

WUHAN YZY BIOPHARMA CO., LTD.

武漢友芝友生物製藥股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

**RULES RELATING TO
THE 2024 H SHARE OPTION PLAN**

**To be adopted by a resolution of the shareholders of the Company
on June 27, 2024**

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1. DEFINITIONS AND INTERPRETATION

1.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the meaning shown opposite to them below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Administrator”	the Board and/or any committee of the Board or other person(s) to whom the Board has delegated its authority in accordance with Clause 5
“Adoption Date”	being the date on which this Plan is conditionally adopted by the Shareholders
“Applicable Laws”	all applicable laws, regulations, ordinances or requirements of the relevant regulatory authorities including without limitation the Company Ordinance (Chapter 622 of the laws of Hong Kong), the SFO or the Listing Rules
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Wuhan YZY Biopharma Co., Ltd. (武漢友芝友生物製藥股份有限公司), a joint stock company established in the PRC with limited liability on January 13, 2022 and the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the conditions referred to in Clause 3 are

	fulfilled
“ Eligible Participant(s) ”	has the meaning ascribed to it in Clause 6.1
“ Exercise Period ”	the period during which an Option is exercisable by a Grantee
“ Exercise Price ”	the price per H Share at which a Grantee may subscribe the H Shares upon exercise of an Option pursuant to the terms of this Plan
“ Grant Date ”	the date on which an Option is granted to an Eligible Participant, which shall be a Business Day
“ Grant Letter ”	with respect to an Eligible Participant, a grant letter to be issued by the Company and accepted by the Eligible Participant in respect of the grant of Options under this Plan
“ Grantee ”	any Eligible Participant approved for participation in the Plan and who has been granted any Option in accordance with the terms of this Plan
“ Group ”	the Company and its subsidiaries; and a “ member of the Group ” shall mean any one of the aforesaid companies
“ H Share(s) ”	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars
“ HKD ”	Hong Kong dollars, the lawful currency of Hong Kong
“ Hong Kong ”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ inside information ”	has the meaning ascribed to it under the SFO
“ Listing Committee ”	has the meaning ascribed to it under the Listing Rules
“ Listing Rules ”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“ Option(s) ”	option(s) granted to a Grantee to subscribe for H Shares pursuant to the terms of this Plan
“ Plan Mandate Limit ”	has the meaning ascribed to it in Clause 7.1

“Plan”	the 2024 H share option plan adopted by the Company in accordance with the terms herein
“PRC”	the People’s Republic of China (for purpose of this Plan, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Service Provider Sublimit”	has the meaning ascribed to it in Clause 7.1
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Plans”	all effective share plans of the Company which are governed by Chapter 17 of the Listing Rules, including this Plan
“Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules as amended from time to time. For the purpose of this Plan, references to new H Shares include Treasury Shares (if any) listed on the Stock Exchange, and references to the issue of new H Shares include the transfer of Treasury Shares listed on the Stock Exchange
“Unlisted Shares”	domestic shares and unlisted foreign shares of the Company which are currently not listed or traded on any stock exchange
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

1.2 In this Plan, except where the context otherwise requires:

- (a) references to new H Shares include Treasury Shares (if any) listed on the Stock Exchange, and references to the issue of new H Shares include the transfer of Treasury Shares listed on the Stock Exchange, subject to the relevant amendments to the Listing Rules having come into effect;
- (b) clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Plan;
- (c) references to Clauses are to clauses of this Plan;
- (d) references to masculine gender include references to the feminine and neuter gender and references to the singular include references to the plural and vice versa;
- (e) reference to a time of a day in this Plan is a reference to Hong Kong time;
- (f) references to persons include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal entity; and
- (g) references to statutory provisions shall be construed as references to those provisions as amended, modified or re-enacted from time to time.

2. PURPOSES OF THIS PLAN

LR17.03(1)

The purposes of this Plan are:

- (a) to recognise and acknowledge the contributions that Eligible Participants have or may have made or may make to the Group;
- (b) to enhance Eligible Participants' motivation and loyalty, thereby promoting long-term corporate development and increasing shareholder value; and
- (c) to establish a sound mechanism for sharing interests and bearing risks among employees, Shareholders, and the Company.

3. CONDITIONS

This Plan shall take effect upon:

- (a) passing of the necessary resolution(s) by the Shareholders in general meeting; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the H Shares which may fall to be allotted and issued upon exercise of the Options that may be granted under this Plan.

4. DURATION

LR17.03(11)

Subject to Clause 18, this Plan shall be valid and effective for a period of ten (10) years commencing from the Effective Date, after which no further Option shall be granted under this Plan but the provisions of this Plan shall remain in full force and effect in all other respects. In particular, all Options granted during the term of this Plan shall continue to be valid, and shall be administered in accordance with this Plan and the relevant Grant Letter.

5. ADMINISTRATION

5.1 The Board shall be responsible for administering the Plan in accordance with the Plan rules.

5.2 The authority to administer the Plan may be delegated by the Board to a committee of the Board or to any other person(s) deemed appropriate at the sole discretion of the Board, including its powers to offer or grant Options and to determine the terms and conditions of such Options, *provided that* nothing in this Clause 5.2 shall prejudice the Board's power to revoke such delegation at any time or derogate from the discretion rested with the Board as contemplated in Clause 5.1.

5.3 Subject to the terms of this Plan, the Board and the Administrator has discretionary authority to, inter alia, construe and interpret the Plan rules, determine the eligibility for and grant any Option; determine, modify or waive the terms and conditions of any Option; determine how Options will be settled; prescribe forms, rules and procedures relating to this Plan; approve the Grant Letter(s), and otherwise do all things necessary or appropriate to carry out the purposes of this Plan. Decisions made by the Board or the Administrator under this Plan shall be conclusive and shall bind all parties. In the event of any disagreement or ambiguity, the decision of the Board shall prevail.

5.4 In respect of the administration of this Plan, the Company shall comply with all applicable shareholder approval, announcement, circular and reporting requirements imposed by the Listing Rules.

5.5 In the event that the Company has Treasury Shares listed on the Stock Exchange in the future, the Board may, after taking into account of relevant circumstances, use Treasury Shares listed on the Stock Exchange to fund the Options to be granted under this Plan.

6. ELIGIBILITY AND PARTICIPATION

LR17.03(2)

6.1 Eligible Participants as determined by the Board or the Administrator from time to time shall be eligible to participate in this Plan and shall comprise two categories:

LR17.03A(1)

(a) Employee participants, being director(s) (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employee(s) (whether full-time or part-time) of any member of the Group, including any person who is granted Options under this Plan as an inducement to enter into employment contracts with any member of the Group (the "**Employee Participants**"); and

(b) Service providers, being any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long-term growth

of the Group, and falls into any of the following categories (excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) (the “**Service Provider Participants**”).

(i) Contractors and suppliers

This category refers to (1) contractors that undertake sub-contracting work for the Group’s research and development, manufacturing and innovation upgrading; (2) suppliers of raw materials, parts and components for the Group’s production requirements; and (3) dealers, distributors or sales channels who provide distribution and promotion services which are in the interests of long-term growth of the Group.

(ii) Consultants and advisers

This category refers to independent consultants and advisers who provide advisory services, consultancy services, and/or other professional services to any member of the Group in connection with the research and development, manufacturing or commercialization of the Group’s products, or in areas relating to the Group’s principal business activities that are being carried out by the Group from time to time, or on areas that are desirable and necessary from a commercial or strategic perspective and help maintain or enhance the competitiveness of the Group by way of introducing new business opportunities and/or applying their specialized skills and/or knowledge in the abovementioned fields.

In assessing whether the Service Provider Participants provide services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board or the Administrator will take into consideration: (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider Participants; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

6.2 In determining the eligibility of an Eligible Participant, the Board or the Administrator may take into account various factors that it in its sole and absolute discretion considers relevant in assessing his/her contribution to the long-term development and growth of the Group.

LR17.03A(2)

(a) In the case of the Employee Participants, in assessing their eligibility, the Board will consider, on a case-by-case basis, the following factors, including but not limited to (i) individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; (iii) and the actual and/or potential contribution to the development and growth of the Group.

- (b) In assessing the eligibility of the Service Provider Participants, the Board will consider, on a case-by-case basis, the following factors, including but not limited to:
- (i) in general, (1) the frequency of collaboration and the length of business relationship with the Group; (2) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (3) the track record in the quality of services provided to and/or cooperation with the Group and the ability to maintain the quality of services; (4) the scale of business dealings and/or collaboration with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers; and (5) the actual contribution or potential contribution towards the long-term development and success of the Group;
 - (ii) specifically in respect of Service Providers in the category of independent suppliers and/or contractors, (1) the performance and track record of the respective supplier or contractor and its ability to deliver quality services; (2) the benefits and strategic value brought by the Service Providers to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Providers' collaboration with the Group; and (3) the business opportunities and external connections that the Service Providers have introduced or will potentially introduce to the Group; and
 - (iii) specifically in respect of Service Providers in the category of consultants and/or advisors, (1) the expertise, professional qualifications and industry experience of the Service Providers; (2) the prevailing market fees chargeable by other services providers; (3) the Group's period of engagement of or collaboration with the Service Providers; and (4) the Service Providers' actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit.

7. PLAN MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

- 7.1 Subject to Clauses 7.4 and 7.7, (i) the total number of H Shares which may be issued in respect of all options and awards to be granted under all Share Plans, shall not exceed 19,384,800 H Shares, representing approximately 10.0 % of the Shares in issue as at the Adoption Date (the "**Plan Mandate Limit**"); and (ii) within the Plan Mandate Limit, the total number of H Shares which may be issued in respect of all options and awards to be granted under all Share Plans to service providers, shall not exceed 1,938,400 H Shares, representing approximately 1.0% of the Shares in issue at the Adoption Date (the "**Service Provider Sublimit**").
- 7.2 Options and awards lapsed in accordance with the terms of all Share Plans shall not be regarded as utilized for the purpose of calculating the Plan Mandate Limit or the Service Provider Sublimit.

LR17.03(3)

LR17.03B(1)

Note (1) to
LR17.03B

- 7.3 If the Company conducts a share consolidation or subdivision after the Plan Mandate Limit and the Service Provider Sublimit has been approved in general meeting, the maximum number of H Shares that may be issued in respect of all options to be granted under the Plan Mandate Limit and the Service Provider Sublimit as a percentage of the total number of issued H Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share. Note (2) to
LR17.03B
- 7.4 The Company may seek approval by its Shareholders in general meeting for refreshing the Plan Mandate Limit and the Service Provider Sublimit:
- (a) after three (3) years from the Adoption Date or the date of the Shareholders' approval for the last refreshment of the Plan Mandate Limit or the Service Provider Sublimit (as the case may be); or LR17.03C(1)(a)
 - (b) within any of the aforementioned three-year period subject to the following requirements: LR17.03C(1)(b)
 - (i) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder of the Company, 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
 - (ii) the Company shall comply with any additional requirements set out in the Listing Rules.
- 7.5 The requirements under Clause 7.4(b) do not apply if the refreshment is made 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 Plan Mandate Limit and the Service Provider Sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Plan Mandate Limit or the Service Provider Sublimit (as the case may be) immediately before the issue of securities, rounded to the nearest whole Share. LR17.03C(1)(e)
- 7.6 After the refreshment of the Plan Mandate Limit and the Service Provider Sublimit, the total number of Shares which may be issued in respect of all options and awards to be granted under all Share Plans shall not exceed 10% of the Shares in issue (excluding any Treasury Shares) as at the date of such approval of the refreshment of the Plan Mandate Limit and the Service Provider Sublimit. The Company shall send a circular to its Shareholders containing the information required under Chapter 17 of the Listing Rules. LR17.03C(2)
- 7.7 The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the Plan Mandate Limit and the Service Provider Sublimit, provided that: LR17.03C(3)
- (a) the Options in excess of the Plan Mandate Limit and the Service Provider Sublimit are granted only to Eligible Participants specifically identified by the Company before such approval is sought;

- (b) the Company shall send a circular to its Shareholders containing the information required under Chapter 17 of the Listing Rules;
- (c) the number and terms of Options to be granted to each such specified Eligible Participant shall be fixed before the Shareholders' approval; and
- (d) in respect of any Options to be so granted under this Clause 7.7, the date of the Board meeting for proposing such grant shall be taken as the Grant Date for the purpose of calculating the Exercise Price of such Options.

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

LR17.03(4)
LR17.03D(1)

- (a) separate approval by the Shareholders in general meeting with such Eligible Participant and his/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 containing the information required under Chapter 17 of the Listing Rules;
- (c) the number and terms of such further Options to be granted to such Eligible Participant shall be fixed before the Shareholders' approval; and
- (d) in respect of any Options to be so granted under this Clause 7.8, the date of the Board meeting for proposing such grant shall be taken as the Grant Date for the purpose of calculating the Exercise Price of such Options.

LR17.03D(2)

7.9 Any grant of Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates under this Plan shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of such Options).

LR17.04(1)

7.10 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 all Share Plans (excluding any options and awards lapsed in accordance with the terms of all Share Plans) 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 (excluding any Treasury Shares) as at the date of such grant, such further grant of Options shall be subject to the following requirements:

LR17.04(3)

- (a) approval by the Shareholders in general meeting;

- (b) the Company shall send a circular to its shareholders containing the information required under Chapter 17 of the Listing Rules;
- (c) the relevant Grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting; and
- (d) the Company shall comply with the requirements under rules 13.40, 13.41 and 13.42 of the Listing Rules.

LR17.04(4)(5)

The foregoing requirements also apply to any change in the terms of such Options granted under this Clause 7.10 (except where the changes take effect automatically under the existing terms of this Plan).

Note (1) to
LR17.04

8. GRANT OF OPTIONS

- 8.1 Subject to the terms of this Plan and the Applicable Laws, the Board or the Administrator shall, from time to time on a Business Day during the term of this Plan, make a grant to any Eligible Participant as the Board or the Administrator may in its sole and absolute discretion select.
- 8.2 The Company shall, in respect of grant of Options, on the Grant Date issue a Grant Letter to the Grantee in such form as the Board or the Administrator may from time to time determine setting out the terms and conditions of the Options, which may include the number of H Shares in respect of which the Options relates, the Exercise Price, the vesting criteria and conditions, the vesting period, any minimum performance targets that must be achieved and any such other details as the Board or the Administrator may consider necessary, and requiring the Grantee to undertake to hold the Options on the terms of the Grant Letter and be bound by the provisions of this Plan.
- 8.3 Unless otherwise specified in the Grant Letter, the Grantee shall have ten (10) Business Days from the Grant Date to accept the Options. Grantees may accept Options by giving written notice of their acceptance to the Board or the Administrator. Upon accepting the Grant Letter issued by the Company, an Eligible Participant shall become a Grantee and shall be regarded as having accepted the grant of Options in accordance with the terms of this Plan and the relevant Grant Letter. The Grantee shall not be required to pay any amount for the application or acceptance of the grant of Options.
- 8.4 The grant of Options may be accepted in whole or in part provided that it must be accepted in respect of a board lot for dealing in H Shares or a multiple thereof. To the extent that any Options or part thereof is not accepted within the time and in the manner indicated in this Plan or the Grant Letter, the portion not accepted shall be deemed to have been irrevocably declined and shall automatically lapse.
- 8.5 The Exercise Price of the Options shall be at least the highest of:
 - (a) the closing price of the H Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date;

LR17.03(8)

LR17.03(9)
LR17.03E

- (b) the average closing prices of the H Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Grant Date; and
- (c) the nominal value of the H Share.

8.6 The Board or the Administrator may subject to all applicable laws, rules and regulations determine such vesting criteria and conditions or periods for vesting of the Options in its sole and absolute discretion. The vesting period of the Options shall not be less than twelve (12) months, save and except that Options to be granted to an Employee Participant may be subject to a vesting period of less than twelve (12) months (or no vesting period) in the following circumstances:

LR17.03(6)
LR17.03F

- (a) grants of **“make-whole”** Options to a new joiner to replace the Options he forfeited when leaving his/her previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons. They may include Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which the Options would have been granted; and
- (e) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months.

8.7 Subject to the terms of this Plan and the Applicable Laws, the Board or the Administrator may, on a case-by-case basis and at its sole and absolute discretion, impose any conditions, restrictions or limitations in relation to any grant of Options in addition to those expressly set forth in this Plan as it may think fit (which shall be specified in the Grant Letter) including but not limited to (without prejudice to the generality of the foregoing):

- (a) performance targets as the Board or the Administrator determines as appropriate. The Board or the Administrator may determine such performance targets based on, among other criteria, the following considerations:

LR17.03(7)

	Grantee	Considerations
(i)	Director, supervisor and member of senior management of the Company	Business or financial milestones or performance results, transaction milestones, the Grantee's historical, current or anticipated contribution to the Group (including with respect to their experience, expertise, insight, management and oversight, or direction, etc.), as considered appropriate by the Board or the Administrator.
(ii)	Employee Participant (except a director or member of senior management of the Company)	If the performance appraisal within a specified period (such as in the previous year) reached a level to be further specified in the Grant Letter, as determined by the Board or the Administrator (or body designated by the Board or the Administrator).
(iii)	Service Provider Participant	Contributes, or is likely to contribute, to the long-term development of the Group, with reference to achieving specified targets, among other criteria, financial or business performance, minimum service period, or business collaboration milestones, as determined by the Board or the Administrator (or body designated by the Board or the Administrator).

- (b) the Exercise Period of any Option;
- (c) lock-up periods or restriction on disposals of the H Shares acquired from exercising the Options granted; and
- (d) such special terms necessary or appropriate to accommodate differences in the Applicable Laws, tax policy, or custom applicable in the jurisdiction in which an Eligible Participant resides, is employed or provides its service in order to assure the viability of Options granted to the Eligible Participants in various jurisdictions.

8.8 The Company shall not grant any Option:

LR17.05

- (a) after inside information has come to its knowledge until (and including) the Business Day after it has announced such inside information;
- (b) during the period commencing 30 days immediately before the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the 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, provided that such period shall also cover any period of delay in publishing such results announcement; or

- (c) in circumstances prohibited by the Listing Rules or at a time when the relevant Eligible Participant would be prohibited from dealing in the H Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules) or by any applicable rules, regulations or law.

9. EXERCISE OF OPTIONS

9.1 The Board or the Administrator may in its sole and absolute discretion determine the Exercise Period of the Options, but in all circumstances the Exercise Period shall not be more than ten (10) years from the Grant Date.

LR17.03(5)

9.2 Exercise of any Option shall be at all times subject to the terms of this Plan and the relevant Grant Letter and any Applicable Laws.

9.3 Unless the Board or the Administrator expressly provides otherwise, no Option shall be deemed to have been exercised until the Board or the Administrator approves such exercise and receives a notice of exercise (in such form as the Board or the Administrator may from time to time specify) from the appropriate person accompanied by a remittance for the full amount of the aggregate Exercise Price for the H Shares in respect of which the notice is given. An Option may be exercised in whole or in part on or after the applicable vesting period. An Option exercised by any person other than the Grantee shall not be deemed to have been exercised until the Board or the Administrator approves such exercise and has received such evidence as it may require that the person exercising the Option has the right to do so.

9.4 Where the exercise of an Option is to be accompanied by a remittance for the full amount of the aggregate Exercise Price, the remittance shall be made by cash or cheque in a currency acceptable to the Board or the Administrator, or, by such other legally permissible means, if any, as may be acceptable to the Board or the Administrator, in each case, in accordance with the Applicable Laws. A Grantee may be required to provide evidence that any currency used to pay the exercise price of any Option were acquired and taken out of the jurisdiction in which the Grantee resides in accordance with the Applicable Laws. In the event the Exercise Price for an Option is paid in RMB or other foreign currency, as permitted by the Board or the Administrator and to the extent permitted under the Applicable Laws, the amount payable will be determined by conversion from USD or HKD at the official rate promulgated by the People's Bank of China for RMB, or for jurisdictions other than the People's Republic of China, the exchange rate as selected by the Board or the Administrator on the date of exercise.

10. VOTING RIGHTS AND DIVIDENDS OF H SHARES

- 10.1 Options do not carry any right to vote at general meetings of the Company, nor any right to dividend, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option unless and until the H Shares underlying Options are delivered to the Grantee pursuant to the vesting and exercise of such Option. LR17.03(10)
- 10.2 The H Shares to be allotted and issued upon exercise of the Options shall be subject to all provisions of the Articles of Association and the Applicable Laws in force as at the date of allotment and issuance of such H Shares and shall rank *pari passu* in all respects with the existing fully paid H Shares in issue as at the date the name of the Grantee is registered on the register of members of the Company, including voting, dividend, transfer and other rights (including those arising on a liquidation of the Company), save that the Grantee shall not have any right to participate in all dividends or other distributions the record date of which is prior to such registration. No fractional H Shares shall be allotted under this Plan. LR17.03(10)(15)

11. TRANSFERABILITY

Any Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option or attempt so to do, unless a waiver is granted by the Stock Exchange and express written consent is obtained from the Board. Notwithstanding the foregoing, in the event of death of a Grantee, the vested but unexercised Options of the deceased Grantee may be assigned to his/her executor or administrator (as the case may be). Any permitted assignment of Options shall only be made in a manner that is not prohibited by Applicable Laws. LR17.03(17)

12. LAPSE AND CLAWBACK MECHANISM OF OPTIONS LR17.03(12)

- 12.1 In the event the employment or service relationship between a Grantee and any member of the Group is terminated under the following situations, the following corresponding clawback mechanism would apply: LR17.03(19)
- (a) (i) retirement; (ii) permanent physical or mental disability; (iii) death; (iv) resignation; (v) employment or service contract not renewed due to the Grantee's reason; or (vi) employment or service contract terminated due to unsatisfactory performance or incompetence, the right to all unvested Options shall automatically and immediately lapse. Subject to and conditional upon compliance with the Applicable Laws by the Company, the vested but unexercised Options shall automatically lapse three (3) months after the occurrence of the situation. Upon request by the relevant member of the Group, such Grantee shall enter into non-competition and confidentiality agreements before the expiry of such Grantee's employment or service relationship with such member of the Group. In the event that the Grantee fails to enter into the non-competition or confidentiality agreement as requested or violates the same, the vested but unexercised Options shall automatically and immediately lapse. In the case of death of the Grantee, subject to the requirements set out in Clause 11, the inheritor of the Grantee shall inherit the legitimate rights and interests of the vested but unexercised Options under the

Applicable Laws and exercise his/her inherited vested but unexercised Options according to the relevant Grant Letter.

- (b) (i) behaviors including corruption, bribery, theft, revealing of the Company's confidential secrets, negligence or misconduct or any other law offence behaviors that have caused serious damage to the Company or have brought the Company into disrepute; (ii) criminal behaviors investigated for criminal responsibility according to acts; or (iii) other Causes, all unexercised Options, regardless vested or not, shall lapse. The Company will reserve the rights to take legal actions, including but not limited to claw back all profits made by such Grantee by selling such H Shares acquired from exercising the Options granted, for dealing with such situations.

For the purpose of this Clause 12.1(b), "**Cause**" shall have the following meaning:

In the case of any Grantee who is party to an employment or service contract with any member of the Group that contains a definition of "**Cause**", the definition set forth in such contract shall apply with respect to such Grantee under this Plan.

In the case of any other Grantee, "**Cause**" shall mean, as determined by the Board or the Administrator in its reasonable judgment, (i) a substantial failure of the Grantee to perform his/her duties and responsibilities to any member of the Group or substantial negligence in the performance of such duties and responsibilities; (ii) the commission by the Grantee of a felony or a crime involving moral turpitude; (iii) the commission by the Grantee of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving any member of the Group; (iv) a significant violation by the Grantee of the code of conduct of any material policy of any member of the Group, or of any statutory duty of loyalty to any member of the Group; (v) material breach of any of the terms of this Plan or the Grant Letter; or (vi) other conduct by the Grantee that could be expected to be harmful to the business, interests or reputation of any member of the Group.

12.2 In the event that the Grantee is on maternity leave or work injury sick leave in accordance with the applicable employment and labour laws (including but not limited to the Labour Law of the PRC and Special Provisions on Labour Protection for Female Employees), the Grantee's Options, whether or not vested or exercised, shall not be affected or otherwise prejudiced.

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

- (a) the expiry of the Exercise Period;
- (b) the date on which the Grantee commits a breach of Clause 11;
- (c) the expiry of the periods referred to in Clauses 12.1 and 12.2;

- (d) if an Option was granted subject to certain conditions, restrictions or limitation, the date on which the Board or the Administrator resolves that the Grantee has failed to satisfy or comply with such conditions, restrictions or limitation; and
- (e) the occurrence of such event or expiry of such period as may have been specifically provided for in the Grant Letter, if any.

12.4 If a Grantee is declared bankrupt or becomes insolvent or is wound-up or makes any arrangements or composition with the Grantee's creditors generally, the Grantee shall cease to be an Eligible Participant under this Plan and any Options not yet vested and any outstanding Options not yet exercised shall be immediately forfeited and shall lapse, unless the Board or the Administrator determines otherwise at their absolute discretion. A resolution of the Board or the Administrator to the effect that a Grantee or an Eligible Participant has or has not ceased to be an Eligible Participant for purposes of this Plan shall be conclusive.

LR17.03(14)

13. CANCELLATION OF OPTIONS

Subject to the consent from the relevant Grantee, the Board or the Administrator may cancel Options previously granted to and yet to be exercised (whether or not vested) by a Grantee. The Grantee whose Options are cancelled pursuant to this Clause 13 may be granted new Options in accordance with the terms of this Plan, provided that there are sufficient unused Options (excluding such cancelled Options) available for such re-grant under the Plan Mandate Limit and the Service Provider Sublimit. The Options cancelled shall be regarded as utilised for the purpose of calculating the Plan Mandate Limit and the Service Provider Sublimit.

Note to
LR17.03(14)

14. ALTERATIONS IN SHARE CAPITAL

14.1 In the event of any alteration in the share capital structure of the Company by way of capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of H Shares as consideration in a transaction to which the Company is a party) (the "**Share Capital Alteration**") after the Adoption Date, the Board or the Administrator shall make such corresponding adjustments, if any, as the Board or the Administrator in its discretion may deem appropriate to reflect such change with respect to:

LR17.03(13)

- (a) the number of H Shares comprising the Plan Mandate Limit or Service Provider Sublimit, provided that in the event of any Share Capital Alteration the Plan Mandate Limit and Service Provider Sublimit as a percentage of the total issued H Shares of the Company at the date immediately before any Share Capital Alteration shall be the same on the date immediately after such Share Capital Alteration;
- (b) the Exercise Price relating to Options so far as unexercised.

or any combination thereof, as the auditors or a financial advisor engaged by the Company for such purpose have certified satisfy the relevant requirements of the Listing Rules and

are, in their opinion, fair and reasonable either generally or as regards any particular Grantee, provided always that: (i) any such adjustments should give each Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in a H Share being issued at less than its nominal value. The capacity of the auditors or financial advisor (as the case may be) in this Clause 14 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.

- 14.2 The method of adjustment of number of H Shares subject to the Option so far as unexercised in the event of Share Capital Alteration is set out as below:

Capitalization issue

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

Where: “Q₀” represents the number of Option before the adjustment; “n” represents the ratio per H Share resulting from the capitalization issue; “Q” represents the number of Option after the adjustment.

Rights issue

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

Where: “Q₀” represents the number of Option before the adjustment; “P₁” represents the closing price of the H Shares as at the record date of which is prior to such Share Capital Alteration; “P₂” represents the subscription price of the rights issue; “n” represents the ratio of the rights issue allotment; “Q” represents the number of Option after the adjustment.

Consolidation of Shares or share subdivision or reduction of the share capital

$$Q=Q_0 \times n$$

Where: “Q₀” represents the number of Option before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Option after the adjustment.

- 14.3 The method of adjustment of the Exercise Price relating to Options so far as unexercised in the event of Share Capital Alteration is set out as below:

Capitalization issue

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

Where: “P₀” represents the exercise price of Option before the adjustment; “n” represents the ratio per H Share resulting from the capitalization issue; “P” represents the exercise price of Option after the adjustment.

Rights issue

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

Where: “P₀” represents the exercise price of Option before the adjustment; “P₁” represents the closing price of the H Shares as at the record date of which is prior to such Share Capital Alteration; “P₂” represents the subscription price of the rights issue; “n” represents the ratio of the rights issue allotment; “P” represents the exercise price of Option after the adjustment.

Consolidation of Shares or share subdivision or reduction of the share capital

$$P = P_0 \div n$$

Where: “P₀” represents the exercise price of Option before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “P” represents the exercise price of Option after the adjustment.

15. CORPORATE TRANSACTIONS

- 15.1 If there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Board or the Administrator shall at its sole discretion determine whether the vesting of any Options will be accelerated and/or the vesting conditions will be amended or waived, and notify the Grantees accordingly.
- 15.2 For the purpose of Clause 15.1, “**control**” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong from time to time.

16. LEGAL CONDITIONS ON DELIVERY OF H SHARES

The Company shall not be obligated to deliver, issue or transfer any H Shares pursuant to this Plan or remove any restriction from H Shares delivered under this Plan until: (i) the Company is satisfied that all legal matters and government approvals in connection with the issuance and delivery of such H Shares have been addressed and resolved; (ii) all tax withholding requirements under the Applicable Laws with respect to the H Shares have been satisfied; (iii) if the outstanding H Shares are at the time of delivery, issuance or transfer listed on any share exchange or national market system, the H Shares to be delivered, issued or transferred have been listed or authorised to be listed on such exchange or system upon official notice of issuance; (iv) the passing of a resolution by the Board or the Administrator to grant Options under this Plan and the Company to allot and issue H Shares pursuant to the exercise of any Options; and (v) all conditions of the Options have been satisfied or waived. Any H Shares required to be issued or transferred to the Grantees under this Plan shall be issued or transferred, subject to the Articles of Association and the Applicable Laws, in such manner as the Board or the Administrator may deem appropriate.

17. ALTERATION OF THIS PLAN

- 17.1 The terms of this Plan may be altered in any respect by resolution of the Board or the Administrator to the extent allowed by the Listing Rules except that the following alterations must be approved by the Shareholders in general meeting: LR17.03(18)
- (a) any alterations to the terms and conditions of this Plan which are of a material nature; Note (1) to LR17.03(18)
 - (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 Eligible Participants; or Note (1) to LR17.03(18)
 - (c) any change to the authority of the Board or the Administrators to alter the terms of this Plan. Note (4) to LR17.03(18)
- 17.2 Any amendment to the terms of the Options granted to a Grantee (except where the changes take effect automatically under the existing terms of this Plan) shall be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be). Note (2) to LR17.03(18)
- 17.3 The amended terms of this Plan or the Options granted shall comply with the relevant requirements of the Chapter 17 of the Listing Rules. Note (3) to LR17.03(18)

18. TERMINATION

This Plan shall terminate on the earlier of:

- (a) the end of the life of this Plan as set out in Clause 4; and
- (b) such date of early termination as determined by the Board, following which no further Option shall be granted under this Plan, but the provisions of this Plan shall remain in full force and effect in all other respects. In particular, all Options granted prior to the termination shall continue to be valid, and shall be administered in accordance with this Plan and the relevant Grant Letter. LR17.03(16)

19. OTHER COMPENSATION ARRANGEMENTS

The existence of this Plan or the grant of any Option will not in any way affect the Company's right to award a person bonuses or other compensation in addition to the Options granted under this Plan.

20. LIMITATION OF LIABILITIES

- 20.1 The Company shall not be responsible to: (i) any Eligible Participant or Grantee for any failure by the Company or any person involved in the management or administration of this Plan; (ii) any person (including any Eligible Participant and Grantee) to obtain any

consent or approval required for such person to participate in this Plan; or (iii) any Eligible Participant or Grantee for any taxes, expenses, fees or any other liability to which such Eligible Participant or Grantee may become subject as a result of participation in this Plan.

- 20.2 Save as specifically provided herein, this Plan shall not confer on any person any legal or equitable rights against any member of the Group directly or indirectly or give rise to any cause of action at law or in equity against the any member of the Group. No person shall, under any circumstances, hold the Board, the Administrator, the Company or any other member of the Group, or designated third party liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with this Plan or the administration thereof.
- 20.3 In the event that an Option lapses or is forfeited in accordance with this Plan, no Grantee shall be entitled to any compensation for any loss or any right or benefit or prospective right or benefit under this Plan which the Grantee might otherwise have enjoyed.
- 20.4 A Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant, holding or exercise of any Option. By accepting a Grant Letter or exercising an Option, the Grantee thereof is deemed to have represented to the Company that the Grantee has obtained all such consents and approvals. Compliance with this rule shall be a condition precedent to an acceptance of an Option by a Grantee and an exercise by a Grantee of their Options. No member of the Group shall be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of the Grantee's participation in this Plan.

21. CONFIDENTIALITY

All Grantees shall strictly comply with the rules of confidentiality. Unless the Applicable Laws require otherwise, the Grantees shall not ask others or disclose information regarding the Options granted (including but not limited to the relevant Grant Letter and terms thereof) and other relevant information. Any violation of the confidentiality obligation can be deemed as violation of the Grant Letter, and the Board and the Administrator shall have the right to forfeit any unvested Options of such Grantee or beneficiary.

22. GOVERNING LAW AND DISPUTE RESOLUTIONS

- 22.1 The Options shall be granted and administered consistent with (i) the requirements of Articles of Association; (ii) the Applicable Laws; and (iii) the applicable requirements of the stock exchanges or other trading systems on which the H Shares are listed or entered for trading as determined by the Board or the Administrator.
- 22.2 Except as otherwise provided by the express terms of a Grant Letter, the terms of this Plan, the terms of Options granted under this Plan and all claims or disputes arising out of this Plan or any Option under this Plan or relating to the subject matter hereof or thereof shall be governed by and construed in accordance with the laws of Hong Kong without giving effect to any choice or conflict of laws provision or rule that would cause the application of the laws of any other jurisdiction.

22.3 Any dispute, controversy, difference or claim arising out of or relating to this Plan, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (“**HKIAC**”) under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration (as defined therein) is submitted. The law of arbitration shall be the laws of Hong Kong. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three (3). The arbitration proceedings shall be conducted in English.

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