
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sino Biopharmaceutical Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or the transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: www.sinobiopharm.com

(Stock code: 1177)

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of the Company to be held at 7th Floor, Dynasty II, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 28 May 2013 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned) is set out on pages 9 to 10 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof to the Company's principal place of business in Hong Kong at Unit 09, 41st Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

24 April 2013

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DEFINITIONS

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution to be passed by the Shareholders at the EGM
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Category A Participant”	a. any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full-time or part-time) of, or b. any individual for the time being seconded to work for any member of the Group or any controlling shareholder of the Company or any company controlled by a controlling shareholder of the Company
“Category B Participant”	any holder of any securities issued by any member of the Group or any controlling shareholder of the Company or any company controlled by a controlling shareholder of the Company
“Category C Participant”	a. any business or joint venture partner, contractor, agent or representative of, b. any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services incident to the business of the Company and/or its subsidiaries to, c. any investor, vendor, supplier, producer, developer, agent, licensor or service provider of, d. any customer, licensee (including any sub-licensee), wholesaler, retailer, trader or distributor of goods or services of, or e. any landlord or tenant (including any subtenant) of any member of the Group or any controlling shareholder of the Company or any company controlled by a controlling shareholder of the Company

DEFINITIONS

“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 7th Floor, Dynasty II, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 28 May 2013 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned) to consider and, if thought fit, approve the proposed adoption of the New Share Option Scheme as set out in the Notice
“Grantee”	any Participant who accepts the offer of the grant of an Option in accordance with the rules of this Scheme or (where the context so permits) a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Participant is, or are entitled to exercise the Option accepted by such Participant (to the extent not already exercised) in consequence of the death of such Participant
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 April 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM for the benefit of the employees and directors of the Company and its subsidiaries and other eligible participants, a summary of its principal terms is set out in the Appendix to this circular
“Notice”	the notice of the EGM as set out on pages 9 to 10 of this circular
“Old Share Option Scheme”	the share option scheme of the Company adopted pursuant to a resolution passed by the then Shareholders on 24 November 2003 and is due to expire on 23 November 2013
“Option”	as the context may require, in relation to the New Share Option Scheme or the Old Share Option Scheme, a right granted by the Company under the New Share Option Scheme or the Old Share Option Scheme (as the case may be) to subscribe for Shares in accordance with the New Share Option Scheme or the Old Share Option Scheme (as the case may be)
“Participant”	Category A Participant, Category B Participant, Category C Participant or, for the purposes of the New Share Option Scheme, any company controlled by one or more persons belonging to any of the above classes of participants
“Scheme Period”	the period commencing on the date on which this Scheme is adopted by the Shareholders at the EGM and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
“Share(s)”	share(s) of par value HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares for the time being
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD OF DIRECTORS



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: www.sinobiopharm.com

(Stock code: 1177)

Executive Directors:

Mr. Tse Ping (*Chairman*)
Mr. Zhang Baowen (*Vice Chairman*)
Mr. Xu Xiaoyang (*Chief Executive Officer*)
Mr. Tse Hsin
Ms. Cheng Cheung Ling
Mr. Tao Huiqi
Mr. He Huiyu

Registered office:

Codan Trust Company (Cayman) Limited
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

Independent non-executive Directors:

Mr. Lu Zhengfei
Mr. Li Dakui
Ms. Li Jun
Mr. Mei Xingbao

*Head office and principal place
of business in Hong Kong:*

Unit 09, 41st Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

24 April 2013

To Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide Shareholders with information regarding the proposed adoption of the New Share Option Scheme and to seek the approval of Shareholders at the EGM in connection with such matter.

LETTER FROM THE BOARD OF DIRECTORS

ADOPTION OF NEW SHARE OPTION SCHEME

The Old Share Option Scheme

The Old Share Option Scheme was conditionally adopted by the Company by a resolution of the then Shareholders passed on 24 November 2003 and is due to expire on 23 November 2013.

As at the Latest Practicable Date, the Company had not granted any Options under the Old Share Option Scheme, all of which had lapsed and no Option was outstanding. Other than the Old Share Option Scheme, the Company has no other share option scheme as at the Latest Practicable Date. Upon expiry of the Old Share Option Scheme, no further Options will be granted under the Old Share Option Scheme. The Board has no present intention to grant any further Option under the Old Share Option Scheme up to the date of the expiry of the Old Share Option Scheme.

The proposed adoption of the New Share Option Scheme is to enable the Company to continue to grant Options at the discretion of the Board to eligible participants as incentives and rewards for their contribution or potential contribution to the Group. Unless the Directors otherwise determine, there is no general requirement under the rules of the New Share Option Scheme for any minimum period for which an Option must be held or any performance targets which must be achieved before any Options granted under the New Share Option Scheme can be exercised. However, the New Share Option Scheme will give the Board discretion to impose such conditions on the Options where appropriate. The Directors consider that it may not always be appropriate to impose such conditions particularly when the purpose of granting Options is to remunerate or compensate eligible participants. The Directors consider it more beneficial to the Company to retain the flexibility to determine when such conditions are appropriate. In addition, the Directors shall have absolute discretion to determine the subscription price for Shares in respect of any particular Option (as described in paragraph 3 of Appendix to this circular). The Directors consider that the aforesaid criteria and rules will serve to motivate and retain the eligible participants for contribution to the benefit and success of the Group.

The New Share Option Scheme

The New Share Option Scheme will become effective for a 10-year period from the Adoption Date. The adoption of the New Share Option Scheme is conditional upon the following:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM approving the adoption of the New Share Option Scheme; and
- (b) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options to be granted under the New Share Option Scheme.

LETTER FROM THE BOARD OF DIRECTORS

As at the Latest Practicable Date, the Company has 4,941,461,473 Shares in issue. Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the EGM and assuming that there is no change in the number of Shares in issue prior to the EGM, the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Company will be 494,146,147 Shares, representing 10% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme by the Shareholders at the EGM.

A summary of the principal terms of the rules of the proposed New Share Option Scheme is set out in the Appendix to this circular.

The Directors consider that it is not appropriate to state the value of all Options that may be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables. The Company will disclose the value of any options granted during a financial year or a particular period in its annual report and interim result based on the Black-Scholes option pricing model, the binomial model or a generally accepted comparable methodology.

An application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any such Options that may be granted under the New Share Option Scheme.

An announcement will be made on the outcome of the EGM regarding the adoption of the New Share Option Scheme after the EGM pursuant to Rule 17.02(1)(a) of the Listing Rules.

None of the Directors are appointed as trustees of the New Share Option Scheme or have a direct or indirect interest in the trustee.

No Shareholder has a material interest in the adoption of the New Share Option Scheme, and hence no Shareholder is required to abstain from voting on relevant resolution at the EGM.

EGM

The EGM will be held at 7th Floor, Dynasty II, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 28 May 2013 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned). The notice of EGM is set out on pages 9 to 10 of this circular. Resolution in respect of the adoption of New Share Option Scheme as referred to above will be proposed at the EGM.

LETTER FROM THE BOARD OF DIRECTORS

ACTION TO BE TAKEN

A form of proxy for appointing proxy is despatched with this circular and published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.sinobiopharm.com). Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions stated thereon and return it to the Company's principal place of business in Hong Kong at Unit 09, 41st Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or the adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and at any adjournment thereof if you so wish. In such event, the form of proxy shall be deemed to be revoked.

VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

RECOMMENDATION

The Directors believe the adoption of the New Share Option Scheme is in the interests of the Company and Shareholders as a whole, and accordingly recommend you to vote in favour of the relevant resolution to be proposed at the EGM.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit 09, 41st Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong during normal business hours on any business day for the period from the date hereof and including the date of the EGM and at the EGM.

LETTER FROM THE BOARD OF DIRECTORS

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board of Directors
Sino Biopharmaceutical Limited
Tse Ping
Chairman

NOTICE OF EGM



SINO BIOPHARMACEUTICAL LIMITED

中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

Website: www.sinobiopharm.com

(Stock code: 1177)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Sino Biopharmaceutical Limited (the “Company”) will be held at 7th Floor, Dynasty II, The Dynasty Club Limited, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 28 May 2013 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened for the same day and at the same place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing with or without amendments the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, such number of Shares which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the rules of the new share option scheme (the “New Share Option Scheme”), a draft of which is produced to the meeting marked “A” and signed by the chairman of the meeting for the purposes of identification, representing an amount (the “General Scheme Limit”) up to 10 per cent. of the issued Shares as at the day on which this resolution is passed, with effect from the close of business of the day on which this resolution is passed, the rules of the New Share Option Scheme be approved and adopted and the directors of the Company be and are hereby authorised:

- (a) to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange;
- (b) at their absolute discretion to grant options to subscribe for Shares in accordance with the rules of the New Share Option Scheme;
- (c) to allot, issue and deal with Shares pursuant to the exercise of options granted under the New Share Option Scheme provided that the aggregate amount of shares which may fall to be allotted and issued pursuant to this authority, together with any issue of Shares upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and

NOTICE OF EGM

- (d) to take all such steps as may be necessary, desirable or expedient to carry into effect the New Share Option Scheme.”

By order of the Board
Sino Biopharmaceutical Limited
Tse Ping
Chairman

Hong Kong, 24 April 2013

Registered office:

Codan Trust Company (Cayman) Limited
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

*Head office and principal place
of business in Hong Kong:*

Unit 09, 41st Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

As at the date of this notice, the Board comprises seven executive directors, namely Mr. Tse Ping, Mr. Zhang Baowen, Mr. Xu Xiaoyang, Mr. Tse Hsin, Ms. Cheng Cheung Ling, Mr. Tao Huiqi and Mr. He Huiyu and four independent non-executive directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Li Jun and Mr. Mei Xingbao.

Notes:

1. A form of proxy for use at the extraordinary general meeting is being despatched to the shareholders of the Company together with a copy of this notice.
2. Any shareholder of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice shall be entitled to appoint one proxy or, if he is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's principal place of business in Hong Kong at Unit 09, 41st Floor, Office Tower Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote.

NOTICE OF EGM

7. The register of members of the Company will be closed from Monday, 27 May, 2013 to Tuesday, 28 May, 2013 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the attendance and voting at the extraordinary general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 24 May, 2013 for registration.

Set out below is a summary of the principal terms and conditions of the New Share Option Scheme.

(1) PURPOSE OF THE SCHEME

The purpose of the New Share Option Scheme is to enable the Board to grant options to selected Participants as incentives or rewards for their contribution or potential contribution to the Group.

(2) WHO MAY JOIN AND BASIS OF ELIGIBILITY

The Board may, at its absolute discretion and on such terms as it may think fit, grant Options to any Participant to subscribe at a price calculated in accordance with paragraph 3 below for such number of Shares as it may determine in accordance with the terms of the New Share Option Scheme.

The basis of eligibility of any of the Participants to the grant of Options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group. In particular, the basis for determining the eligibility for each category of the Participants is as follows:

Category of Participants	Rationale of granting Options	Basis of eligibility
Category A	To offer incentive and reward to the Directors and senior executives of the Group for their contribution to the Group.	It will be determined based on their performance according to the Group's performance appraisal policy.
Category B	To show long-term confidence towards the performance of the Group to holders of any securities by any members of the Group or any controlling shareholder of the Company or any company controlled by a controlling shareholder of the Company, and to entice them to hold the securities for a longer term.	It will be based mainly on the term for which they have held the securities.
Category C	To sustain long-term business relationships with valuable business partners that may bring about commercial benefit to the Group.	It will be determined based on the length of the business relationship, the quality and the commercial benefit arising from such relationship.

(3) OPTION PRICE FOR SUBSCRIPTION OF SHARES

The option price per share of the Company payable on the exercise of an option is to be determined by the Board provided always that it shall be at least the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the Participant), which must be a business day; and
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the Participant),

(as subsequently adjusted pursuant to the terms of the New Share Option Scheme, if relevant), provided that the option price per share of the Company shall in no event be less than the nominal amount of one share of the Company.

(4) ACCEPTANCE OF OFFERS

An offer for the grant of options must be accepted within thirty days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

(5) MAXIMUM NUMBER OF SHARES

- (a) Subject to sub-paragraph (b) and (c) below, the maximum number of Shares issuable upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10 per cent. of the Shares in issue as at the date of the EGM (the “Scheme Mandate”). The Shares underlying any options granted under the New Share Option Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) will be counted for the purpose of the Scheme Mandate.
- (b) The Scheme Mandate may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the new limit under the refreshed Scheme Mandate must not exceed 10 per cent. of the Shares in issue at the date of the Shareholders’ approval of such refreshed Scheme Mandate. Options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the New Share Option Scheme or any

other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate.

- (c) The Company may also, by obtaining separate approval of the Shareholders in general meeting, grant options beyond the Scheme Mandate provided the options in excess of the Scheme Mandate are granted only to Participants specifically identified by the Company before such approval is sought.
- (d) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the Shares in issue from time to time.

(6) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The maximum number of Shares issued and to be issued upon exercise of options granted under the New Share Option Scheme and any other share option schemes of the Company to any Participant (including cancelled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed one per cent. of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders with such Participant and his associates abstaining from voting.

(7) GRANT OF OPTIONS TO CERTAIN CONNECTED PERSONS

- (a) Any grant of an Option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee).
- (b) Where any grant of Options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of Options already granted and to be granted to such person under the New Share Option Scheme and any other share option schemes of the Company (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant (in relation to any Option the offer of which is accepted by such person to whom the offer was made, the date on which an Option is offered to such person, which must be a Business Day):
 - (i) representing in aggregate over 0.1 per cent. of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at each date of grant (in relation to any Option the offer of which is accepted by such person to whom the offer was made, the date on which an Option is offered to such person, which must be a Business Day), in excess of HK\$5 million,

such further grant of Options is required to be approved by Shareholders at a general meeting of the Company, with voting to be taken by way of poll. All connected persons of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular which the Company is required to send to Shareholders in accordance with the Listing Rules. Any change in the terms of an Option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(8) TIME OF EXERCISE OF OPTION

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period commencing on such date on or after the date on which the Option is granted as the Board may determine in granting the Option and expiring at the close of business on such date as the Board may determine in granting the Option but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the Option is accepted). Unless the Directors otherwise determine, there is no general requirement under the rules of the New Share Option Scheme for any minimum period for which an Option must be held or any performance targets which must be achieved before any Options granted under the New Share Option Scheme can be exercised.

(9) PERFORMANCE TARGETS

Save as determined by the Board and provided in the offer of the grant of the relevant Options, there is no performance target which must be achieved before any of the Options can be exercised.

(10) RANKING OF SHARES

If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option, a dividend is to be or is proposed to be paid, or Shares are to be issued or proposed to be issued by way of the capitalisation of profits or reserves or by way of rights under an offer made pro rata, to Shareholders on the register of members of the Company on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or such Shares. Subject as aforesaid, Shares allotted upon the exercise of an outstanding Option will be subject to all the provisions of the memorandum of association and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of such exercise. Shares allotted upon the exercise of an Option for the time being outstanding shall not carry voting rights until completion of the registration of the Option holder (or any other person) as the holder thereof.

(11) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted.

(12) RIGHTS ARE PERSONAL TO GRANTEE

An Option shall not be transferable or assignable and shall be personal to the Grantee.

(13) RIGHTS OF EXERCISE FOR GRANTEES WHO WERE CATEGORY A PARTICIPANTS

If a Grantee who at the time of grant of an Option to him qualified as a Participant because he was a Category A Participant ceases to be such a Category A Participant:

- (a) by reason of ill-health or injury or disability or death, then he or (as the case may be) his personal representative(s) may exercise his outstanding Option within six months or up to the expiration of the relevant Option Period, whichever is earlier, failing which the Option will lapse; or
- (b) because the relevant member of the Group or the relevant controlling shareholder or the relevant company controlled by the relevant controlling shareholder by reason of his employment or engagement with, or secondment to, which he qualified as a Category A Participant at the time the Option was granted ceases to be a member of the Group or a controlling shareholder or a company controlled by the relevant controlling shareholder (as the case may be), then he may exercise his outstanding Option within six months or up to the expiration of the relevant Option Period, whichever is earlier, failing which the Option will lapse; or
- (c) by reason of retirement in accordance with his contract of employment or service, then he may exercise his outstanding Option within six months after he so ceases or, if the Board in its absolute discretion determine, within six months following the date of his sixtieth birthday where the retirement takes effect prior to such date, failing which the Option will lapse; or
- (d) by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the relevant company otherwise than by reason of redundancy, then his outstanding Options shall lapse on the date he so ceases; or
- (e) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Grantee or the Group or the relevant controlling shareholder or the

relevant company controlled by the relevant controlling shareholder into disrepute), then his outstanding Options shall lapse automatically on the date of his ceasing to be a Participant; or

- (f) for any other reason, any Options exercisable at the date he so ceases may be exercised within three months of the date he so ceases, failing which the Option will lapse,

provided always that in each case the Board in its absolute discretion may decide that such Options or any part thereof shall not so lapse or determined subject to such conditions or limitations as it may decide.

(14) RIGHTS OF EXERCISE FOR GRANTEES WHO WERE CATEGORY B PARTICIPANTS

If a Grantee who at the time of grant of an Option to him qualified as Participant because he was a Category B Participant:

- (a) ceases to be a Category B Participant by reason that such Grantee ceases to be a holder of any securities issued by the relevant member of the Group or the relevant controlling shareholder or the relevant company controlled by a controlling shareholder, then his outstanding Option shall lapse on the date he so ceases; or
- (b) ceases to be a Category B Participant because the relevant member of the Group by reason of his holding of securities in which he qualified as a Category B Participant at the time the Option was granted ceases to be a member of the Group, then he may exercise his outstanding Option within six months after he so ceases or up to the expiration of the Option Period, whichever is earlier, failing which the Option will lapse; or
- (c) ceases to be a Category B Participant because the relevant controlling shareholder or the relevant company controlled by the relevant controlling shareholder by reason of his holding of securities in which he qualified as a Category B Participant at the time the Option was granted ceases to be a controlling shareholder or a company controlled by the relevant controlling shareholder (as the case may be), then his outstanding Option shall lapse on the date he so ceases; or
- (d) (if the Grantee is an individual) dies, then his personal representative(s) may exercise his outstanding Option within six months after his death or up to the expiration of the Option Period, whichever is earlier, failing which the Option will lapse; or
- (e) has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an

offence which in the opinion of the Board does not bring the Grantee or the Group or the relevant controlling shareholder or the relevant company controlled by the relevant controlling shareholder into disrepute), then his outstanding Option shall lapse automatically on the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be),

provided always that in each case the Board in its absolute discretion may decide that such Option or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

(15) RIGHTS OF EXERCISE FOR GRANTEES WHO WERE CATEGORY C PARTICIPANTS

If a Grantee who at the time of grant of an Option to him qualified as a Participant because he was a Category C Participant:

- (a) has, in the absolute determination of the Board, committed any breach of contract entered into between such Participant and the relevant member of the Group or the relevant controlling shareholder or the relevant company controlled by the relevant controlling shareholder; or
- (b) has committed any act of bankruptcy or become insolvent or made any arrangements or composition with his creditors generally or committed any serious misconduct or been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Grantee or the Group or the relevant controlling shareholder or the relevant company controlled by the relevant controlling shareholder into disrepute);

then his outstanding Options shall lapse and determine automatically on the date of the Board's determination referred to in (a) above or, as the case may be, the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be) for the relevant event referred to in (b) above; or

- (c) if the Grantee (if he is an individual) dies, then his personal representative(s) may exercise his outstanding Option within six months after his death or up to the expiration of the Option Period, whichever is earlier, failing which the Option will lapse,

provided always that in each case the Board in its absolute discretion may decide that such Options or any part thereof shall not so lapse or determined subject to such conditions or limitations as it may decide.

**(16) RIGHTS ON EXERCISE FOR GRANTEES WHICH WERE COMPANIES
CONTROLLED BY ANY OF THE PARTICIPANTS**

In respect of any Option granted to a company which qualified as a Participant because it was a company controlled by a person (“**Such Person**”) who was a Category A Participant or Category B Participant or Category C Participant:

- (a) the relevant provisions set out in paragraph 13, 14 or 15 (as the case may be) would apply to its outstanding Option as if the Option had been granted to Such Person; and
- (b) its outstanding Option shall lapse on the date it ceases to be a company controlled by Such Person,

provided always that in each case the Board in its absolute discretion may decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

(17) FAILURE TO MEET CONTINUING ELIGIBILITY CRITERIA

If the Board in the offer granting the relevant Option has specified that the Grantee has to meet certain continuing eligibility criteria and that the failure of the Grantee to meet any such continuing eligibility criterion would entitle the Company to cancel the Option then outstanding (or part thereof), then upon the failure of the Grantee to meet any such continuing eligibility criterion, his outstanding Option shall lapse and determine on the date the Board exercises the Company’s right to cancel the Option on the ground of such failure.

(18) RIGHTS ON A GENERAL OFFER

If a general offer by way of takeover is made to all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Grantee shall, subject to paragraph 8 above, be entitled to exercise at any time within a period of fourteen days after such control has been obtained by the offeror any Option in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such Option from being exercisable at that time). For the avoidance of doubt, an Option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the general offer.

(19) RIGHTS ON WINDING-UP

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction If notice is given by the Company to Shareholders of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall forthwith give notice to all Grantees and each Grantee shall be entitled, at any time no later than two Business Days prior to the proposed general meeting of the Company to exercise any of his outstanding Options in whole or in part to the extent not

already exercised (and notwithstanding any restrictions which would otherwise have prevented such Option from being exercisable at that time). If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon lapse and determine on the commencement of the winding-up.

(20) RIGHTS ON COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement between the Company and Shareholders or the Company's creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company pursuant to the Companies Law, notice of the relevant meeting shall be given to the Grantees on the same day notice is given to the Shareholders and the Company's creditors, and thereupon each Grantee (or where permitted his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Grand Court of the Cayman Islands be entitled to exercise his Option, but such exercise of an Option shall be conditional upon such compromise or arrangement being sanctioned by the Grand Court of the Cayman Islands and becoming effective. Failing such exercise, all Options will lapse.

(21) LAPSE OF OPTIONS

An Option shall lapse automatically on the earliest of:

- (a) the expiry of the period referred to in paragraph 10 above;
- (b) the date on which the Grantee commits a breach of paragraph 13 above, if the Board shall exercise the Company's right to cancel the Option;
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs 13, 14, 15, 16 or 17 above; and
- (d) the expiry of any of the relevant periods referred to in paragraph 19 or 20 above.

(22) CANCELLATION OF OPTIONS GRANTED BUT NOT YET EXERCISED

Following the cancellation of any Options granted under the New Share Option Scheme but not exercised, new Options may only be granted to the same Grantee under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limit of the Scheme Limit then available to the Board.

(23) EFFECTS OF ALTERATIONS TO CAPITAL

In the event of any reduction of share capital, sub-division or consolidation of the Shares or any capitalisation issue or rights issue, the number of Shares comprised in each Option and/or the Option price may be adjusted in such manner as the Board (having, except in the case of an issue of Shares by way of the capitalisation of profits or reserves, received a statement in writing from the auditors of the Company or an independent financial adviser

appointed for such purpose that in their opinion the adjustments proposed are fair and reasonable) may deem appropriate, provided always that (in the case of adjustment to the number of Shares comprised in each outstanding Option) the Grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments, and that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares as consideration in a transaction will not be regarded as a circumstance requiring adjustment.

(24) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of ten years commencing on the date on which the New Share Option Scheme is adopted by Shareholders at the EGM and shall expire at the close of business on the day immediately preceding the tenth anniversary thereof unless terminated earlier by Shareholders in general meeting.

(25) ALTERATION TO THE NEW SHARE OPTION SCHEME

- (a) No amendment shall be made to the terms and conditions of the New Share Option Scheme which extends the class of Participants, or alters to the advantage of the Grantees relating to matters governed by Rule 17.03 of the Listing Rules except with the prior approval of the Shareholders in general meeting.
- (b) Any amendment to any terms of the New Share Option Scheme which are of a material nature or any change to the Options granted must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (c) Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.
- (d) Any amendment to any terms of the New Share Option Scheme or the Options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(26) RESTRICTIONS ON THE TIME OF GRANT OF OPTION

A grant of Options may not be made after an event involving inside information has occurred or a matter involving inside information has been the subject of a decision until such inside information has been published in accordance with the requirements of the Listing Rules or applicable laws or regulations. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of: (a) the date of the Board meeting for the approval of the Company's interim or annual results; and (b) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

(27) TERMINATION TO THE NEW SHARE OPTION SCHEME

The Company may, with the approval in general meeting of the Shareholders, terminate the New Share Option Scheme at any time following which no further grant of options shall be offered but in all other respects the rules of the New Share Option Scheme shall continue in full force and effect in respect of such Options as may have been granted under the New Share Option Scheme prior to such termination. Any Options granted prior to such termination, including Options exercised or outstanding, under the New Share Option Scheme shall continue to be valid and exercisable in accordance with the rules of the New Share Option Scheme.

(28) CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional on (1) the passing by the Shareholders of an ordinary resolution at the EGM to approve the adoption of the New Share Option Scheme; and (2) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the New Share Option Scheme.