

**AKESO, INC.**

*(an exempted company incorporated in the Cayman Islands with limited liability)*

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**SHARE OPTION SCHEME**

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Adopted by the Company on June 28, 2022 and amended  
by the Company on June 30, 2024

## AKESO, INC.

*(an exempted company incorporated in the Cayman Islands with limited liability)*

### SHARE OPTION SCHEME

This scheme is established to reward Eligible Participants for their contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

This scheme has been adopted by ordinary resolution of the Company on June 28, 2022 and amended by ordinary resolution of the Company on June 30, 2024.

#### 1. DEFINITIONS

1.1. In this Scheme the following expressions have the following meanings:

<b>Adoption Date</b>	June 28, 2022
<b>Amendment Date</b>	June 30, 2024, being the date on which the amendment of the Scheme is approved by a resolution of the Company in its general meeting;
<b>Associate(s)</b>	has the meaning ascribed to it in the Listing Rules;
<b>Auditors</b>	means the auditors for the time being of the Company;
<b>Board</b>	means the board of directors of the Company and if the context so permits, it shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme;
<b>Business Day(s)</b>	means any day on which the Stock Exchange is open for the business of dealing in securities;
<b>Commencement Date</b>	means, in respect of any particular Option, the date upon which the Option is accepted or deemed to be accepted in accordance with the Scheme;
<b>Company</b>	means Akeso, Inc., an exempted company incorporated in the Cayman Islands with limited liability on January 30, 2019;
<b>Connected Person(s)</b>	has the meaning ascribed to it in the Listing Rules;
<b>Director</b>	means a member of the Board or the board of directors of any Subsidiary of the Company;
<b>Effective Date</b>	means the date on which the Scheme becomes unconditional;

<b>Employee</b>	means any employee (including employee-to-be who are granted Options under the Scheme as an inducement to enter into employment contracts with the Company or any Subsidiary), director or officer of the Company or any Subsidiary;
<b>Eligible Participant</b>	means any Employee or Service Provider which the Board considers, subject to the Scheme Rules, in their sole discretion, to have contributed or will contribute to the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term Eligible Participant;
<b>Entitlement</b>	means the proportion of an Option which is not exercised and remains exercisable from time to time during the Option Period as stipulated in the conditions of exercise of the Option specified by the Board pursuant to Clause 4.1;
<b>financial year</b>	means the period commencing on 1 January and ending on 31 December each year, or such other period as fixed by the Company for the preparation of its annual accounts;
<b>Grantee(s)</b>	means any Eligible Participant who accepts the offer or grant of an Option in accordance with the Scheme Rules or (where the context so permits) a person or persons who is or becomes entitled to exercise any such Option under the Scheme Rules or by operation of law, either in consequence of the death or incapacity of such Eligible Participant or otherwise;
<b>Group</b>	means the Company and its subsidiaries;
<b>HK\$</b>	means Hong Kong dollars;
<b>Listing Rules</b>	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>Offer Date</b>	means the date of the letter by which an Option is offered to an Eligible Participant;
<b>Option</b>	means a right to subscribe for Shares granted pursuant to the Scheme Rules;
<b>Option Period</b>	means, in respect of any particular Option, the period to be determined and notified by the Board to each Grantee during which the Grantee may exercise such Option. Such period may commence on any day after the Commencement Date and in any event shall end not later than the 10 <sup>th</sup> anniversary of the relevant Offer Date, subject to the provisions in this Scheme or the relevant document of grant or other notification issued by the Board;

<b>Scheme</b>	means this share option scheme as amended from time to time;
<b>Scheme Rules</b>	means the rules set out herein relating to the Scheme as amended from time to time;
<b>Service Provider(s)</b>	means subject to the Scheme Rules, any advisor, consultant or any service provider (including a natural person or corporate entity) provides research, development or other technical support to the Group on a continuing or recurring basis in the ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board. For the avoidance of doubt, Service Providers exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity
<b>Shares</b>	means ordinary shares in the share capital of the Company (or of such other nominal amount as may result from a subdivision, consolidation, reclassification or reconstruction of such share capital from time to time);
<b>Shareholder(s)</b>	means holder(s) of the Shares
<b>Stock Exchange</b>	means The Stock Exchange of Hong Kong Limited;
<b>Subscription Price</b>	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in Clause 5, subject to adjustment in accordance with the Scheme;
<b>Subsidiary(ies)</b>	any subsidiary (as the term is defined in the Listing Rules) of the Company;
<b>substantial shareholder</b>	has the meaning ascribed to it in the Listing Rules;
<b>Treasury Shares</b>	has the meaning ascribed to it in the Listing Rules; and
<b>%</b>	per cent.

- 1.2. Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme. References herein to Clauses are to clauses of the Scheme.
- 1.3. Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender or the neuter shall include both genders and the neuter.
- 1.4. References to any ordinance or law shall include any statutory modification, amendment or re-enactment thereof.

## 2. CONDITIONS

This Scheme shall take effect upon the passing of a resolution by the Shareholders to approve the adoption and amendment of the Scheme, and to authorise the Board to grant Options and to allot, issue and otherwise deal with the Shares which may be issued pursuant to the exercise of any Options to be granted under the Scheme.

Upon the passing of such resolution by the Shareholders, the Company shall apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of Options under the Scheme.

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

- 3.1 Subject to Clause 15, the Scheme shall be valid and effective for a period of 10 years commencing on the Effective Date, after which period no further Options will be granted by the provisions of the Scheme, but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.
- 3.2 The Scheme shall be subject to the administration of the Board who may delegate all or part of such administration to any other authorised agent(s) as deemed appropriate at the sole discretion of the Board. Unless otherwise indicated, if the Board delegates its authority to administer the Scheme to other authorised agent(s), such other authorised agent(s) shall enjoy the same absolute discretion. Save as otherwise provided in this Scheme, for any matters concerning the interpretation or application of this Scheme, the decision of the Board or persons to whom the Board has delegated relevant powers shall be final and binding on all parties.
- 3.3 The Board or any other authorized agents shall not be personally liable by reason of any contract or other instrument executed by him or on his behalf for the administration of the Scheme nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each of the persons interpreting or administering the Scheme against any cost or expense (including counsel 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 to act in connection with the Scheme unless arising out of such person's own fraud or bad faith.
- 3.4 Subject to the Scheme, the Listing Rules and any applicable law and regulations, the Board shall have the power from time to time to:
  - (a) construe and interpret the Scheme Rules and the terms of the Options granted under the Scheme;
  - (b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme;

- (c) grant Options to those Eligible Participants whom it shall select from time to time;
- (d) determine the commencement or termination date of an Eligible Participant's employment/service with any member of the Group; and
- (e) take such other steps or actions to give effect to the terms and intent of the Scheme Rules.

#### **4. GRANT OF OPTIONS**

- 4.1. On and subject to the Scheme Rules, the Board has the power but not the obligation, at any time and from time to time before and including the 10<sup>th</sup> anniversary of the Effective Date, to offer to grant to any Eligible Participant as the Board may in its absolute discretion select an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price. Subject to the provisions of the Listing Rules, the Board may in its absolute discretion specify such event, time limit or conditions (if any) as it thinks fit when making such offer to the Eligible Participant, including, without limitation, conditions as to performance criteria to be satisfied by the Eligible Participant and/or the Company and/or the Group which must be satisfied before an Option can be exercised, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the Scheme.
- 4.2. The basis of eligibility of any Eligible Participant shall be determined by the Board from time to time on the basis of the Eligible Participants' contribution to the development and growth of the Group. In order for a person to satisfy the Board that he/she is qualified to be (or where applicable, continues to be qualified to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her eligibility (or continuing eligibility).
- 4.3. In determining the criteria for the Eligible Participant who is an Employee, the Board will assess their potential and/or actual contribution to the Group. For the basis of determining the eligibility of Directors as the Eligible Participant, the Board will consider period of employment, responsibilities, time commitment, knowledge in the industry and prevailing market practice. For the basis of determining the eligibility of senior management and other employee as the Eligible Participant, the Board will consider individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.
- 4.4. In determining the criteria for the Eligible Participant who is not an Employee, the Board will take into account the following factors:
  - (a) the scale of their business dealings with the Group, the length of business relationships between them and the Group, the positive impacts (in terms of, including without limitation, proactively promoting/catalysing the continuing development and growth of the Group, and bringing innovation, new talents and expertise to the Group), potential and/or actual contribution on the Group's business development, the future

plans in relation to further business collaboration and generally the significance to the Group of building long-term business relationships with them;

- (b) whether such Service Provider has a proven track record of timely delivery of services, the quality of services delivered, the scale of their business dealings with the Group, the ease of replacing such service provider(s) with another Service Provider which could offer similar quality and consistency in the provision of services;
- (c) the potential and/or actual degree of involvement in and/or cooperation with the Group with regard to the number, scale and nature of projects, and the period of engagement/cooperation/business relationship with the Group;
- (d) whether the Service Provider is regarded as a valuable human resource of the Group based on the person's work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical knowhow, market competitiveness, synergy between him/ her and the Group, external business connections, strategic value, and repute and credibility); and/or
- (e) the usual fees chargeable by other Service Provider in the market and the contribution of the advisors and consultants in considering whether to grant Options to them.

4.5. No Option shall be offered or granted:

- (a) to any Eligible Participant after inside information has become to the Company's knowledge until (and including) the trading day after the Company has announced the information;
- (b) to any Eligible Participant during the period commencing 30 days 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 results of the Company 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 during any period of delay in publishing a results announcement.
- (c) to any director of the Company (except where the Subscription Price is to be determined by the Board at the time of exercise of the Option):

- (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
  - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.
- 4.6. An offer of the grant of an Option shall be made to any Grantee by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period, the date by which the grant must be accepted after the Offer Date as specified in the offer letter (provided such offer shall be open for acceptance after the effective period of the Scheme stated in Clause 3.1) and further requiring the Eligible Participant to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme. The letter shall also state that the offer of an Option shall be personal to the Eligible Participant concerned and shall not be transferable.
- 4.7. An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the Grantee together with a payment to the Company and/or any of its Subsidiaries of HK\$1 per grant (or the equivalent of HK\$1 in the local currency of any jurisdiction where the Company and/or its Subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company and/or any of its Subsidiaries within the time period specified in the offer of the grant of the Option. The Board may in its absolute discretion determine the period within which payments or calls must or may be made or loans for such purposes must be repaid. Such remittance shall not be refundable.
- 4.8. Any offer of the grant of an Option may be accepted or deemed to have been accepted in respect of any number of Shares up to the number in respect of which the Option is offered.
- 4.9. Upon the occurrence of any of the following in relation to a Grantee, the Company shall propose that no further Options shall be granted to him and shall claw back the Options granted to such Grantee and such Options shall lapse automatically: (a) the results of the economic responsibility audit and other reports proved that the Grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance; (b) the Grantee has contravened the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company; (c) the Grantee has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company; (d) the Grantee has failed to discharge, or failed to discharge properly, his duties and thereby resulting in serious loss in assets to the



Company and other serious and adverse consequences; (e) the Grantee is dismissed due to the breach of the relevant laws and regulations of PRC and/or Hong Kong or the provisions of the articles of association of the Company; or (f) the Grantee joins a competitor or forming a competing business after leaving the Company.

## 5. SUBSCRIPTION PRICE

5.1. The Subscription Price in respect of any Option shall be a price determined by the Board at its absolute discretion and notified to any Grantee (subject to any adjustments made pursuant to Clause 11) which shall be not less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date.

## 6. VESTING OF OPTIONS

### *Vesting Generally*

6.1. Subject to the Scheme, the Listing Rules (as amended and supplemented from time to time) and any applicable law and regulations, any Options will become vested and exercisable and no longer be subject to forfeiture or repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Option. For the avoidance of doubt, (i) any long leave of absence, as the Board may determine, shall be deducted from period of service for the purpose of counting vesting period, and (ii) the minimum vesting period must be 12 months commencing from the Commencement Date, save and except that with respect to an Eligible Participant who is an Employee Participant, a shorter vesting period may be permitted in circumstances set out below (the "**Minimum Vesting Period**"):

- (a) Grants of "make-whole" share awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
- (b) Grants to a participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) Grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) Grants that are made in batches during a year for administrative and compliance reasons, such as Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted;

- (e) Grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months; and
- (f) Grants of Options with a total vesting period of more than 12 months, such as where the Options may vest by several batches with the first batch to vest within 12 months of the Grant Date and the last batch to vest 12 months after.

#### *Change of Control*

- 6.2. If there is an event of change of control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, subject to the Minimum Vesting Period, all Options will become vested and exercisable immediately and no longer be subject to forfeiture or repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Options unless the Board determines otherwise.

For the purpose of this Clause 6.2, “control” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time.

#### *Change of Position*

- 6.3. In the event the position of a Grantee is changed as a part of the Company or its Subsidiaries’ normal course of business, the Options granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Options.

#### *Resignation and retirement*

- 6.4. In the event a Grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, office or service other than on the grounds specified in Clause 8.1(d) or 8.1(e), or retirement of the Grantee, unless otherwise provided in the letter containing the offer or grant of the relevant Options or otherwise determined by the Board, (i) the unvested portion of the Options shall be immediately forfeited; and (ii) the vested and unexercised portion of the Options will remain exercisable in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Options.

#### *Dismissal*

- 6.5. In the event a Grantee ceases to be an Eligible Participant by reason of the summary termination of his employment, office or service on any grounds specified in Clause 8.1(d) or 8.1(e): (i) all Options, whether vested or not, shall be immediately forfeited; and (ii) as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, all issued Shares (if any) shall be repurchased

by the Company at the price equal to the amount actually paid by the Grantee and all other cash and benefits received by the Grantee under the granting of Options shall be repaid/returned to the Company or its Subsidiaries as determined by the Board.

*Death or Loss of Ability to Work*

- 6.6. In the event a Grantee dies or loses the ability to work due to an injury as a result of the performance of his or her duty for the Company or its Subsidiaries, all Options will become vested and exercisable immediately subject to the Minimum Vesting Period, and no longer be subject to forfeiture or repurchase right of the Company, according to the terms hereof at such times and under such conditions as determined by the Board and set forth in the letter containing the offer or grant of the relevant Option. In the event a Grantee dies or loses the ability to work for any reason other than the performance of his or her duty for the Company: (i) the unvested portion of the Option shall be immediately forfeited; and (ii) the vested and unexercised portion of the Option shall be handled by the Grantee (or his or her estate or by a person who acquires the right to exercise the Option by will or laws of succession) in accordance with the terms and conditions herein and set forth in the letter containing the offer or grant of the relevant Options.

**7. EXERCISE OF OPTIONS**

- 7.1. An Option shall be personal to the Grantee and shall not be assignable or transferrable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option, except for when a waiver is obtained from the Stock Exchange for the transfer to a vehicle such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant that would continue to meet the purpose of the Scheme and comply with other requirements of Chapter 17 of the Listing Rules and express written consent is obtained from the Board or its delegates, subject to the compliance with the Listing Rules. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Entitlement of such Grantee. This Clause does not prejudice the operation of any general provision of law regarding the appointment and capacity of a nominee, attorney, trustee or other personal representative subject to the Listing Rules.
- 7.2. A Grantee (or his legal personal representative(s)) may exercise his Entitlement in whole or in part in the manner as determined by the Board by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares to be subscribed. Subject to the Scheme and unless otherwise determined by the Board and stated in the notice to a Grantee, a Grantee is not required to hold the Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him. The performance targets (if any as determined by the Board in its absolute discretion) may comprise a mixture of key performance indicators components (such as the business performance of the Group, which may relate to the Group's strategic objectives, operational targets and plans for future

development, and financial performance of the Group, which may include financial targets of the Group on a targeted or comparative basis, and individual annual performance assessment results) which may vary among the Grantees. The Board will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Board determines that any prescribed performance targets have not been met, the Option(s) shall lapse automatically. Within a reasonable period of time as the Board may determine after receipt of the notice and, where appropriate, receipt of the Auditors' certificate pursuant to Clause 11, the Company shall allot and issue the relevant Shares or, subject to the Listing Rules, transfer, gift, assign or convey the Treasury Shares to the Grantee (or his legal personal representative(s)) credited as fully paid and issue to the Grantee (or his legal personal representative(s)) a share certificate in respect of the Shares so allotted.

7.3. Subject as provided in the Scheme and any conditions specified by the Board pursuant to Clauses 4.1 and 7.2 (including the attainment of any performance targets stated therein (if any)), the Grantee (or his legal personal representative(s)) may exercise his Entitlement at any time or times during the Option Period provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than his death, loss of ability to work, or the termination of his employment, office or service on one or more of the grounds specified in Clause 8.1(d) or 8.1(e), before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Board otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 7.2 within such period as the Board may determine following the date of such termination or, if any of the events referred to in paragraph 7.3(c), 7.3(d) or 7.3(e) occur during such period, exercise the Option pursuant to paragraph 7.3(c), 7.3(d) or 7.3(e) respectively; for this purpose, "cessation" or "termination" shall be the last actual working day on which the Grantee was actually at work with or provide services to the Company or the relevant Subsidiary whether service fee is paid or salary is paid in lieu of notice or not;
- (b) in the event of the Grantee ceasing to be an Eligible Participant by reason of death or loss of ability to work and none of the events which would be a ground for termination of his employment, office or service under Clause 8.1(d) has occurred, the Grantee or legal personal representative(s) of the Grantee (as the case may be) shall be entitled within a period of 12 months from the date of such cessation (or such other period as the Board may determine) to exercise the Entitlement in full as at the date of such cessation (to the extent not already exercised) (provided that such exercise is during the relevant Option Period);

- (c) if a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders). If such offer becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his outstanding Entitlement in full at any time within a reasonable period of time as the Board may determine after the date on which such general offer becomes or is declared unconditional;
- (d) in the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, notice thereof shall be given by the Company to Grantees with Options outstanding in full or in part at such date. If a Grantee immediately prior to such event had any outstanding Entitlement, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Entitlement had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the notice, such notice to be 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 Grantee shall be duly issued and allotted with the relevant Shares (or treated as such by the Company) and entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares that are the subject of such election;
- (e) if a compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (a “scheme”), the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such scheme, and thereupon each Grantee (or where permitted under Clause 7.3(b) his legal personal representative(s)) shall be entitled to exercise all or any of his Options in whole or in part within the time or period stipulated by the Board for this purpose, the end of which period being in any event not less than 14 days before the date appointed for the hearing of the court for the purposes of considering and if thought fit sanctioning such scheme. Upon the scheme becoming effective (whether on the terms presented to the court or on any other terms as may be approved by such court), all outstanding Entitlements shall lapse and terminate. The Board shall endeavour to procure that any Shares issued as a result of the exercise of Options under this Clause 7.3(e) shall for the purposes of such scheme

form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to and bound by such scheme. If for any reason the scheme is not approved by the court, the rights of Grantees to exercise their respective Entitlements shall with effect from the date of the making of the order by the court be restored in full and shall thereupon become exercisable (but subject to the other terms of the Scheme) as if the scheme had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid process.

- 7.4. The Shares to be allotted (or transferred in case of Treasury Shares) upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company and will rank *pari passu* with the fully paid Shares in issue on the date of allotment (or transfer in case of Treasury Shares) and accordingly will entitle the holders to participate in all dividends and other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor falls before the date of allotment.
- 7.5. The Options, whether vested or not, do not carry any right to vote at general meetings of the Company or any dividend or other rights (including those advising on the liquidation of the Company). A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Grantee (or such other person as may succeed to the Grantee's title by operation of applicable laws and in compliance with the Scheme Rules) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company a dividend is to be or is proposed to be paid to holders of Shares on the register on a date prior to the date when an Option is effectively exercised under the Scheme Rules, the Shares to be issued upon such exercise will not rank for such dividend. For the avoidance of doubt, a trustee holding unvested Shares of this Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.
- 7.6. The Board may at any time cancel Options previously granted to, but not yet exercised by a Grantee. Where the Company cancels Options and offers Options to the same Grantee, the offer of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in Clauses 9.1 and 9.2 of the Scheme pursuant to Rule 17.03B or Rule 17.03C of the Listing Rules. The Options cancelled will be regarded as utilized for the purpose of calculating the limit as mentioned in Clauses 9.1 and 9.2 of the Scheme.

## **8. LAPSE OF OPTION**

- 8.1. Subject to Clauses 4.9 and 6, any Option or Entitlement shall lapse automatically and not be exercisable on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Clause 7.3;
- (c) subject to Clause 7.3(d), the date of the commencement of the winding-up of the Company;
- (d) the date on which the Grantee ceases to be an Eligible Participant of the Company by reason of the summary termination of his employment, office or service on any one or more of the grounds that he has been guilty of misconduct, or providing services to or working at or joining any competitor of the Company, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board in its absolute discretion) on any other ground on which the relevant company in the Group would be entitled to terminate his employment, office or service summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with relevant company in the Group. A resolution of the board of directors of the Company or the relevant Subsidiary to the effect that the employment, office or service of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 8.1(d) shall be conclusive;
- (e) in respect of a Grantee other than an Employee, the date on which the Board shall at their absolute discretion determine that (1) (aa) the Grantee or his/her/its associate has committed any breach of any contract entered into between the Grantee or his/her/its associate on the one part and any member of the Group on the other part; or (bb) 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 creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (2) the Option shall lapse as a result of any event specified in sub-paragraph (aa),(bb) or (cc) above;
- (f) where the Grantee is an Eligible Participant of a Subsidiary, the date on which such Subsidiary ceases to be a member of the Group;
- (g) the date on which the Grantee commits a breach of Clause 7.1; or
- (h) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Option.

## **9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 9.1. The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under this Scheme

and any other share scheme(s) adopted by the Company must not exceed 10% of the issued share capital of the Company (excluding Treasury Shares) as of the Amendment Date, being 86,581,717 Shares (the “**Scheme Limit**”), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders in accordance with Clause 9.3. Options lapsed in accordance with the Scheme Rules or any other scheme shall not be counted for the purpose of calculating the Scheme Limit. No Option may be granted under the Scheme if this will result in the limit being exceeded.

- 9.2. Subject to Clause 9.1, within the Scheme Limit, the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under this Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 8,658,171 Shares, representing 1% of the total number of Shares in issue (excluding Treasury Shares) as of the Amendment Date (the “**Service Provider Sublimit**”).
- 9.3. The Company may seek the approval of its Shareholders in general meeting to refresh the Scheme Limit or the Service Provider Sublimit in Clauses 9.1 and 9.2, subject to compliance with the requirements of the Listing Rules.
- 9.4. Except with the approval of Shareholders in general meeting with the prospective Grantee and his/her close associates (as defined under the Listing Rules) (or associates if the Grantee is a connected person as defined under the Listing Rules) abstaining from voting, no Option may be granted to any participant such that the total number of Shares issued and to be issued upon exercise of all Options and any other awards granted and to be granted (excluding any options and awards lapsed in accordance with the terms of the relevant scheme) to such person in any 12-month period up to and including the date of the latest grant in aggregate exceeds 1% of the Shares in issue from time to time (excluding Treasury Shares). The Company shall send a circular to its Shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such prospective Grantee shall be fixed before the Shareholders’ approval of the grant of such Options and the date of Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

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

- 10.1. The approval of independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is intended to be a Grantee of the Option) as required under the Listing Rules as amended and supplemented from time to time will be required for each grant of Options to a director, chief executive, or substantial Shareholder of the Company or any of their respective associates. The Company will comply with the requirements under the Listing Rules as amended and supplemented from time to time for any grant of Options to any Connected Person.



- 10.2. If a grant of Option(s) to a substantial Shareholder or an independent non-executive director of the Company or their respective associates will result in the total number of Shares issued and to be issued upon exercise of all the options and vesting of all awards already granted and to be granted pursuant to the Scheme and any other share schemes adopted by the Company (excluding any options lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue from time to time (excluding Treasury Shares), such further grant of Option(s) must be approved by the Shareholders by way of poll in general meeting. In this case the Board shall procure that all the requirements of the Listing Rules relating to sending a circular to Shareholders are complied with. The Grantee, his/her associates and all core connected persons (as defined under the Listing Rules) of the Company must abstain from voting in favour at such general meeting.

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

- 11.1. In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding adjustments (if any) shall be made to:

- (a) the number of Shares subject to the Scheme or any Options granted (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price,

which should give a Grantee the same proportion of the equity capital, rounded to the nearest whole share, as that to which that Grantee was previously entitled, and an independent financial adviser or the Auditors shall certify in writing to the Board that the adjustments satisfy the requirements set out under the note to Rule 17.03(13) of the Listing Rules, provided that:

- (a) any adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same, or as nearly as possible the same as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustment, but so that no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to alter any terms of the relevant Option to the advantage of the Grantee without the approval of the Shareholders;
- (b) notwithstanding (a) above, any adjustments as a result of an issue of securities with a price dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules;

- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
  - (d) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.
- 11.2. If there has been any alteration in the capital structure of the Company as referred to in Clause 11.1, the Company shall, upon receipt of a notice from the Grantee in accordance with Clause 7.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the Auditors obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors to issue a certificate in that regard in accordance with Clause 11.1.
- 11.3. The capacity of the Auditors in this Clause 11 is that of experts and not of arbitrators and their certification, in the absence of manifest error, shall be final and binding on the Company and the Grantees. The costs of the Auditors shall be borne by the Company.
- 11.4. Subject to other provisions in this Clause 11, if there is any conversion of capital reserve into new shares, issue of bonus shares, share subdivision, share consolidation or rights issue prior to the exercise of the Options, an adjustment to the number of Options shall be made accordingly. The methods of adjustment are set out as below:

**(a) Conversion of capital reserve into new shares, issue of bonus shares or share subdivision**

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

Where: “Q<sub>0</sub>” represents the number of Options before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new shares, issue of bonus shares or share subdivision; “Q” represents the number of Options after the adjustment.

**(b) Share consolidation and reduction of share capital**

$$Q = Q_0 \times n$$

Where: “Q<sub>0</sub>” represents the number of Options before the adjustment; “n” represents the ratio of consolidation or ratio of share capital reduction; “Q” represents the number of Options after the adjustment.

**(c) Rights issue**

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

Where: “Q<sub>0</sub>” represents the number of Options before the adjustment; “P<sub>1</sub>” represents the closing price as at the record date; “P<sub>2</sub>” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Options after the adjustment.

- 11.5. Subject to other provisions in this Clause 11, if there is any conversion of capital reserve into new shares, issue of bonus shares, share subdivision, share consolidation or rights issue prior to the exercise of the Options, an adjustment to the Subscription Price shall be made accordingly. The method of adjustment is set out as below:

**(a) Conversion of capital reserve into new shares, issue of bonus shares or share subdivision**

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

Where: “P<sub>0</sub>” represents the Subscription Price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new shares, issue of bonus shares or share subdivision; “P” represents the Subscription Price after the adjustment.

**(b) Share consolidation and reduction of share capital**

$$P = P_0 \div n$$

Where: “P<sub>0</sub>” represents the Subscription Price before the adjustment; “n” represents the ratio of consolidation or ratio of share capital reduction; “P” represents the Subscription Price after the adjustment.

**(c) Rights issue**

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

Where: “P<sub>0</sub>” represents the Subscription Price before the adjustment; “P<sub>1</sub>” represents the closing price as at the record date; “P<sub>2</sub>” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “P” represents the Subscription Price after the adjustment.

## **12. SHARE CAPITAL**

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

## **13. DISPUTES**

The decision of the Board (or persons to whom the Board has delegated relevant powers) shall be final and binding on all parties regarding the interpretation or

application of the Scheme. The Board may, in its sole discretion, refer any dispute arising in connection with the Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) to the decision of the Auditors who shall act as experts and not as arbitrator. In such a case the Auditors' decision shall be final and binding on all parties.

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

- 14.1. The Scheme may be altered in any respect by an ordinary resolution of the Board except that (a) the provisions of the Scheme which are of a material nature or (b) the specific provisions of the Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with approval of the Shareholders in general meeting. Any change to the authority to alter the terms of the Scheme of the Board, the administration committee or any other committee or sub-committee or any person(s) as from time to time authorized by the Board for the purpose of administering the Scheme or the Trustee shall not be altered except with the approval of the Shareholders in general meeting.
- 14.2. Any alterations to the terms and conditions of the Scheme which are of a material nature, and any change to the terms of any Options granted must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of this Scheme. The terms of the Scheme or the Options so altered must comply with Chapter 17 of the Listing Rules.

#### **15. TERMINATION**

The Company by an ordinary resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered but the provisions of the Scheme shall remain in full force in all other respects. All Options granted but unexercised prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Scheme.

#### **16. MISCELLANEOUS**

- 16.1. The Scheme shall not form part of any contract of employment, office or service between the Company, or any Subsidiary and any Eligible Participant and the rights and obligations of any Eligible Participant under the terms of his office, service or employment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office, service or employment for any reason.
- 16.2. The Scheme shall not confer on any person any legal or equitable rights (other

than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

- 16.3. The Company shall bear the costs of establishing and administering the Scheme.
- 16.4. A Grantee shall upon accepting an offer to grant an Option be entitled to receive a copy of this Scheme, and shall until the expiry of the said Option be entitled to receive for information only copies of all notices and other documents sent by the Company to holders of Shares generally.
- 16.5. Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, 6 Shennong Road, Torch Development Zone, Zhongshan, Guangdong 528437, PRC or as notified to the Grantees from time to time and, in the case of the Grantee, his address as notified to the Company from time to time. In addition, any notice or other communication from the Company to any Eligible Participant or Grantee may be given by electronic means, as the Board considers appropriate.
- 16.6. Except as otherwise expressly provided under the Scheme, any notice or other communication served by electronic means shall be deemed to have been received on the day following that on which it was sent. 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.
- 16.7. A Grantee shall be responsible for obtaining any governmental or other official consent, and the payment of any levies, fees or taxes, that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any payment or other liability to which a Grantee may become subject as a result of his participation in the Scheme.
- 16.8. The Board shall have the power from time to time to make or vary regulations for the administration and operation of the Scheme, provided that the same are not inconsistent with the provisions of the Scheme.
- 16.9. The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.
- 16.10. By participating in the Schemes, the Grantee consents to the holding, processing, storage and use of personal data or information concerning him by any member of the Group or third party service provider, in Hong Kong or elsewhere, for the purpose of the administration, management or operation of the Scheme. Such consent permits, but is not limited to, the following:

- (a) the administration and maintenance of records of the Grantee;
- (b) the provision of data or information to members of the Group, registrars, brokers or third party administrators or managers of the Scheme, in Hong Kong or elsewhere;
- (c) the provision of data or information to future purchasers or merger partners of the Company, the Grantee's employing company, or the business in which the Grantee works;
- (d) the transfer of data or information about the Grantee to a country or territory outside the Grantee's home country which may not provide the same statutory protection for the information as his home country; and
- (e) in the case where an announcement is required to be made pursuant to the Listing Rules for the purposes of granting an Option, the disclosure of the identity of such Grantee, the number of Options and the terms of the Options granted and/or to be granted and all other information as required under the Listing Rules.

The Grantee is entitled, on payment of a reasonable fee, to a copy of the personal data held about him, and if such personal data is inaccurate, the Grantee has the right to have it corrected.