

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

SHARE OPTION SCHEME

Conditionally adopted by the shareholders of
Pou Sheng International (Holdings) Limited on 14th May, 2008
Amended on 7 March 2012

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CONTENT

<u>CLAUSE</u>		<u>PAGE</u>
1.	DEFINITIONS.....	1
2.	PURPOSE, DURATION AND ADMINISTRATION.....	4
3.	GRANT OF OPTIONS.....	5
4.	SUBSCRIPTION PRICE.....	6
5.	EXERCISE OF OPTIONS	7
6.	LAPSE OF OPTION.....	10
7.	MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION	10
8.	REORGANISATION OF CAPITAL STRUCTURE.....	12
9.	SHARE CAPITAL.....	13
10.	DISPUTES	13
11.	ALTERATION OF THIS SCHEME.....	13
12.	CANCELLATION.....	13
13.	TERMINATION.....	14
14.	MISCELLANEOUS	14

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

1. DEFINITIONS

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

“Adoption Date”	the date on which this Scheme was conditionally adopted by resolution of the Company and which is subject to the approval of the shareholders of Yue Yuen;
“associate”	the meaning ascribed to it under the Listing Rules;
“Auditors”	at any time the auditors of the Company at that time;
“Board”	the board of Directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Company”	Pou Sheng International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the securities of which are proposed to be listed on the Stock Exchange;
“connected person”	the meaning ascribed to it under the Listing Rules;
“Date of Grant”	in respect of an Option, the Business Day on which the Board resolves to make an Offer to a Participant, whether or not the Offer is subject to Shareholders' approval;
"Global Offering"	the offering of Shares, effected by way of public offer and placing, proposed to be effected or, as the case may be, effected by the Company in connection with its application for the listing of its Shares on the Stock Exchange;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of this Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
“Group”	the Company and its Subsidiaries from time to time;

17.03(2)

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;	
“Individual Limit”	the meaning ascribed thereto in paragraph 7.4;	
“Listing Date”	the date on which dealings in the Shares first commence on the Main Board of the Stock Exchange;	
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;	
“Offer”	the offer of the grant of an Option made in accordance with paragraph 3;	
“Option”	at any time an option to subscribe for Shares pursuant to this Scheme and for the time being subsisting;	
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;	17.03(5)
"Over-allotment Option"	the option to be granted by the Company to and exercisable by the underwriters and/or the sole global coordinator to the Global Offering to require the Company to allot and issue further Shares in addition to those initially made available under the Global Offering;	
“Participants”	directors (including executive directors, non-executive directors and independent non-executive directors) and full time employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group;	17.03(2)
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;	
“Scheme Limit”	the meaning ascribed to it in paragraph 7.6;	
“Scheme Mandate Limit”	the meaning ascribed to it in paragraph 7.1;	
“Shareholder(s)”	holder(s) of the Shares;	
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division,	

reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division reduction, consideration, reclassification or reconstruction;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 4;
“Subsidiary”	the meaning ascribed to it under the Listing Rules;
“Yue Yuen”	Yue Yuen Industrial (Holdings) Limited; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

- 1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References herein to "paragraphs" are to paragraphs of this Scheme. Words importing the singular include the plural and vice versa, words importing a gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- 1.3 References in this Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.4 References (express or implied) in this Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.
- 1.5 In construing this Scheme:
 - (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
 - (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. PURPOSE, DURATION AND ADMINISTRATION

2.1 The purpose of this Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. 17.03(1)

2.2 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to (a) interpret and construe the provisions of this Scheme; (b) determine the persons (if any) who shall be offered Options under this Scheme, and the number of Shares and Subscription Price, subject to paragraph 4; (c) subject to paragraph 11, make such adjustments to the terms of any or all the Options granted under the Scheme to the relevant Grantee as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offers and/or the administration of the Scheme provided that the same are not inconsistent with the provisions of this Scheme and the Listing Rules.

2.3 This Scheme shall take effect subject to:

- (a) the passing of the resolution of the Company to approve and adopt this Scheme and to authorise the Board to grant Options under this Scheme and to allot and issue Shares pursuant to the exercise of any Options;
- (b) the passing of the resolution by Yue Yuen to approve this Scheme;
- (c) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options (subject to an initial limit of 10 per cent of the aggregate number of Shares in issue on the Listing Date and Shares which may be allotted and issued under the Over-allotment Option); and
- (d) the commencement of dealings in Shares on the Main Board of the Stock Exchange.

A certificate of a Director that the conditions set out in sub-paragraphs (a) to (d) above have been satisfied shall be conclusive evidence of the matters certified.

2.4 If any of the conditions in paragraph 2.3 above is not satisfied on or before the date following 30 days after the Adoption Date, this Scheme shall determine immediately, and any Option granted or agreed to be granted pursuant to this Scheme shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

2.5 Subject to paragraphs 2.3, 2.4 and 12, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options granted during the life of this 17.03(11)

Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

3. GRANT OF OPTIONS

- 3.1 On and subject to the terms of this Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. 17.03(6)
17.03(7)
- 3.2 An Offer shall be made to a Participant in writing in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after this Scheme has been terminated in accordance with the terms hereof or after the Participant for whom the Offer is made has ceased to be a Participant. 17.03(2)
- 3.3 No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable rules, regulations or law.
- 3.4 An Offer shall be deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. 17.03(8)
- 3.5 Any Offer may be accepted in respect of fewer than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated in paragraph 3.4, it shall be deemed to have been irrevocably declined.
- 3.6 A grant of Options may not be made after a price sensitive event for the Company has occurred or a price sensitive matter for the Company has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of: 17.05

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement 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 may be granted.

3.7 Any grant of Options to any director, chief executive or substantial shareholder (as such term is defined in the Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of the Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive directors of the Company (excluding independent non-executive directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:-

17.04

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue on the date of such grant; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favour at such general meeting of the Shareholders.

4. SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:-

17.03(9)

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

5. EXERCISE OF OPTIONS

- 5.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way dispose of, sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company. 17.03(17)
- 5.2 An Option may, subject to the provisions of paragraph 8, be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Stock Exchange at the relevant time or an integral multiple thereof) in the manner set out in paragraph 5.3 by the Grantee (or, as the case may be, his legal personal representative(s)) 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 must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative(s)) share certificates in respect of the Shares so allotted.
- 5.3 Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof, an Option may be exercised by the Grantee at any time during the Option Period, provided that:- 17.03(5)
- (a) in the event of the Grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph 6(f) having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 12 months following his death provided that where any of the events set out in paragraph 5.3(e), (f), (g) and (h) occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods respectively set out in such paragraphs provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph 6(f) which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he (they) shall be deemed not to have so exercised such Option and

the Company shall return to him the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;

- (b) in the event of a Grantee who is an employee or a director of the Company or another member of the Group ceasing to be a Participant for any reason (including but not limited to the relevant Subsidiary of which the Grantee was an employee and/or a director ceasing to be a Subsidiary) other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph 6(f) the Board may by written notice to such Grantee within one month from (and including) the date of cessation or termination of such employment or directorship (in the case of termination of employment or directorship not on any of the grounds specified in paragraph 6(f), the date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, and in the case of a company ceasing to be a Subsidiary, the date shall be the date on which the transaction resulting in such company ceasing to be a Subsidiary is completed) determine that such Option shall lapse or the period within which such Option (or such remaining part thereof) shall be exercisable following such date of cessation or termination of employment or directorship but before the expiry of the original Option Period and if the Board does not serve such a written notice within the said one month period, the Grantee may exercise the Option up to his entitlement as at the date of such cessation or termination of employment or directorship (to the extent not already exercised) at any time during the original Option Period;
- (c) in the event of a Grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant (which shall be as and when determined by the Board by resolution) for any reason other than his death the Board may by written notice to such Grantee within one month from (and including) the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation and if the Board does not serve such a written notice within that one month period, the Option shall remain exercisable at any time during the original Option Period;
- (d) in the event of the Grantee ceasing to be a Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph 6(f), his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part pursuant to paragraph 5.2, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;
- (e) if a general offer by way of takeover or otherwise (other than by way of scheme of arrangement contemplated in paragraph (f) below) 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 concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company;

- (f) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the requisite majority at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice;
- (g) in the event a notice is 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 the Grantee and the Grantee (or his legal personal representative(s)) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on such exercise of that Option; and
- (h) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5.3(f) above, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

5.4 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum of association and bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

17.03(10)

5.5 The Shares issued on exercise of the Options will on issue be identical to the then existing issued Shares. 17.03(15)

6. LAPSE OF OPTION 17.03(12)

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

- (a) the expiry of the Option Period (subject to the provisions of this Scheme);
- (b) the expiry of the periods referred to in paragraph 5.3;
- (c) the expiry of the period referred to in paragraph 5.3(e) provided that if any court of competent jurisdiction makes an order the effect of which is to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (d) subject to the relevant scheme of arrangement (contemplated in paragraph 5.3(f)) becoming effective, the expiry of the period for exercising the Option referred to in paragraph 5.3(f);
- (e) the date of the commencement of the winding-up of the Company;
- (f) the date on which the Grantee (if an employee or director of the Company or another member of the Group) ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 6(f) shall be conclusive and binding on the Grantee, and where appropriate, his legal representative(s);
- (g) the date on which the Grantee commits a breach of paragraph 5.1; and
- (h) the date as may be notified by the Board pursuant to paragraph 5.3(b).

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION 17.03(3)

- 7.1 The maximum number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company, in aggregate exceed 10 per cent. in nominal amount of the aggregate of Shares in issue on the Listing Date and Shares which may be allotted and issued under the Over-allotment Option (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of this Scheme and (as the case may be) such other share option schemes of the Company will not be (but any such option that are cancelled will be) counted for the purpose of calculating the Scheme Mandate Limit.
- 7.2 The Scheme Mandate Limit referred to in paragraph 7.1 may be renewed at any time subject to prior Shareholders' approval and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company but in any event the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10 per cent. of the Shares in issue (including Shares which may be allotted and issued under the Over-allotment Option) as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under this Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.
- 7.3 Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to particular Participants if:-
- (a) separate Shareholders' approval and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company has been obtained for granting Options beyond the Scheme Mandate limit to particular Participants specifically identified by the Company before such approval is sought; and
 - (b) the Company, in connection with the seeking of such separate approval, has first sent a circular to its Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- 7.4 Subject to paragraph 7.5, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under this Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company) exceed 1 per cent. of the Shares in issue for the time being (the "Individual Limit"). 17.03(4)
- 7.5 Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to

and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company with such Participant and his associates abstaining from voting. The Company shall send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information (as may there be) required under the Listing Rules.

- 7.6 At any time, the maximum number of Shares which may be issued upon exercise of all Options which then has been granted and have yet to be exercised under this Scheme and any other share option schemes of the Company shall not exceed 30 per cent. of the Shares in issue from time to time (the "Scheme Limit"). 17.03(3)

8. REORGANISATION OF CAPITAL STRUCTURE

- 8.1 In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, such corresponding alterations (if any) shall be made in:- 17.03(13)

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised;
- (b) the Subscription Price for the Shares subject to the Option so far as unexercised;
- (c) the Shares to which the Option relates; and
- (d) the method of exercise of the Option,

or any combination thereof as the Auditors or an independent financial adviser to the Company shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee are in their opinion fair and reasonable provided that any such adjustments give a Grantee the same proportion of equity capital of the Company as to which that Grantee was previously entitled but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the Auditors or the independent financial adviser to the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

- 8.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 8.1, the Company shall within 28 days after receipt of the Auditors' certificate or the certificate of the independent financial adviser to the Company as referred to in paragraph 8.1, inform each Grantee of such alteration and of any

alteration to be made in accordance with the Auditors' certificate or the certificate of the independent financial adviser to the Company obtained by the Company for such purposes.

9. SHARE CAPITAL

9.1 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.

9.2 The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company. 17.03(10)

10. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser to the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser to the Company shall be shared equally between the Company and the relevant Grantee.

11. ALTERATION OF THIS SCHEME

Those specific provisions of this Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of this Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company. Any alterations to the terms and conditions of this Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting and if and for so long as the Company is a subsidiary of Yue Yuen, approval of the shareholders of that company, except where the alterations take effect automatically under the existing terms of this Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules, the supplemental guidance issued on September 5, 2005 by the Stock Exchange entitled "Supplemental Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the note immediately after the Rule" and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time. 17.03(18)

12. CANCELLATION

Any Options granted but not exercised may be cancelled if the Grantee so agrees with or without new Options being granted to the Grantee provided that any new Options granted shall fall within the limits prescribed by paragraph 7 (excluding the cancelled Options), and are otherwise granted in accordance with the terms of this Scheme. 17.03(14)

13. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options shall be offered or granted and all offers of options then outstanding and not accepted shall ipso facto lapse but in all other respects the provisions of this Scheme shall remain in full force and effect in respect of options complying with Chapter 17 of the Listing Rules, the supplemental guidance issued on September 5, 2005 by the Stock Exchange entitled "Supplemental Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the note immediately after the Rule" and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time which are granted during the life of this Scheme and which remain unexpired immediately prior to the termination of the operation of this Scheme. 17.03(16)

14. MISCELLANEOUS

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

14.2 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares.

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

14.4 Any notice or other communication served by post:-

(a) by the Company shall be deemed to have been served 24 hours after the same is 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.

Any notice or other communication served by either party by hand shall be deemed to be served when delivered.

14.5 A Grantee shall be responsible for obtaining any governmental or other consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. A Grantee shall pay all tax and discharge all other liabilities to which he may become subject to as a result of the participation in this Scheme or the exercise of any Option. The Company shall not be responsible for any failure by a

Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme. A Grantee shall, on demand, indemnify the Company fully against all claims and demands which may be made against the Company (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to hereinabove or to pay tax or other liabilities referred to hereinabove and against all incidental costs and expenses which may be incurred or spent by the Company.

- 14.6 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the other provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Options to Participants and to determine the Subscription Price, to any of the Company's directors from time to time.
- 14.7 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any employee and the rights and obligations of any employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 14.8 No Grantee shall enjoy any of the rights of a shareholder by reason solely of holding an Option pursuant to this Scheme.
- 14.9 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

- End of Scheme -