time the Third Subsidiary Scheme is adopted by the Shareholders. Based on 13,027,618,558 Third Subsidiary Shares in issue as at the Latest Practicable Date and assuming that there is no change to the issued share capital of the Third Subsidiary from the Latest Practicable Date to the date of the EGM, the maximum number of Third Subsidiary Shares that may be granted under the Third Subsidiary Scheme is 651,380,927 Third Subsidiary Shares, being 5% of the issued share capital of the Third Subsidiary as at the date of the adoption of the Third Subsidiary Scheme.

The Company may seek approval from the Shareholders in general meeting for “refreshing” the 5% limit under the Third Subsidiary Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Third Subsidiary under the limit as “refreshed” must not exceed 5% of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the Third Subsidiary Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

Notwithstanding the foregoing, the Third Subsidiary Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Third Subsidiary Scheme and any other share option schemes of the Third Subsidiary at any time shall not exceed 30% of the Third Subsidiary Shares in issue from time to time.

(d) *Maximum number of options to any one individual*

The total number of Third Subsidiary Shares issued and which may fall to be issued upon exercise of the options granted under the Third Subsidiary Scheme and any other share option schemes of the Third Subsidiary (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Third Subsidiary Shares in issue as at the date of grant.

(e) *Price of Shares*

Subject to the compliance with the requirements of the Listing Rules and the rules of any other securities exchange that the Third Subsidiary Shares may be listed, the subscription price of a Third Subsidiary Share in respect of any particular option granted under the Third Subsidiary Scheme shall be such price as the Third Subsidiary Board in its absolute discretion shall determine.

In the event that the shares of the Third Subsidiary become listed, then the subscription price shall be subject to alteration in accordance with relevant requirements under note (2) to Rule 17.03(9) of the Listing Rules and any other applicable legal and regulatory requirements of the stock exchange on where it is listed. In particular, the subscription price of any options granted during the period commencing six months before the lodgement of the listing application of the Third Subsidiary up to its listing date shall be adjusted to not lower than the new issue price of the shares.

(f) *Restrictions on the time of grant of options*

If the relevant inside information of the Company is related to the Third Subsidiary and/or the Company, no offer shall be made after such inside information of the Company has come to the knowledge of the Company and/or the Third Subsidiary, until such information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board of directors of the Company (as such is first notified by the Company 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); (ii) the deadline for the Company to publish an announcement of 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 actual publication of the result announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of results announcement. The above requirements with respect to the grant of options prior to publication of the results announcement shall also apply to the Third Subsidiary if the Third Subsidiary Shares become listed.

(g) *Granting options to connected persons*

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company by the Third Subsidiary must comply with the requirements of Rule 17.04 of the Listing Rules. Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Third Subsidiary 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 Third Subsidiary (excluding any independent non-executive director who is the grantee of the Options). If the Third Subsidiary Board proposes to grant options to a substantial shareholder or any independent non-executive director or their respective associates (as defined in the Listing Rules) which will result in the number of Third Subsidiary 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:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Third Subsidiary Shares in issue; and
- (ii) 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 official closing price of the Third Subsidiary Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by the Third Subsidiary and the approval of its shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Third Subsidiary shall abstain from voting in favour, 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 shall be taken as a poll.

(h) *Rights are personal to grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. 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 so to do.

(i) *Time of exercise of option and duration of the Third Subsidiary Scheme*

Subject to any vesting period as stipulated in the scheme, an option may be exercised in accordance with the terms of the Third Subsidiary Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Third Subsidiary Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the Third Subsidiary Board, the Third Subsidiary Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(j) *Performance target*

A grantee may be required to achieve any performance targets as the Third Subsidiary Board may then specify in the grant before any options granted under the Third Subsidiary Scheme can be exercised.

(k) *Rights on ceasing employment or death*

Any options granted and already vested but are not exercised will continue to be exercisable within a period of 30 days from the date of the death of the grantee (in case of non-work related death) or from the date of the grantee ceasing to be an employee of the Third Subsidiary (other than in the case of dismissal). Any options that are not exercised within the prescribed period and unvested options will lapse.

In case of work-related death and upon determination by the Third Subsidiary, the options granted will remain exercisable by the successors of the grantee in accordance with the terms of the grant.

(l) *Rights on dismissal*

Any options granted will be cancelled and no longer be exercisable if the grantee is dismissed as a result of his/her fault or his/her resignation.

(m) *Ranking of Third Subsidiary Shares*

The Third Subsidiary Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Third Subsidiary Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Third Subsidiary Shares in issue on the date of exercise.

(n) *Effect of alterations to capital*

In the event of any alteration in the capital structure of the Third Subsidiary whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, subdivision, consolidation of shares or reduction in capital, such corresponding alterations (if any) shall be made in (i) in the number of Third Subsidiary Shares subject to any outstanding options; and/or (ii) the exercise price per Third Subsidiary Share of each outstanding option, as the auditors of the Third Subsidiary or an independent financial adviser shall, at the request of the Company, the Third Subsidiary or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Third Subsidiary (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain in the same proportion as it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Third Subsidiary Share to be issued at less than its nominal value.

If the Third Subsidiary is listed on the Stock Exchange or any other stock exchanges, it will comply with the applicable legal and regulatory requirements of the stock exchange on which it is listed in relation to such adjustment.

(o) *Expiry of option*

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

- (i) the date of expiry of the option as may be determined by the Third Subsidiary Board;
- (ii) the expiry of any of the periods referred in the Third Subsidiary Scheme;
- (iii) the date on the grantee ceases to be an Eligible Participant by reason of the termination of his/her relationship with the Third Subsidiary on any one or more of the grounds that he has been guilty of serious misconduct or resignation; or
- (iv) the date on which the Third Subsidiary Board shall exercise the right to cancel the option in accordance with the terms of the Third Subsidiary Scheme.

(p) *Alteration of the Third Subsidiary Scheme*

Subject to compliance with the requirements of the Listing Rules, the Third Subsidiary Scheme may be altered in any respect by resolution of the Third Subsidiary Board except that:

- (i) any alteration to the advantage of the grantees; and
- (ii) any material alteration to the terms and conditions of the Third Subsidiary Scheme or any change to the terms of options granted,

shall first be approved by the shareholders in general meeting.

(q) *Cancellation of options*

Subject to the terms of the scheme, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(r) *Termination of the Third Subsidiary Scheme*

The Third Subsidiary may by resolution of the Third Subsidiary Board at any time terminate the Third Subsidiary Scheme and in such event no further option shall be offered but the provisions of the Third Subsidiary Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Third Subsidiary Scheme. 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 the Third Subsidiary Scheme.

(s) *Conditions of the Third Subsidiary Share Option Scheme*

The Third Subsidiary Scheme is conditional on the approval of the rules of the Third Subsidiary Scheme by the Shareholders in the EGM.

The following is a summary of the principal terms of the Fourth Subsidiary Scheme proposed to be approved at the EGM.

(a) *Purpose*

The Fourth Subsidiary Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the core management and other personnel of the Fourth Subsidiary had or may have made to the Fourth Subsidiary. The Fourth Subsidiary Scheme will provide the eligible participants an opportunity to have a personal stake in the Fourth Subsidiary with the view to motivate the grantees to optimise their performance efficiency for the benefit of the Fourth Subsidiary.

(b) *Who may join*

The Fourth Subsidiary Board may, at its discretion, offer to grant an option to the core management and other personnel of the Fourth Subsidiary to subscribe for such number of Fourth Subsidiary Shares as the Fourth Subsidiary Board may determine at an exercise price determined in accordance with paragraph (e) below.

The grantee shall not be required to pay the Fourth Subsidiary any consideration for the acceptance of the option. Any offer to grant an option to subscribe for Fourth Subsidiary Shares may be accepted in respect of less than the number of Fourth Subsidiary Shares for which it is offered. 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.

(c) *Maximum number of shares*

The maximum number of Fourth Subsidiary Shares in respect of which options may be granted under the Fourth Subsidiary Option Scheme and under any other share option schemes of the Fourth Subsidiary must not in aggregate exceed 10% of the total number of Fourth Subsidiary Shares in issue at the time the Fourth Subsidiary Scheme is adopted by the Shareholders. Based on the registered capital of the Fourth Subsidiary of RMB60,000,000 as at the Latest Practicable Date and 10,000,000,000 Fourth Subsidiary Shares in issue and assuming that there is no change to the issued share capital of the Fourth Subsidiary from the Latest Practicable Date to the date of the EGM, the maximum number of Fourth Subsidiary Shares that may be granted under the Fourth Subsidiary Scheme is 1,000,000,000 Fourth Subsidiary Shares, being 10% of the registered capital of the Fourth Subsidiary as at the date of the adoption of the Fourth Subsidiary Scheme.

The Company may seek approval from the Shareholders in general meeting for “refreshing” the 10% limit under the Fourth Subsidiary Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Fourth Subsidiary under the limit as “refreshed” must not exceed 10% of the relevant class of securities in

issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the Fourth Subsidiary Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

(d) *Maximum number of options to any one individual*

Subject to the compliance with the Listing Rules and relevant laws and regulations, the Fourth Subsidiary Board may determine the number of share options that may be granted to a grantee in any 12-month period.

(e) *Price of shares*

Subject to the compliance with the requirements of the Listing Rules, the subscription price of a Fourth Subsidiary Share in respect of any particular option granted under the Fourth Subsidiary Scheme shall be such price as the Fourth Subsidiary Board in its absolute discretion shall determine.

In the event that the shares of the Fourth Subsidiary become listed, then the subscription price shall be subject to alteration in accordance with relevant requirements under note (2) to Rule 17.03(9) of the Listing Rules and any other applicable legal and regulatory requirements of the stock exchange on where it is listed. In particular, the subscription price of any options granted during the period commencing six months before the lodgement of the listing application of the Fourth Subsidiary up to its listing date shall be adjusted to not lower than the new issue price of the shares.

(f) *Restrictions on the time of grant of options*

If the relevant inside information of the Company is related to the Fourth Subsidiary and/or the Company, no offer shall be made after such inside information of the Company has come to the knowledge of the Company and/or the Fourth Subsidiary, until such information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board of directors of the Company (as such is first notified by the Company 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); (ii) the deadline for the Company to publish an announcement of 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 actual publication of the result announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of results announcement. The above requirements with respect to the grant of options prior to publication of the results announcement shall also apply to the Fourth Subsidiary if the Fourth Subsidiary Shares become listed.

(g) *Granting of options to connected persons*

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) shall be conducted in compliance with the requirements of the Listing Rules.

(h) *Rights are personal to the grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. 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 so to do.

(i) *Qualification of grantee*

Any core management and other employee of the Fourth Subsidiary will no longer be qualified as a grantee under the Fourth Subsidiary Scheme in the occurrence of any of the following events:

- (1) serious dereliction of duty, malfeasance;
- (2) breach of relevant law, administrative regulations or provisions of the articles of association of the Fourth Subsidiary which resulted in material economic loss by the Fourth Subsidiary;
- (3) accept or solicit bribe, involved in bribery or theft or offences that causes damages to the interest and reputation of the Fourth Subsidiary;
- (4) subject to administrative penalty as a result of a breach of law or regulation;
- (5) subject to criminal liability for any criminal act;
- (6) being disqualified to become a director, supervisor or senior management of the Fourth Subsidiary under the Company Law of the PRC or the articles or association of the Fourth Subsidiary;
- (7) being restricted by law to hold shares in the Fourth Subsidiary; or
- (8) being considered by the Fourth Subsidiary Board or the Board as not being qualified to be a grantee.

If the disqualifying event occurs before the grant of the Fourth Subsidiary Option, the relevant core management and other employee will not be eligible to become a Grantee to participate in the Fourth Subsidiary Scheme.

If the disqualifying event occurs after the Fourth Subsidiary Options have been granted, the Fourth Subsidiary Options shall be terminated and any restricted Fourth Subsidiary Shares that have been transferred to the grantee may be repurchased by the Fourth Subsidiary at the actual price paid by the grantee.

(j) *Time of exercise of the Fourth Subsidiary Option and term of the scheme*

Subject to any vesting period as stipulated in the scheme, an option may be exercised in accordance with the terms of the Fourth Subsidiary Scheme at any time after the date upon which the Fourth Subsidiary Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Fourth Subsidiary Board in its absolute discretion, save that no Fourth Subsidiary Option may be exercised more than 10 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the Fourth Subsidiary Board, the Fourth Subsidiary Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) *Performance target*

A grantee may be required to achieve any performance targets as the Fourth Subsidiary Board may then specify in the grant before any Fourth Subsidiary Options granted under the Fourth Subsidiary Scheme can be exercised.

(l) *Vesting period*

Subject to any other vesting period that may be determined by the Fourth Subsidiary Board or any securities exchange that the shares of the Fourth Subsidiary may be listed, the Fourth Subsidiary Option granted will normally be subject to a vesting period of 3 years, and may thereafter be exercised commencing after the expiry of 48 months after the date of grant on the basis of 20% per annum for each year following the expiry of the vesting period.

(m) *Voting rights*

Prior to the satisfaction of any vesting period for any Fourth Subsidiary Options and the transfer and registration of the Fourth Subsidiary Shares to the grantee, such Fourth Subsidiary Shares will not carry voting rights in respect of the grantee. Subject to the aforesaid, the grantee shall enjoy all the rights as a shareholder of the Fourth Subsidiary upon the exercise of the Fourth Subsidiary Option and the transfer and registration of the Fourth Subsidiary Shares to the grantee.

(n) *Changes to the status of the grantee*

- (1) If the relevant grantee has changed his job position but remains employed by the Fourth Subsidiary or any of the Fourth Subsidiary's subsidiaries or associated corporations, the granted Fourth Subsidiary Options will remain effective and capable of being exercised in accordance with its terms.

- (2) If there is an occurrence of any of the following events, the Fourth Subsidiary Board may determine (aa) not to transfer any further Fourth Subsidiary Shares to the grantee under the Fourth Subsidiary Scheme; and (bb) repurchase the granted Fourth Subsidiary Option or any Fourth Subsidiary Shares that had already been transferred to the grantee free of consideration:
- (i) the relevant grantee is no longer capable of carrying out his duties which led to his transfer from his original job position;
 - (ii) the relevant grantee has been in breach of relevant laws or regulations;
 - (iii) the relevant grantee has been in breach of work ethics;
 - (iv) the relevant grantee has disclosed confidential information of the Fourth Subsidiary to others;
 - (v) the relevant grantee had been in breach of his employment contract or any of his obligations under the rules of the Fourth Subsidiary Scheme;
 - (vi) there had been a serious dereliction of duty or malfeasance which damage the interest or reputation of the Fourth Subsidiary;
 - (vii) the relevant employee has ceased to be employed by the Fourth Subsidiary for any of the above reasons;
 - (viii) the relevant employee has resigned from his position upon the expiry of his term of employment; and
 - (ix) any other event determined by the Fourth Subsidiary Board to be inappropriate or the fault of the relevant employee.
- (3) If there is an occurrence of any of the following events, the Fourth Subsidiary Board may determine (aa) not to transfer any further Fourth Subsidiary Shares to the grantee under the Fourth Subsidiary Scheme; and (bb) repurchase the granted Fourth Subsidiary Option or any Fourth Subsidiary Shares that had already been transferred to the grantee free of consideration, and repurchase the restricted Fourth Subsidiary Shares already transferred to the grantee at the original price paid by the grantee:
- (i) the relevant employee is no longer able to discharge his duties and has suspended his employment or resigned;
 - (ii) the death or disappearance of the relevant employee;
 - (iii) the term of the employment contract of the relevant employee has expired;

- (iv) the employee has resigned on his own accord because of his faults or due to retrenchment;
- (v) any other event as may be determined by the Fourth Subsidiary Board.

(o) *Effect of alterations to capital*

In the event of any alteration in the capital structure of the Fourth Subsidiary whilst any Fourth Subsidiary Option may become or remains exercisable, whether by way of capitalisation issue, rights issue, sub-division, consolidation of shares or reduction in capital, such corresponding alterations (if any) shall be made (i) in the number of Fourth Subsidiary Shares subject to any outstanding options; and/or (ii) the exercise price per Fourth Subsidiary Share of each outstanding option, as the auditors of the Fourth Subsidiary or an independent financial adviser shall, at the request of the Company, the Fourth Subsidiary or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Fourth Subsidiary (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain in the same proportion as it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Fourth Subsidiary Share to be issued at less than its nominal value.

If the Fourth Subsidiary is listed on the Stock Exchange or any other stock exchanges, it will comply with the applicable legal and regulatory requirements of the stock exchange on which it is listed in relation to such adjustment.

(p) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date which falls on the tenth anniversary of its grant.

(q) *Repurchase of Fourth Subsidiary Shares*

Prior to the Fourth Subsidiary Shares can be publicly traded, the Fourth Subsidiary Board may determine at any time to repurchase the Fourth Subsidiary Shares of the grantees at a price to be fixed by the Fourth Subsidiary Board, provided that the repurchase price shall not be lower than the price paid by the grantee for such Fourth Subsidiary Shares.

(r) *Alteration of the scheme*

Subject to compliance with the requirements of the Listing Rules and applicable laws, the Fourth Subsidiary Scheme may be altered in any respect by resolution of the Fourth Subsidiary Board.

(s) *Cancellation of options*

Subject to the terms of the scheme, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(t) *Termination of the scheme*

The Fourth Subsidiary may by resolution of the Fourth Subsidiary Board at any time terminate the Fourth Subsidiary Scheme and in such event no further option shall be offered but the provisions of the Fourth Subsidiary Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Fourth Subsidiary Scheme. 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 the Fourth Subsidiary Scheme.

(u) *Condition of the scheme*

The Fourth Subsidiary Scheme is conditional on the approval of the rules of the Fourth Subsidiary Scheme by the Shareholders in the EGM.

The following is a summary of the principal terms of the Fifth Subsidiary Scheme proposed to be approved at the EGM.

(a) *Purpose*

The Fifth Subsidiary Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the core management and other personnel of the Fifth Subsidiary had or may have made to the Fifth Subsidiary. The Fifth Subsidiary Scheme will provide the eligible participants an opportunity to have a personal stake in the Fifth Subsidiary with the view to motivate the grantees to optimise their performance efficiency for the benefit of the Fifth Subsidiary.

(b) *Who may join*

The Fifth Subsidiary Board may, at its discretion, offer to grant an option to the core management and other personnel of the Fifth Subsidiary to subscribe for such number of Fifth Subsidiary Shares as the Fifth Subsidiary Board may determine at an exercise price determined in accordance with paragraph (e) below.

The grantee shall not be required to pay the Fifth Subsidiary any consideration for the acceptance of the option. Any offer to grant an option to subscribe for Fifth Subsidiary Shares may be accepted in respect of less than the number of Fifth Subsidiary Shares for which it is offered. 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.

(c) *Maximum number of shares*

The maximum number of Fifth Subsidiary Shares in respect of which options may be granted under the Fifth Subsidiary Scheme and under any other share option schemes of the Fifth Subsidiary must not in aggregate exceed 10% of the total number of Fifth Subsidiary Shares in issue at the time the Fifth Subsidiary Scheme is adopted by the Shareholders. Based on the registered capital of the Fifth Subsidiary of RMB100,000,000 as at the Latest Practicable Date and 10,000,000,000 Fifth Subsidiary Shares in issue and assuming that there is no change to the issued share capital of the Fifth Subsidiary from the Latest Practicable Date to the date of the EGM, the maximum number of Fifth Subsidiary Shares that may be granted under the Fifth Subsidiary Scheme is 1,000,000,000 Fifth Subsidiary Shares, being 10% of the registered capital of the Fifth Subsidiary as at the date of the adoption of the Fifth Subsidiary Scheme.

The Company may seek approval from the Shareholders in general meeting for “refreshing” the 10% limit under the Fifth Subsidiary Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Fifth Subsidiary under the limit as “refreshed” must not exceed 10% of the relevant class of securities in

issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the Fifth Subsidiary Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

(d) *Maximum number of options to any one individual*

Subject to the compliance with the Listing Rules and relevant laws and regulations, the Fifth Subsidiary Board may determine the number of share options that may be granted to a grantee in any 12-month period.

(e) *Price of shares*

Subject to the compliance with the requirements of the Listing Rules, the subscription price of a Fifth Subsidiary Share in respect of any particular option granted under the Fifth Subsidiary Scheme shall be such price as the Fifth Subsidiary Board in its absolute discretion shall determine.

In the event that the shares of the Fifth Subsidiary become listed, then the subscription price shall be subject to alteration in accordance with relevant requirements under note (2) to Rule 17.03(9) of the Listing Rules and any other applicable legal and regulatory requirements of the stock exchange on where it is listed. In particular, the subscription price of any options granted during the period commencing six months before the lodgement of the listing application of the Fifth Subsidiary up to its listing date shall be adjusted to not lower than the new issue price of the shares.

(f) *Restrictions on the time of grant of options*

If the relevant inside information of the Company is related to the Fifth Subsidiary and/or the Company, no offer shall be made after such inside information of the Company has come to the knowledge of the Company and/or the Fifth Subsidiary, until such information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board of directors of the Company (as such is first notified by the Company 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); (ii) the deadline for the Company to publish an announcement of 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 actual publication of the result announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of results announcement. The above requirements with respect to the grant of options prior to publication of the results announcement shall also apply to the Fifth Subsidiary if the Fifth Subsidiary Shares become listed.

(g) *Granting of options to connected persons*

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) shall be conducted in compliance with the requirements of the Listing Rules.

(h) *Rights are personal to the grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. 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 so to do.

(i) *Qualification of grantee*

Any core management and other employee of the Fifth Subsidiary will no longer be qualified as a grantee under the Fifth Subsidiary Scheme in the occurrence of any of the following events:

- (1) serious dereliction of duty, malfeasance;
- (2) breach of relevant law, administrative regulations or provisions of the articles of association of the Fifth Subsidiary which resulted in material economic loss by the Fifth Subsidiary;
- (3) accept or solicit bribe, involved in bribery or theft or offences that causes damages to the interest and reputation of the Fifth Subsidiary;
- (4) subject to administrative penalty as a result of a breach of law or regulation;
- (5) subject to criminal liability for any criminal act;
- (6) being disqualified to become a director, supervisor or senior management of the Fifth Subsidiary under the Company Law of the PRC or the articles or association of the Fifth Subsidiary;
- (7) being restricted by law to hold shares in the Fifth Subsidiary; or
- (8) being considered by the Fifth Subsidiary Board or the Board as not being qualified to be a grantee.

If the disqualifying event occurs before the grant of the Fifth Subsidiary Option, the relevant core management and other employee will not be eligible to become a grantee to participate in the Fifth Subsidiary Scheme.

If the disqualifying event occurs after the Fifth Subsidiary Options have been granted, the Fifth Subsidiary Options shall be terminated and any restricted Fifth Subsidiary Shares that have been transferred to the grantee may be repurchased by the Fifth Subsidiary at the actual price paid by the grantee.

(j) *Time of exercise of the Fifth Subsidiary Option and term of the scheme*

Subject to any vesting period as stipulated in the scheme, an option may be exercised in accordance with the terms of the Fifth Subsidiary Scheme at any time after the date upon which the Fifth Subsidiary Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Fifth Subsidiary Board in its absolute discretion, save that no Fifth Subsidiary Option may be exercised more than 10 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the Fifth Subsidiary Board, the Fifth Subsidiary Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) *Performance target*

A grantee may be required to achieve any performance targets as the Fifth Subsidiary Board may then specify in the grant before any Fifth Subsidiary Options granted under the Fifth Subsidiary Scheme can be exercised.

(l) *Vesting period*

Subject to any other vesting period that may be determined by the Fifth Subsidiary Board or any securities exchange that the shares of the Fifth Subsidiary may be listed, the Fifth Subsidiary Option granted will normally be subject to a vesting period of 3 years, and may thereafter be exercised commencing after the expiry of 48 months after the date of grant on the basis of 20% per annum for each year following the expiry of the vesting period.

(m) *Voting rights*

Prior to the satisfaction of any vesting period for any Fifth Subsidiary Options and the transfer and registration of the Fifth Subsidiary Shares to the grantee, such Fifth Subsidiary Shares will not carry voting rights in respect of the grantee. Subject to the aforesaid, the grantee shall enjoy all the rights as a shareholder of the Fifth Subsidiary upon the exercise of the Fifth Subsidiary Option and the transfer and registration of the Fifth Subsidiary Shares to the grantee.

(n) *Changes to the status of the grantee*

- (1) If the relevant grantee has changed his job position but remains employed by the Fifth Subsidiary or any of the Fifth Subsidiary's subsidiaries or associated corporations, the granted Fifth Subsidiary Options will remain effective and capable of being exercised in accordance with its terms.

- (2) If there is an occurrence of any of the following events, the Fifth Subsidiary Board may determine (aa) not to transfer any further Fifth Subsidiary Shares to the grantee under the Fifth Subsidiary Scheme; and (bb) repurchase the granted Fifth Subsidiary Option or any Fifth Subsidiary Shares that had already been transferred to the grantee free of consideration:
- (i) the relevant grantee is no longer capable of carrying out his duties which led to his transfer from his original job position;
 - (ii) the relevant grantee has been in breach of relevant laws or regulations;
 - (iii) the relevant grantee has been in breach of work ethics;
 - (iv) the relevant grantee has disclosed confidential information of the Fifth Subsidiary to others;
 - (v) the relevant grantee had been in breach of his employment contract or any of his obligations under the rules of the Fifth Subsidiary Scheme;
 - (vi) there had been a serious dereliction of duty or malfeasance which damage the interest or reputation of the Fifth Subsidiary;
 - (vii) the relevant employee has ceased to be employed by the Fifth Subsidiary for any of the above reasons;
 - (viii) the relevant employee has resigned from his position upon the expiry of his term of employment; and
 - (ix) any other event determined by the Fifth Subsidiary Board to be inappropriate or the fault of the relevant employee.
- (3) If there is an occurrence of any of the following events, the Fifth Subsidiary Board may determine (aa) not to transfer any further Fifth Subsidiary Shares to the grantee under the Fifth Subsidiary Scheme; and (bb) repurchase the granted Fifth Subsidiary Option or any Fifth Subsidiary Shares that had already been transferred to the grantee free of consideration, and repurchase the restricted Fifth Subsidiary Shares already transferred to the grantee at the original price paid by the grantee:
- (i) the relevant employee is no longer able to discharge his duties and has suspended his employment or resigned;
 - (ii) the death or disappearance of the relevant employee;
 - (iii) the term of the employment contract of the relevant employee has expired;

- (iv) the employee has resigned on his own accord because of his faults or due to retrenchment;
- (v) any other event as may be determined by the Fifth Subsidiary Board.

(o) *Effect of alterations to capital*

In the event of any alteration in the capital structure of the Fifth Subsidiary whilst any Fifth Subsidiary Option may become or remains exercisable, whether by way of capitalisation issue, bonus issue, sub-division, consolidation of shares or reduction in capital, such corresponding alterations (if any) shall be made (i) in the number of Fifth Subsidiary Shares subject to any outstanding options; and/or (ii) the exercise price per Fifth Subsidiary Share of each outstanding option, as the auditors of the Fifth Subsidiary or an independent financial adviser shall, at the request of the Company, the Fifth Subsidiary or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Fifth Subsidiary (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain in the same proportion as it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Fifth Subsidiary Share to be issued at less than its nominal value.

If the Fifth Subsidiary is listed on the Stock Exchange or any other stock exchanges, it will comply with the applicable legal and regulatory requirements of the stock exchange on which it is listed in relation to such adjustment.

(p) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date which falls on the tenth anniversary of its grant.

(q) *Repurchase of Fifth Subsidiary Shares*

Prior to the Fifth Subsidiary Shares can be publicly traded, the Fifth Subsidiary Board may determine at any time to repurchase the Fifth Subsidiary Shares of the grantees at a price to be fixed by the Fifth Subsidiary Board, provided that the repurchase price shall not be lower than the price paid by the grantee for such Fifth Subsidiary Shares.

(r) *Alteration of the scheme*

Subject to compliance with the requirements of the Listing Rules and applicable laws, the Fifth Subsidiary Scheme may be altered in any respect by resolution of the Fifth Subsidiary Board.

(s) *Cancellation of options*

Subject to the terms of the scheme, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(t) *Termination of the scheme*

The Fifth Subsidiary may by resolution of the Fifth Subsidiary Board at any time terminate the Fifth Subsidiary Scheme and in such event no further option shall be offered but the provisions of the Fifth Subsidiary Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Fifth Subsidiary Scheme. 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 the Fifth Subsidiary Scheme.

(u) *Condition of the scheme*

The Fifth Subsidiary Scheme is conditional on the approval of the rules of the Fifth Subsidiary Scheme by the Shareholders in the EGM.

The following is a summary of the principal terms of the Sixth Subsidiary Scheme proposed to be approved at the EGM.

(a) *Purpose*

The Sixth Subsidiary Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the core management and other personnel of the Sixth Subsidiary had or may have made to the Sixth Subsidiary. The Sixth Subsidiary Scheme will provide the eligible participants an opportunity to have a personal stake in the Sixth Subsidiary with the view to motivate the grantees to optimise their performance efficiency for the benefit of the Sixth Subsidiary.

(b) *Who may join*

The Sixth Subsidiary Board may, at its discretion, offer to grant an option to the core management and other personnel of the Sixth Subsidiary to subscribe for such number of Sixth Subsidiary Shares as the Sixth Subsidiary Board may determine at an exercise price determined in accordance with paragraph (e) below.

The grantee shall not be required to pay the Sixth Subsidiary any consideration for the acceptance of the option. Any offer to grant an option to subscribe for Sixth Subsidiary Shares may be accepted in respect of less than the number of Sixth Subsidiary Shares for which it is offered. 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.

(c) *Maximum number of shares*

The maximum number of Sixth Subsidiary Shares in respect of which options may be granted under the Sixth Subsidiary Scheme and under any other share option schemes of the Sixth Subsidiary must not in aggregate exceed 10% of the total number of Sixth Subsidiary Shares in issue at the time the Sixth Subsidiary Scheme is adopted by the Shareholders. Based on the registered capital of the Sixth Subsidiary of RMB100,000,000 as at the Latest Practicable Date and 10,000,000,000 Sixth Subsidiary Shares in issue and assuming that there is no change to the issued share capital of the Sixth Subsidiary from the Latest Practicable Date to the date of the EGM, the maximum number of Sixth Subsidiary Shares that may be granted under the Sixth Subsidiary Scheme is 1,000,000,000 Sixth Subsidiary Shares, being 10% of the registered capital of the Sixth Subsidiary as at the date of the adoption of the Sixth Subsidiary Scheme.

The Company may seek approval from the Shareholders in general meeting for “refreshing” the 10% limit under the Sixth Subsidiary Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Sixth Subsidiary under the limit as “refreshed” must not exceed 10% of the relevant class of securities in

issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the Sixth Subsidiary Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

(d) *Maximum number of options to any one individual*

Subject to the compliance with the Listing Rules and relevant laws and regulations, the Sixth Subsidiary Board may determine the number of share options that may be granted to a grantee in any 12-month period.

(e) *Price of shares*

Subject to the compliance with the requirements of the Listing Rules, the subscription price of a Sixth Subsidiary Share in respect of any particular option granted under the Sixth Subsidiary Scheme shall be such price as the Sixth Subsidiary Board in its absolute discretion shall determine.

In the event that the shares of the Sixth Subsidiary become listed, then the subscription price shall be subject to alteration in accordance with relevant requirements under note (2) to Rule 17.03(9) of the Listing Rules and any other applicable legal and regulatory requirements of the stock exchange on where it is listed. In particular, the subscription price of any options granted during the period commencing six months before the lodgement of the listing application of the Sixth Subsidiary up to its listing date shall be adjusted to not lower than the new issue price of the shares.

(f) *Restrictions on the time of grant of options*

If the relevant inside information of the Company is related to the Sixth Subsidiary and/or the Company, no offer shall be made after such inside information of the Company has come to the knowledge of the Company and/or the Sixth Subsidiary, until such information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the board of directors of the Company (as such is first notified by the Company 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); (ii) the deadline for the Company to publish an announcement of 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 actual publication of the result announcement, no option may be granted. The period during which no option may be granted will cover any period of delay in the publication of results announcement. The above requirements with respect to the grant of options prior to publication of the results announcement shall also apply to the Sixth Subsidiary if the Sixth Subsidiary Shares become listed.

(g) *Granting of options to connected persons*

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) shall be conducted in compliance with the requirements of the Listing Rules.

(h) *Rights are personal to the grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. 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 so to do.

(i) *Qualification of grantee*

Any core management and other employee of the Sixth Subsidiary will no longer be qualified as a grantee under the Sixth Subsidiary Scheme in the occurrence of any of the following events:

- (1) serious dereliction of duty, malfeasance;
- (2) breach of relevant law, administrative regulations or provisions of the articles of association of the Sixth Subsidiary which resulted in material economic loss by the Sixth Subsidiary;
- (3) accept or solicit bribe, involved in bribery or theft or offences that causes damages to the interest and reputation of the Sixth Subsidiary;
- (4) subject to administrative penalty as a result of a breach of law or regulation;
- (5) subject to criminal liability for any criminal act;
- (6) being disqualified to become a director, supervisor or senior management of the Sixth Subsidiary under the Company Law of the PRC or the articles or association of the Sixth Subsidiary;
- (7) being restricted by law to hold shares in the Sixth Subsidiary; or
- (8) being considered by the Sixth Subsidiary Board or the Board as not being qualified to be a grantee.

If the disqualifying event occurs before the grant of the Sixth Subsidiary Option, the relevant core management and other employee will not be eligible to become a grantee to participate in the Sixth Subsidiary Scheme.

If the disqualifying event occurs after the Sixth Subsidiary Options have been granted, the Sixth Subsidiary Options shall be terminated and any restricted Sixth Subsidiary Shares that have been transferred to the grantee may be repurchased by the Sixth Subsidiary at the actual price paid by the grantee.

(j) *Time of exercise of the Sixth Subsidiary Option and term of the scheme*

Subject to any vesting period as stipulated in the scheme, an option may be exercised in accordance with the terms of the Sixth Subsidiary Scheme at any time after the date upon which the Sixth Subsidiary Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Sixth Subsidiary Board in its absolute discretion, save that no Sixth Subsidiary Option may be exercised more than 10 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the Sixth Subsidiary Board, the Sixth Subsidiary Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) *Performance target*

A grantee may be required to achieve any performance targets as the Sixth Subsidiary Board may then specify in the grant before any Sixth Subsidiary Options granted under the Sixth Subsidiary Scheme can be exercised.

(l) *Vesting period*

Subject to any other vesting period that may be determined by the Sixth Subsidiary Board or any securities exchange that the shares of the Sixth Subsidiary may be listed, the Sixth Subsidiary Option granted will normally be subject to a vesting period of 3 years, and may thereafter be exercised commencing after the expiry of 48 months after the date of grant on the basis of 20% per annum for each year following the expiry of the vesting period.

(m) *Voting rights*

Prior to the satisfaction of any vesting period for any Sixth Subsidiary Options and the transfer and registration of the Sixth Subsidiary Shares to the grantee, such Sixth Subsidiary Shares will not carry voting rights in respect of the grantee. Subject to the aforesaid, the grantee shall enjoy all the rights as a shareholder of the Sixth Subsidiary upon the exercise of the Sixth Subsidiary Option and the transfer and registration of the Sixth Subsidiary Shares to the grantee.

(n) *Changes to the status of the grantee*

- (1) If the relevant grantee has changed his job position but remains employed by the Sixth Subsidiary or any of the Sixth Subsidiary's subsidiaries or associated corporations, the granted Sixth Subsidiary Options will remain effective and capable of being exercised in accordance with its terms.

- (2) If there is an occurrence of any of the following events, the Sixth Subsidiary Board may determine (aa) not to transfer any further Sixth Subsidiary Shares to the grantee under the Sixth Subsidiary Scheme; and (bb) repurchase the granted Sixth Subsidiary Option or any Sixth Subsidiary Shares that had already been transferred to the grantee free of consideration:
- (i) the relevant grantee is no longer capable of carrying out his duties which led to his transfer from his original job position;
 - (ii) the relevant grantee has been in breach of relevant laws or regulations;
 - (iii) the relevant grantee has been in breach of work ethics;
 - (iv) the relevant grantee has disclosed confidential information of the Sixth Subsidiary to others;
 - (v) the relevant grantee had been in breach of his employment contract or any of his obligations under the rules of the Sixth Subsidiary Scheme;
 - (vi) there had been a serious dereliction of duty or malfeasance which damage the interest or reputation of the Sixth Subsidiary;
 - (vii) the relevant employee has ceased to be employed by the Sixth Subsidiary for any of the above reasons;
 - (viii) the relevant employee has resigned from his position upon the expiry of his term of employment; and
 - (ix) any other event determined by the Sixth Subsidiary Board to be inappropriate or the fault of the relevant employee.
- (3) If there is an occurrence of any of the following events, the Sixth Subsidiary Board may determine (aa) not to transfer any further Sixth Subsidiary Shares to the grantee under the Sixth Subsidiary Scheme; and (bb) repurchase the granted Sixth Subsidiary Option or any Sixth Subsidiary Shares that had already been transferred to the grantee free of consideration, and repurchase the restricted Sixth Subsidiary Shares already transferred to the grantee at the original price paid by the grantee:
- (i) the relevant employee is no longer able to discharge his duties and has suspended his employment or resigned;
 - (ii) the death or disappearance of the relevant employee;
 - (iii) the term of the employment contract of the relevant employee has expired;

- (iv) the employee has resigned on his own accord because of his faults or due to retrenchment;
- (v) any other event as may be determined by the Sixth Subsidiary Board.

(o) *Effect of alterations to capital*

In the event of any alteration in the capital structure of the Sixth Subsidiary whilst any Sixth Subsidiary Option may become or remains exercisable, whether by way of capitalisation issue, bonus issue, sub-division, consolidation of shares or reduction in capital, such corresponding alterations (if any) shall be made in (i) in the number of Sixth Subsidiary Shares subject to any outstanding options; and/or (ii) the exercise price per Sixth Subsidiary Share of each outstanding option, as the auditors of the Sixth Subsidiary or an independent financial adviser shall, at the request of the Company, the Sixth Subsidiary or any grantee, certify in writing either generally or as regards any particular grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Sixth Subsidiary (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain in the same proportion as it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Sixth Subsidiary Share to be issued at less than its nominal value.

If the Sixth Subsidiary is listed on the Stock Exchange or any other stock exchanges, it will comply with the applicable legal and regulatory requirements of the stock exchange on which it is listed in relation to such adjustment.

(p) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date which falls on the tenth anniversary of its grant.

(q) *Repurchase of Sixth Subsidiary Shares*

Prior to the Sixth Subsidiary Shares can be publicly traded, the Sixth Subsidiary Board may determine at any time to repurchase the Sixth Subsidiary Shares of the grantees at a price to be fixed by the Sixth Subsidiary Board, provided that the repurchase price shall not be lower than the price paid by the grantee for such Sixth Subsidiary Shares.

(r) *Alteration of the scheme*

Subject to compliance with the requirements of the Listing Rules and applicable laws, the Sixth Subsidiary Scheme may be altered in any respect by resolution of the Sixth Subsidiary Board.

(s) *Cancellation of options*

Subject to the terms of the scheme, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing.

(t) *Termination of the scheme*

The Sixth Subsidiary may by resolution of the Sixth Subsidiary Board at any time terminate the Sixth Subsidiary Scheme and in such event no further option shall be offered but the provisions of the Sixth Subsidiary Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Sixth Subsidiary Scheme. 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 the Sixth Subsidiary Scheme.

(u) *Condition of the scheme*

The Sixth Subsidiary Scheme is conditional on the approval of the rules of the Sixth Subsidiary Scheme by the Shareholders in the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING



中國恒大集團

CHINA EVERGRANDE GROUP

China Evergrande Group

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Evergrande Group (the “**Company**”) will be held at the Island Ballroom C, Level 5, Island Shangri-la Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong, on Monday, 10 May 2021 at 11:00 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolution:

ORDINARY RESOLUTIONS

1. “**THAT** the rules of the proposed share option scheme of Evergrande Property Services Group Limited (a copy of which has been produced to the meeting and identified as “**A**” for the purpose of identification signed by the Chairman hereof) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”
2. “**THAT** the rules of the proposed share option scheme of Evergrande Fairyland Group Limited (a copy of which has been produced to the meeting and identified as “**B**” for the purpose of identification signed by the Chairman hereof) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”
3. “**THAT** the rules of the proposed share option scheme of New Gains Group Limited (a copy of which has been produced to the meeting and identified as “**C**” for the purpose of identification signed by the Chairman hereof) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”
4. “**THAT** the rules of the proposed share option scheme of 恒大充電通科技有限公司 (Evergrande Charging Technology Co., Ltd.*) (a copy of which has been produced to the meeting and identified as “**D**” for the purpose of identification signed by the Chairman hereof) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. “**THAT** the rules of the proposed share option scheme of 星絡家居雲物聯科技有限公司 (Star Network Cloud IoT Technology Co., Ltd.*) (a copy of which has been produced to the meeting and identified as “**E**” for the purpose of identification signed by the Chairman hereof) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”

6. “**THAT** the rules of the proposed share option scheme of 星絡社區雲物聯科技有限公司 (Star Network Community Cloud IoT Technology Co., Ltd.*) (a copy of which has been produced to the meeting and identified as “**F**” for the purpose of identification signed by the Chairman hereof) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”

By Order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 23 April 2021

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who must be an individual) to attend and on a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be lodged with the Company’s share registrar, Computershare Hong Kong Investors Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.

3. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.

The executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Mr. Shi Junping, Mr. Pan Darong, Mr. Huang Xiangui and Mr. Lai Lixun, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.