



KAI YUAN HOLDINGS LIMITED

(開源控股有限公司)

(incorporated in Bermuda with limited liability)

SHARE OPTION SCHEME
adopted on [●] 2022



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1. DEFINITIONS

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

“Adoption Date”	means [●] 2022, the date on which the Scheme is conditionally adopted by the Company at a general meeting of the Shareholders;
“Associates”	has the meaning ascribed to it in Rule 1.01 of the Listing Rules;
“Auditors”	means the auditors of the Company for the time being;
“Board”	means the board of directors of the Company or a duly authorised committee thereof;
“Business Day”	means a day (other than Saturdays and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business during normal business hours;
“Companies Act”	means the Companies Act 1981 of Bermuda;
“Company”	means Kai Yuan Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Connected Person”	has the meaning ascribed thereto in the Listing Rules;

“Eligible Employees”	means any employee (whether full time or part time employee, including any executive directors but not any non-executive director and independent non-executive director) of the Group;
“Grantee”	means any Participant who accepts the offer of the grant of any Option in accordance with the terms of this Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	means the Company and the Subsidiaries from time to time;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Offer”	means an offer of the grant of Option in accordance with Clause 4.03;
“Offer Date”	means the date on which the Board passes a resolution approving the making of an Offer to a Participant;
“Option”	means an option to subscribe for Shares in accordance with the terms of this Scheme;
“Option Period”	means in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the Offer Date and that the Board may at its discretion determine the minimum period for which the Option has to be held or other restrictions before the exercise of the subscription right attaching thereto;

“Participant”	means any of the following: (aa) any Eligible Employee; and (bb) any non-executive director (including independent non-executive directors) of the Group;
“Scheme”	means this share option scheme in its present or any amended form;
“Scheme Mandate Limit”	has the meaning ascribed thereto in Clause 8;
“Share(s)”	means the ordinary share(s) of HK\$0.10 each (or of such other nominal amount as may be resulted from a sub-division, consolidation, re-classification or re-construction of such shares from time to time) in the capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option in accordance with Clause 5;
“Subsidiary(ies)”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company;
“trading day”	means a day on which the Stock Exchange is open for the trading of securities;
“HK\$”	means Hong Kong dollars, the lawful currency in Hong Kong.

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

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

2. CONDITIONS

2.01 This Scheme is conditional upon:

- (i) the passing of an ordinary resolution approving, inter alia, the adoption of this Scheme by the Shareholders and authorising the Board to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme; and
- (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of the Options granted under this Scheme.

2.02 If the above conditions are not satisfied on or before 29 July 2022, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

2.03 Reference in Clause 2.01 to the Stock Exchange granting the approval, listing and permission shall include any such approval, listing and permission which are granted subject to conditions.

2.04 A certificate of the Board that the conditions set out in Clause 2.01 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date shall be conclusive evidence of the matters certified.

3. PURPOSE, DURATION AND ADMINISTRATION

3.01 The purpose of this Scheme is to provide incentives or rewards to the Participants for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

3.02 Subject to Clause 13, this Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the conditions set out in Clause 2.01 are satisfied, after which period no further Options will be granted. Options complying with the provisions of the Listing Rules which are granted during the term of this Scheme and remain unexercised immediately prior to the expiry or termination of this Scheme shall continue to be exercisable in accordance with their terms of grant within the Option Period, notwithstanding the expiry or termination of this Scheme.

3.03 This Scheme shall be subject to the administration of the Board (including the independent non-executive directors) whose decision (save as otherwise provided herein) shall be final and binding on all parties. The Board shall have the right, among other matters, to (i) interpret and construe the provisions of this Scheme; (ii) determine the persons who will be granted Options under this Scheme, and the number of Shares and the Subscription Price, in relation to such Options, in accordance with the provisions of this Scheme; (iii) subject to Clauses 9 and 12, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it may deem necessary; and (iv) make such other decisions or determinations as it shall deem appropriate for the administration of this Scheme.

3.04 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member (or on his behalf in his capacity as a member of the Board) or for any mistake of judgment made in good faith for the purposes of this Scheme. The Company shall indemnify and hold harmless any employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated against any costs or expenses (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission in connection with the administration of this Scheme, unless such act or omission has arisen out of such person's own fraud or bad faith.

4. GRANT OF OPTIONS

- 4.01 On and subject to the terms of this Scheme, the Board shall be entitled at any time and from time to time within ten (10) years after the date on which the conditions set out in Clause 2.01 are satisfied, at its absolute discretion, to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price during the Option Period.
- 4.02 No Offer shall be made by the Board after inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information pursuant to the requirements of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Listing Rules. In particular, during the period of one month immediately before the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no Option shall be granted. The Board may not grant any Option to a Participant who is a director of the Company during the periods or times in which directors of the Company are prohibited from dealing in securities of the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.
- 4.03 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine, requiring the Participant to undertake to hold the Option on the terms on which it is to be granted, and to be bound by the provisions of this Scheme upon acceptance. Such Offer shall remain open for acceptance by the Participant for a period of 28 days from the date on which it is made, provided that no such Offer shall remain open for acceptance upon the expiry or termination of this Scheme. An Offer may not be accepted by a Grantee who has ceased to be a Participant after the Offer has been made.
- 4.04 An Option shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of the Option duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

- 4.05 Any Offer may be accepted in respect of a smaller amount of Shares than being offered, provided that it is accepted in such number of Shares representing a board lot for the time being for the purpose of trading on the Stock Exchange or any integral multiple thereof. To the extent that the Offer is not accepted in accordance with Clause 4.03, it will be deemed to have been irrevocably declined, and lapsed automatically.
- 4.06 Each Offer to a director, chief executive or substantial shareholder of the Company or their respective Associates under this Scheme must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed Grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.
- 4.07 Where any proposed Offer to a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% of the total number of Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further proposed Offer must be approved by the Shareholders in accordance with the requirements of the Listing Rules.

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

5. SUBSCRIPTION PRICE

The Subscription Price shall be such price as determined by the Board in its absolute discretion (and shall be stated in the letter containing the Offer) but in any case the Subscription Price shall not be lower than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding such date of grant; and (iii) the nominal value of a Share on such date of grant. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each such different period shall not be less than the Subscription Price determined in the manner set out in this Clause 5.

6. EXERCISE OF OPTIONS

- 6.01 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.
- 6.02 An Option may be exercised in whole or in part in the manner as set out in Clauses 6.03 and 6.04 by the Grantee (or, as the case may be, his or her legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within 28 days after the later of (i) the receipt of the notice and the remittance; or (ii) where appropriate, the receipt of the certificate of the Company's independent financial adviser or the Auditors pursuant to Clause 9; or (iii) where appropriate, the date of the passing of the Shareholders' resolution pursuant to Clause 10, the Company shall allot and issue the relevant Shares to the Grantee (or his or her legal personal representative(s)) credited as fully paid and issue to the Grantee (or his or her legal personal representative(s)) a share certificate in respect of the Shares so allotted and issued.
- 6.03 Subject to as hereinafter provided and the conditions set out in the Offer, the Option may be exercised by the Grantee (or his or her legal personal representative(s)) at any time during the Option Period provided that:
- (a) in the event of the Grantee, who being an Eligible Employee on the date of grant, ceasing to be an Eligible Employee for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in Clause 7(g), the Grantee may exercise the Option in accordance with the provisions of Clause 6.02, up to his or her entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) within the period of one (1) month following the date of such cessation, which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine (provided that the retirement of director(s) of the Company or the relevant Subsidiary at annual general meeting who is/are re-elected at the same meeting shall not be regarded as ceasing employment for the purpose of this paragraph);

- (b) in the event that the Grantee ceases to be a Participant by reason of death (provided that in the event of the Grantee being an Eligible Employee on the date of grant, none of the events which would be a ground for termination of his or her employment under Clause 7(g) arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (c) in the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, with the terms of the offer having been approved by any relevant regulatory authority and are in accordance with applicable laws and regulatory requirements and such offer becomes or is declared unconditional prior to the expiry of the Option, the Grantee (or, as the case may be, his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional;
- (d) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or where permitted under Clause 6.03(b) his or her legal personal representative(s)) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his or her Options (to the extent which has become exercisable and not already exercised) at any time not later than five (5) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind up the Company to participate in the distribution of assets of the Company available in liquidation; and

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

6.04 There is no performance target that has to be achieved before the exercise of any Option except otherwise imposed by the Board pursuant to Clause 4.01 and stated in the Offer.

6.05 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company and the Companies Act for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions to be paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company. A Share to be allotted and issued upon the exercise of an Option shall not carry any voting right until completion of the registration on the register of members of the Company of the Grantee as the holder thereof.

7. LAPSE OF OPTION

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

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee commits a breach of Clause 6.01;
- (c) the expiry of any of the periods referred to in Clause 6.03(a) or (b);
- (d) the date on which the offer (or as the case may be, revised offer) referred to in Clause 6.03(c) closes;
- (e) subject to Clause 6.03(d), the date of the commencement of the winding-up of the Company;
- (f) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in Clause 6.03(e);
- (g) the date on which the Grantee, being an Eligible Employee on the date of grant, ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 7(g) shall be conclusive and binding on the Grantee;
- (h) the date on which the Directors shall at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her Associate has committed any breach of any contract entered into between the Grantee or his or her Associate on the one part and the Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally; or
- (i) the date on which the Options are cancelled in accordance with Clause 14.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 8.01 (a) The total number of Shares in respect of which options may be granted under this Scheme and any other share option schemes of the Company shall not exceed 10 per cent. of the total number of Shares in issue on the Adoption Date (the “**Scheme Mandate Limit**”) unless the Company seeks the approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit in accordance with Clause 8.01(b) provided that options lapsed in accordance with the terms of this Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (b) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under this Scheme and any other share option schemes of the Company as “refreshed” shall not exceed 10 per cent. of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Mandate Limit provided that options previously granted under this Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms of this Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of Shareholders under this Clause 8.01(b), a circular containing the information as required under the Listing Rules must be sent to the Shareholders.
- (c) The Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the proposed Grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders under this Clause 8.01(c), the Company must send a circular to the Shareholders containing a generic description of the specified proposed Grantees of such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the proposed Grantees with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules from time to time.
- (d) Notwithstanding any provision to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding options granted under this Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the total number of Shares in issue from time to time. No options may be granted under this Scheme or any other share option schemes of the Company if this will result in the limit set out in this Clause 8.01(d) being exceeded.

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

9. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) shall be made in:

- (a) the number of Shares subject to the Option so far as such Option remains unexercised; and/or
- (b) the Subscription Price;

as the Company's independent financial adviser or the Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any such alterations shall satisfy the requirements set forth in Chapter 17 of the Listing Rules (including Rule 17.03(13) of the Listing Rules) and/or the note thereto (including any future amendments or replacement thereof) and FAQ No. 072-2020 and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time and be made on the basis that the Grantee shall have the same proportion of the equity capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.

In addition, in respect of any such alteration as provided in this Clause 9, other than any made on a capitalisation issue, the Company's independent financial adviser or the Auditors must confirm in writing to the directors of the Company that the alteration satisfies the aforesaid requirements.

The capacity of the Company's independent financial adviser or the Auditors in this Clause 9 is that of an expert and not of an arbitrator and their certification shall be final and binding on the Company and the Grantees.

The costs of the Company's independent financial advisers or the Auditors shall be borne by the Company.

10. SHARE CAPITAL

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company, if required. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

11. DISPUTES

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

12. ALTERATION OF THIS SCHEME

12.01 This Scheme may be altered in any respect to the extent allowed by the Listing Rules by resolution of the Board except that the following alteration must be approved by a resolution of the Shareholders in general meeting:

- (a) any changes to the matters set out in Rule 17.03 of the Listing Rules which are to the advantage of the Grantees or the prospective Grantees;
- (b) any alteration to the terms and conditions of this Scheme which are of a material nature or any change to the terms of the Options granted, except where the alterations take effect automatically under this Scheme; and
- (c) any change to the authority of the Board in relation to any alteration to the terms of this Scheme.

12.02 The amended terms of this Scheme or the Options shall comply with the requirements of Chapter 17 of the Listing Rules.

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

13. TERMINATION

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of this Scheme and in such event no further Option will be granted but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of this Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

14. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised shall require approval of the Board. Where any Option is cancelled and new Options are to be issued to the same Participant, the issue of such new Options may only be made under this Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as set out in Clause 8.01(a) to (c).

15. MISCELLANEOUS

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

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

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

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

15.05 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong at 28th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong or as otherwise notified to the Grantees from time to time and, in the case of the Grantee, his or her residential address in Hong Kong as notified to the Company from time to time.

15.06 Any notice or other communication served by post:

- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
- (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

15.07 The Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. By accepting the Offer or exercising his or her Option(s), the Grantee is deemed to have represented to the Company that he or she has obtained all necessary consents required. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Scheme.

15.08 By accepting an Option, a Grantee shall be deemed irrevocably to have accepted the grant of Option subject to the provisions of this Scheme and to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him or her for loss of any rights under this Scheme.

15.09 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with Hong Kong laws.