

THE WHARF (HOLDINGS) LIMITED
九龍倉集團有限公司
(incorporated in Hong Kong with limited liability)
Stock Code: 0004

Rules of the
SHARE OPTION SCHEME
Adopted on [*] 2023

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Rules of the SHARE OPTION SCHEME

1. DEFINITIONS AND INTERPRETATIONS

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

“Adoption Date”	means [*] 2023, the date on which this Scheme is conditionally adopted by resolution of the shareholders of the Company;
“Allotment Date”	means the date on which Shares are allotted to a Grantee pursuant to the exercise of an Option hereunder;
“Applicable Laws”	means any applicable laws and regulations of Hong Kong or other relevant jurisdictions (including but not limited to the Listing Rules and the Takeovers Code);
“Articles of Association”	means the articles of association of the Company for the time being;
“associate”	shall have the meaning ascribed to it in the Listing Rules;
“Auditors”	means the auditors of the Company for the time being;
“Bankruptcy” or “Bankrupt”	means, in respect of any Grantee, any of the following events: (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee (being a corporation); (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of section 178 of the CWUMPO) or otherwise become insolvent;

- (iii) there is unsatisfied judgment, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;
- (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-clauses (i), (ii) and (iii) above;
- (v) a bankruptcy or winding up order has been made against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction; or
- (vi) a petition for bankruptcy or winding up has been presented against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction;

“Board”	means the board of Directors or a duly authorised committee thereof;
“business day”	shall have the meaning ascribed to it in the Listing Rules;
“Category A Participant”	means any director or any Employee of the Company or of any of its subsidiaries from time to time;
“Category B Participant”	means any director or employee (whether full time or part time) of any of the Related Entities from time to time;
“chief executive”	shall have the meaning ascribed to it in the Listing Rules;
“close associate”	shall have the meaning ascribed to it in the Listing Rules;
“Company”	means The Wharf (Holdings) Limited (九龍倉集團有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	shall have the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	shall have the meaning ascribed to it in the Listing Rules;

“core connected person”	shall have the meaning ascribed to it in the Listing Rules;
“CWUMPO”	means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Director(s)”	means the director(s) of the Company from time to time;
“Disability”	shall have the meaning as defined under the long-term disability policy (if any) of the relevant company to which the Grantee provides services regardless of whether the Grantee is covered by such policy. In the event the relevant company to which the Grantee provides services does not have a long-term disability plan in place, “Disability” shall mean that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee in the relevant company by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment to the satisfaction of the Board;
“Effective Date”	means the date on which the conditions referred to in clause 3.1 are fulfilled;
“Eligible Participant”	means a person who is a Category A Participant and/or Category B Participant and is determined to be qualified for the Options by the Board in its absolute discretion;
“Employee”	means any employee employed by any member(s) of the Group from time to time (whether full time or part time), including persons who are granted Options under this Scheme as an inducement to enter into employment contracts with any of such companies;
“Exercise Period”	means, in respect of any particular Option, the period (which shall not be more than ten (10) years from the Grant Date) to be notified by the Board to each Grantee which the Board may in its absolute discretion determine;

“Exercise Price”	means the price per Share payable by a Grantee on the exercise of an Option as determined in accordance with clause 8;
“Grant Date”	means, in respect of any particular Option, the business day on which that Option is deemed to have been granted in accordance with clause 6.4;
“Grantee”	means any Eligible Participant who accepts an Offer pursuant to the terms and conditions of this Scheme or (where the context permits) the Personal Representative of that Eligible Participant (being an individual) or the Permitted Transferee;
“Grounds for Termination”	means, in relation to a Grantee, that (i) the Grantee’s conduct has been such as to entitle the Company, its subsidiary or the Related Entity (as the case may be) to terminate his/her employment (or, in the case of a director, remove him/her from office), whether or not such right to terminate has been exercised, or (ii) the Grantee is Bankrupt, or (iii) the Grantee has been convicted of any criminal offence involving his/her integrity or honesty;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Offer”	means an offer of the grant of an Option by the Company to an Eligible Participant pursuant to the terms and conditions of this Scheme;
“Offer Letter”	means a document containing an Offer to an Eligible Participant pursuant to the terms and conditions of this Scheme;
“Option(s)”	means a right to subscribe for Shares granted pursuant to the terms and conditions of this Scheme;
“Other Schemes”	means schemes involving the grant of awards or options over Shares of the Company, other than this Scheme;

“Performance Conditions”	shall have the meaning ascribed to it in clause 6.6(d);
“Permitted Grounds of Termination”	<p>means the termination of employment of a Grantee (being an Employee or an employee of any of the Related Entities) by the relevant company (or companies) or the removal of a Grantee (being a director of any member of the Group or any of the Related Entities) from the office of director on any of the following grounds:-</p> <ul style="list-style-type: none"> (a) retirement at or after attaining normal retirement age; (b) retirement before that age with the consent of the Board; (c) Disability, ill-health or accident occurring in the course of employment or while in office as a director; (d) redundancy; or (e) any other circumstance with the consent of the Board;
“Permitted Transferee”	shall have the meaning ascribed to it in clause 9.1;
“Personal Representative(s)”	means the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise any Option granted to such Grantee (to the extent not already exercised);
“Related Entity(ies)”	means the Company’s holding companies, fellow subsidiaries and associated companies;
“Renewal Mandate”	shall have the meaning ascribed to it in clause 11.2;
“Scheme”	means this Share Option Scheme in its present or any amended form;
“Scheme Mandate Limit”	shall have the meaning ascribed to it in clause 11.1;
“Share(s)”	means ordinary share(s) of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company;

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	shall have the meaning ascribed to it in the Listing Rules;
“substantial shareholder”	shall have the meaning ascribed to it in the Listing Rules; and
“Takeovers Code”	Codes on Takeovers and Mergers and Share Buy-backs.

1.2 In this Scheme:

- (a) clause headings are for reference only and shall be ignored in the interpretation of this Scheme;
- (b) references to clauses are to clauses of this Scheme;
- (c) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or unincorporate;
- (d) references to any ordinance, law, rules or regulations shall include any statutory or regulatory modification, amendment or re-enactment thereof; and
- (e) references to a grant or offer of any Option include references to a conditional grant or offer thereof.

2. PURPOSE OF THIS SCHEME

This Scheme is a share incentive scheme and is established to enable the Group to:

- (a) recognise the contribution and potential future contribution of Grantees by providing them the opportunity to acquire equity interests in the Company;
- (b) motivate Grantees and give them additional incentive to optimise their valuable contributions towards the Group’s continued growth and success;
- (c) attract and retain high-calibre personnel to strive for long term development of the Group; and
- (d) foster a sense of corporate identity and align interests of Grantees to shareholders of the Company for promoting long term financial success of the Group.

3. CONDITIONS

3.1 This Scheme shall take effect upon the fulfillment of the following conditions:

- (a) the passing of the necessary resolution(s) by the shareholders of the Company in general meeting for approving the adoption of this Scheme; and
 - (b) the Stock Exchange granting approval for the listing of and permission to deal in the Shares to be allotted and issued by the Company pursuant to the exercise of the Options in accordance with the terms and conditions of this Scheme.
- 3.2 References in clause 3.1 to the Stock Exchange granting the approval, listing and permission referred to therein shall include where such approval, listing and permission are granted subject to conditions.

4. DURATION AND ADMINISTRATION

- 4.1 Subject to the conditions under clause 3 being fulfilled, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Effective Date and shall expire on the tenth (10th) anniversary thereof (unless otherwise terminated in accordance with clause 15), after which no further Options may be offered or granted under this 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 terms and conditions of this Scheme.
- 4.2 This Scheme shall be subject to the administration of the Board, whose decision shall (save as otherwise provided herein) be final and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall, subject to the Applicable Laws, have the absolute discretion to:
- (a) interpret and construe the provisions of this Scheme;
 - (b) determine the Eligible Participants to whom Options are offered or granted under this Scheme, the number of Shares subject to an Option and the Exercise Price of Options so offered or granted;
 - (c) determine the Exercise Period and other terms and conditions of each Option, including, but not limited to, the terms and conditions under clause 6.6;
 - (d) subject to clause 14, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary;
 - (e) subject to clause 14, adopt, amend and rescind rules and regulations for carrying out this Scheme;
 - (f) prescribe the forms of Offer Letter and instruments to be issued as evidence of any Options granted under this Scheme; and
 - (g) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

5. ELIGIBILITY

- 5.1 The Board shall have the absolute discretion to determine whether a person is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant.
- 5.2 In order for a person to satisfy the Board that he/she is qualified to be (or, where applicable, continues to qualify 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).
- 5.3 Subject to clause 9, a Grantee should continue to qualify as an Eligible Participant during the period when any Option granted to him/her remains outstanding, or otherwise the Company would (subject to the Applicable Laws) be entitled to deem any outstanding Option or any part thereof, granted to such Grantee and to the extent not already exercised, as lapsed.
- 5.4 For the purpose of clauses 6 and 9:
- (a) an Eligible Participant which is a corporation shall be regarded as ceasing to be an Eligible Participant if there is any change in the management and/or shareholding of the Eligible Participant, unless otherwise determined to the contrary by the Board;
 - (b) a Category A Participant shall not be regarded as ceasing to be an Eligible Participant if he or she ceases to be a Category A Participant but becomes, or continues to be, a Category B Participant;
 - (c) a Category B Participant shall not be regarded as ceasing to be an Eligible Participant if he or she ceases to be a Category B Participant but becomes, or continues to be, a Category A Participant; and
 - (d) an Eligible Participant shall not be regarded as ceasing to be an Eligible Participant by reason of his/her retirement as a director of the relevant company by rotation at general meeting if he/she is re-elected as a director at the same general meeting pursuant to the constitutional documents of that company.

6. GRANT OF OPTIONS

- 6.1 Subject to the terms and conditions of this Scheme, the Board shall be entitled at any time on a business day within a period of ten (10) years commencing on the Effective Date to make an Offer or Offers to any Eligible Participant(s) as the Board may in its absolute discretion select.
- 6.2 An Offer shall be made to an Eligible Participant in writing on a business day in such form as the Board may from time to time determine. The Offer Letter shall specify the following:
- (a) the name and address of the Eligible Participant;
 - (b) the number of Shares to which the Option to be granted to the Eligible Participant relates;
 - (c) the procedure for acceptance of the Option and the last date by which the Offer

shall be accepted, which shall be determined by the Board but shall not be later than twenty-eight (28) days from the date of the Offer;

- (d) the Exercise Period, the Exercise Price and the manner of payment of the Exercise Price;
- (e) without prejudice to the generality of clause 6.6, such other terms and conditions of the Offer as may be imposed by the Board at its discretion either on a case-by-case basis or generally as are not inconsistent with this Scheme; and
- (f) a statement requiring the Eligible Participant to undertake to hold the Option on and subject to the terms on which it is to be granted and to be bound by the provisions of this Scheme.

6.3 An Offer cannot be accepted by an Eligible Participant who ceases to be qualified as an Eligible Participant after the Offer has been made.

6.4 An Offer shall be deemed to have been accepted when the Company receives a duplicate Offer Letter duly signed from the Grantee together with a remittance of HK\$10.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof. Such remittance shall in no circumstances be refundable. Once accepted, the Option shall be deemed to have been granted as from the date on which it was offered to the relevant Eligible Participant. No Offer shall be capable of or open for acceptance after the expiry of ten (10) years from the Effective Date.

6.5 Unless otherwise stated in the Offer Letter, any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted in the manner set out in the Offer Letter or by virtue of clause 6.3, it shall be deemed to have been irrevocably declined and lapsed automatically without notice.

6.6 Subject to the provisions of this Scheme and the Applicable Laws, the Board may, on a case-by-case basis and at its absolute discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto in addition to those expressly set forth in this Scheme as it may think fit (which shall be stated in the Offer Letter) including (without prejudice to the generality of the foregoing):

- (a) the continuing eligibility of the Grantee under this Scheme, and in particular, where the Board determines that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent not already exercised) shall lapse, subject to the requirements of clause 9;
- (b) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent not already exercised) shall lapse unless otherwise determined to the contrary by the Board, subject to the requirements of clause 9;
- (c) the vesting period of the Options, which shall not be less than twelve (12) months;
- (d) conditions, restrictions or limitations relating to the achievement of operating or

financial targets before an Option can be exercised (the “**Performance Conditions**”);

- (e) if applicable, the satisfactory performance of certain obligations by the Grantee; and
- (f) clawback mechanism for the Company to recover or withhold any Options granted to any Grantee, whether in the event of serious misconduct of the Grantee, a material misstatement in the Company’s financial statements or other circumstances.

Save as determined by the Board and provided in the Offer Letter, there is no performance target which must be achieved before an Option can be exercised under the terms of this Scheme nor any clawback mechanism for the Company to recover or withhold any Options granted to any Grantee.

6.7 Without prejudice to the generality of the foregoing and subject to the Applicable Laws and clause 8, the Board may grant Options in respect of which the Exercise Price is fixed at different prices for different periods during the Exercise Period.

6.8 The Board shall not make any Offer:

- (a) after inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time) has come to its knowledge until (and including) the trading day after the Company has announced such inside information pursuant to the relevant requirements of the Applicable Laws; or
- (b) during the period commencing 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, or during any period of delay in publication of a results announcement; or

- (c) during any period of time which is prohibited from any such Offer under the Listing Rules or the Applicable Laws.

7. GRANT OF OPTIONS TO CONNECTED PERSONS

Without prejudice to clause 6:

- (a) any grant of Options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of such Options); and

- (b) where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted under this Scheme and Other Schemes (excluding any options and awards lapsed in accordance with the terms of this Scheme and Other Schemes) 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 as at the date of such grant, such further grant of Options shall be approved by the shareholders of the Company in general meeting. The Company shall send a circular to its shareholders containing such information as required under the Applicable Laws. The relevant Grantee, his or her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

8. **EXERCISE PRICE**

The Exercise Price in respect of any particular Option (subject to any adjustment in accordance with clause 12, if applicable) shall be a price determined by the Board and stated in the Offer Letter, and shall be at least the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Offer; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the Offer.

9. **EXERCISE OF OPTIONS**

9.1 An Option shall be personal to the Grantee. No Option shall be transferred or assigned, and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest over or in relation to any Option in favour of any third party, provided that the Board may at its absolute discretion allow a Grantee to transfer or assign an Option to a vehicle (such as a trust or a private company) for the benefit of the Grantee and/or any of the family members of such Grantee for estate planning or tax planning purposes (the "**Permitted Transferee**") if:

- (a) the Grantee provides all such information in relation to the proposed transferee or assignee as the Board may request for the purpose of establishing to the Board's satisfaction that the proposed transferee or assignee is a Permitted Transferee;
- (b) each of the Grantee and the proposed transferee or assignee undertakes and warrants that the proposed transferee or assignee (i) will not in any way sell, transfer, assign, charge, mortgage, encumber or create any interest over or in relation to any Option so transferred or assigned to it in favour of any third party (unless such third party is also a Permitted Transferee and all the conditions in this clause 9.1 which shall apply *mutatis mutandis* to such further transfer or assignment are satisfied); and (ii) will at all times be a Permitted Transferee; and
- (c) a waiver is granted by the Stock Exchange to permit such a transfer or assignment.

- 9.2 Subject to the relevant Exercise Period and the other terms and conditions of the grant, an Option shall be exercised in whole or in part by the Grantee by 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 shall be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Any notice given without such relevant remittance in full shall be invalid. Within twenty-one (21) business days (excluding any period(s) of closure of the Company's share register) after receipt of the notice together with remittance of the relevant Exercise Price in full and, where appropriate, receipt of the certificate given by the Auditors or an independent financial adviser pursuant to clause 12, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted and issued.
- 9.3 Subject to the Applicable Laws and as provided herein, an Option may be exercised by the Grantee at any time during the applicable Exercise Period, provided that:
- (a) in the event of death of the Grantee (being an individual) before exercising the Option in full, his or her Personal Representative(s) may exercise the Option (to the extent exercisable and not already exercised as at the date of his/her death) either in full or in part within twelve (12) months following his or her death or such longer period as the Board may determine;
 - (b) in the event of the Grantee being a Category A Participant and/or a Category B Participant at the time of the grant of the relevant Option ceasing to be a Category A Participant or a Category B Participant by reason of Disability, the Grantee may exercise the Option (to the extent exercisable and not already exercised as at the date of such cessation) either in full or in part within six months following the date of such cessation (which date shall be his/her last actual working day with or last day in office as a director or employee of the Company, its subsidiary or the Related Entity, as the case may be) or such longer period as the Board may determine;
 - (c) subject to sub-clauses (d) and (e), in the event of the Grantee being a Category A Participant and/or a Category B Participant at the time of the grant of the relevant Option ceasing to be a Category A Participant or a Category B Participant by reason of any Permitted Grounds of Termination (other than Disability), the Grantee may exercise the Option (to the extent exercisable and not already exercised as at the date of such cessation) either in full or in part within thirty (30) days following the date of such cessation (which date shall be his/her last actual working day with or last day in office as a director or employee of the Company, its subsidiary or the Related Entity, as the case may be) or such longer period as the Board may determine;
 - (d) in the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the holders of Shares (or all such holders other than the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite resolutions of shareholders of the Company in general meeting (in the case of a scheme of arrangement), the Company shall forthwith give notice thereof to all Grantees, and thereupon the Grantees may exercise the Options (to the extent exercisable and not already exercised as at the date on which the offer becomes or is declared unconditional

(in the case of a takeover offer) or is approved by the requisite resolutions of shareholders of the Company in general meeting (in the case of a scheme of arrangement)) either in full or in part at any time up to the close of such offer (or any revised offer) unless the Board shall determine to the contrary (in the case of a takeover offer) or within such period as shall be notified by the Company to the Grantees (in the case of a scheme of arrangement);

- (e) in the event of a notice being given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to all Grantees, and thereupon the Grantees may exercise the Options (to the extent exercisable and not already exercised as at the date of the notice to the Grantee) either in full or in part not later than three business days (excluding any period(s) of closure of the Company's share register) immediately preceding the date of the proposed shareholders' meeting, and the Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of the Company's share register) immediately preceding the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantees which falls to be issued upon such exercise; and
- (f) in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any scheme of arrangement referred to in clause 9.3(d) above or any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme, and thereupon the Grantees may exercise the Options (to the extent exercisable and not already exercised as at the date of the notice to the Grantee) either in full or in part not later than three business days (excluding any period(s) of closure of the Company's share register) immediately preceding the date of the proposed meeting, and the Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of the Company's share register) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the Grantees which falls to be issued upon such exercise.

9.4 The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Articles of Association and the Applicable Laws in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holder to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date.

9.5 Without prejudice to the generality of the foregoing, the Grantee may only exercise an Option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensuring or facilitating compliance with any Applicable Laws, in particular those relating to insider dealing and other prohibitions under the Listing Rules.

10. **LAPSE OF OPTIONS**

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

- (a) the expiry of the Exercise Period;
- (b) the expiry of any of the periods referred to in clauses 9.3(a) to (f);
- (c) subject to clause 9.3(e), the date of the commencement of the winding-up of the Company;
- (d) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in clause 9.3(f);
- (e) the date on which the Grantee ceases to be a Category A Participant or a Category B Participant by any reason other than the Permitted Grounds of Termination;
- (f) the date on which the Grantee commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board; and
- (g) the date on which the Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to clause 6.6(a).

11. **MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

11.1 Subject to clauses 11.2 and 11.3, the total number of Shares which may be issued in respect of all options and awards to be granted under this Scheme and Other Schemes shall not, in aggregate, exceed [305,602,732] Shares, which represents 10% of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”), provided that if the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under this Scheme and Other Schemes under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share. Options lapsed in accordance with the terms of this Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

11.2 Subject to clause 11.3, the Company may seek approval by its shareholders in general meeting for renewing the Scheme Mandate Limit (the “**Renewal Mandate**”) from time to time, provided that:

- (a) if the Renewal Mandate is sought within three years from the Adoption Date or the date on which the last Renewal Mandate was granted (as the case may be), any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution at the general meeting; and the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules, unless the Renewal Mandate is

sought immediately after an issue of securities by the Company to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon renewal is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share;

- (b) the total number of Shares which may be issued in respect of all options and awards to be granted under this Scheme and Other Schemes after renewal of the Scheme Mandate Limit shall not exceed 10% of the Shares in issue as at the date on which the Renewal Mandate is obtained;
- (c) if the Company conducts a share consolidation or subdivision after the Renewal Mandate is obtained, the maximum number of Shares that may be issued in respect of all options and awards to be granted under this Scheme and Other Schemes under the renewed Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share; and
- (d) the Company shall send a circular to its shareholders containing the number of Options that were already granted under the then existing Scheme Mandate Limit and the reason for the renewal.

11.3 The Company may seek separate approval by its shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (or the renewed Scheme Mandate Limit) provided that:

- (a) the Options in excess of the Scheme Mandate Limit (or the renewed Scheme Mandate Limit) shall be granted only to the Eligible Participants specifically identified by the Company before such shareholders' approval is sought;
- (b) the Company shall issue a circular to its shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each such specified Eligible Participant, and the purpose of granting Options to each such specified Eligible Participant with an explanation as to how the terms of the Options serve such purpose;
- (c) the number and terms of Options to be granted to each such specified Eligible Participant shall be fixed before such shareholders' approval; and
- (d) for the purpose of calculating the minimum Exercise Price under clause 8 in respect of any Options to be so granted to each such specified Eligible Participant, the date of the Board meeting for proposing such grant shall be taken as the date of the Offer of such Options.

11.4 Where any grant of Option to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted under this Scheme and Other Schemes to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of this Scheme and Other Schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue as at the date of such grant, such grant shall be subject to the following requirements:

- (a) approval of the shareholders of the Company in general meeting with such Eligible Participant and his or her close associates (or associates if such Eligible Participant is a connected person of the Company) abstaining from voting;
- (b) the Company shall send a circular to its shareholders disclosing the identity of such Eligible Participant, the number and terms of the further Options to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting further Options to such Eligible Participant and an explanation as to how the terms of the further Options serve such purpose;
- (c) the number and terms of the further Options to be granted to such Eligible Participant shall be fixed before the shareholders' approval mentioned in (a) above; and
- (d) for the purpose of calculating the minimum Exercise Price under clause 8 in respect of the further Options to be so granted to such Eligible Participant, the date of the Board meeting for proposing such grant of further Options shall be taken as the date of the Offer of such Options.

12. REORGANISATION OF CAPITAL STRUCTURE

12.1 In the event of any alteration in the capital structure of the Company while any Option remains exercisable, and such event arises from a capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of capital of the Company, the Board may, if it deems appropriate, direct that such corresponding adjustments (if any) be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Exercise Price.

For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

12.2 Any adjustments required under clause 12.1 shall be made in accordance with the following requirements:

- (a) the adjustments shall 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
- (b) the adjustments shall be made in accordance with the Listing Rules and any other requirements or guidance by the Stock Exchange from time to time (including the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 relating to share option schemes), if applicable.

12.3 In respect of any adjustments required under clause 12.1 (other than any made on a capitalisation issue), the Auditors or an independent financial adviser appointed by the Company shall certify the Directors in writing that the adjustments satisfy the requirements set out in clause 12.2.

- 12.4 In giving any certificate under clause 12.3, the Auditors or the independent financial adviser appointed by the Company shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.
- 12.5 The costs of the Auditors or the independent financial adviser appointed by the Company for the purpose of and in connection with this Scheme shall be borne by the Company.

13. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to Options, (where applicable) whether all or part of the Option has been vested, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser appointed by the Company, who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

14. ALTERATION OF TERMS OF OPTIONS AND THIS SCHEME

- 14.1 Any change to the terms of the Options granted to a Grantee (except where the changes take effect automatically under the existing terms of this Scheme) shall be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the shareholders of the Company (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 of the Company (as the case may be).
- 14.2 This Scheme may be altered in any respect by resolution of the Board save for the following alterations which may be effected only with the prior approval of the shareholders of the Company in general meeting:
- (a) any alterations to the terms and conditions of this Scheme which are of a material nature;
 - (b) any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees; and
 - (c) any change to the authority of the Board to alter the terms of this Scheme,

provided always that the amended terms of this Scheme shall continue to comply with the relevant provisions of the Listing Rules and any other Applicable Laws.

15. 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 Options may be offered or granted under this 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 to the termination or otherwise as may be required in accordance with the terms and conditions of this Scheme.

16. CANCELLATION

16.1 Any Option may be cancelled in whole or in part and at any time:

- (a) if agreed between the Company and the relevant Grantee, with effect from the date of cancellation as agreed between the Company and the Grantee; or
- (b) at the discretion of the Board by giving written notice thereof to the relevant Grantee with effect from the date of delivery of such notice, provided that:-
 - (i) the Board shall offer to grant to the Grantee replacement Options of equivalent value of the Options being cancelled; or
 - (ii) the Company shall pay or procure to pay to the Grantee an amount equal to the cash value of the Options being cancelled as at the date of cancellation as determined by the Board by reference to the difference between the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the cancellation and the Exercise Price; and such payment shall be made on the later of (1) the date which falls seven days after the date of cancellation, or (2) the date, or different dates, on which the right(s) to exercise the Option(s) in respect of the applicable Shares could (but for such cancellation) first have been, or respectively been, exercised according to the terms thereof. Notwithstanding the aforesaid, if, prior to any such payment being made as aforesaid, the relevant Grantee has ceased to be an Eligible Participant, his/her entitlement to further receive any such payment pursuant this clause shall be cancelled and he/she shall have no further right in respect thereof

16.2 Where an Option granted to a Grantee is cancelled and a new grant is made to the same Grantee under this Scheme, such new grant may only be made under the Scheme Mandate Limit (or the renewed Scheme Mandate Limit) available at the time of such new grant. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the renewed Scheme Mandate Limit).

16.3 Notwithstanding the foregoing provisions, if prior to the allotment of Shares arising from an exercise of an Option any Grounds for Termination shall have arisen in relation to the relevant Grantee, no allotment of the Shares shall be made and all outstanding Options granted in favour of such Grantee shall forthwith be cancelled and the Grantee shall have no entitlement or claim or any right of compensation or otherwise in respect thereof. Without prejudice to the generality of the foregoing, a resolution of the Board as to whether or not "Grounds for Termination" shall have arisen at any time shall be conclusive, provided that if, at any time, it is relevant to determine in relation to the application of any of the provisions of the Scheme hereinafter contained Grounds for Termination in relation to a Grantee shall have arisen and the Board considers at that time that, although the relevant facts have not been established, there are reasonable grounds for believing that an event or circumstance may have occurred which would constitute Grounds for Termination in relation to such Grantee, the Board may, at its discretion, resolve that the application of the relevant provision of the Scheme shall be suspended (and no action taken in relation thereto, whether allotment of Shares, payment in relation to the cancellation of an Option or part thereof or otherwise) until

the relevant facts have been established to the satisfaction of the Board, and the Board shall then determine whether or not Grounds for Termination had arisen at the time in question and the relevant provision of the Scheme shall be applied in accordance with such determination and otherwise as the Directors may consider appropriate or expedient in the particular circumstances. No Grantee or other person shall have any right or claim against the Company, its subsidiaries, any Related Entity, the Board or any individual Director arising from any interpretation, determination, action or exercise of discretion by Board pursuant to the foregoing provisions or otherwise in any manner involving the application of any provision of the Scheme relating to Grounds for Termination.

17. MISCELLANEOUS

- 17.1 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against any member of the Group or any of the Related Entities directly or indirectly or give rise to any cause of action at law or in equity against any member of the Group or any of the Related Entities.
- 17.2 This Scheme shall not form part of any contract of employment between any member of the Group (or any of the Related Entities) and any Grantee, and the grant of an Option under this Scheme shall not confer on the Grantee any additional employment rights or limit in any way the right of the relevant member of the Group or the relevant Related Entity to terminate the Grantee's employment or confer any additional rights to compensation or damages in consequence of the termination of employment for any reason.
- 17.3 In no circumstances shall a person ceasing to be a director or an employee of the Company, its subsidiary or a Related Entity for any reason be entitled to any compensation for or in respect of any consequent diminution or extinction of his/her rights or benefits (actual or prospective) under any Options then held by him/her or otherwise in connection with the Scheme.
- 17.4 By accepting an Option, a Grantee shall be deemed irrevocably 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/her for loss of any rights under this Scheme.
- 17.5 A 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, acceptance and/or exercise of his or her Option. By accepting an Offer of the grant of an Option or exercising his or her Option, the Grantee thereof is deemed to have represented to the Company that he or she has obtained all such consents and shall indemnify the Company in full against any loss, claim, penalty, demand, liability, costs and expenses made against or incurred by the Company in respect of a breach by the Grantee of such representation or failure to obtain such consents. The Company shall not be responsible for any failure by a Grantee to obtain any such consents or for any tax or other liability to which a Grantee may become subject arising from or in connection with the grant, acceptance and/or exercise of any Option.
- 17.6 The Company shall bear the costs of establishing and administering this Scheme.
- 17.7 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to its shareholders.

17.8 Any notice or other communication served:-

- (a) by the Company shall be deemed to have been served 24 hours after the same was sent by pre-paid post or delivered by hand or by courier or by fax or by e-mail to the address, fax number or e-mail address of the Grantee (as the case may be) as notified to the Company or its subsidiary or Related Entity by which such Grantee is employed or of which he/she serves as a director from time to time; and
- (b) by a Grantee shall not be deemed to have been received until the same shall have been received by the Company at its registered office in Hong Kong from time to time.

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