
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 to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Fosun International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

A notice convening the AGM of the Company to be held at 10 a.m. on Tuesday, 6 June 2017 at Grand Ballroom, 1st Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong as set out in the general mandate circular of the Company and a form of proxy for the AGM are despatched together with this circular. Whether or not you are able to attend the AGM, you are requested to complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

27 April 2017

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
Proposed adoption of the New Share Option Scheme	5
Responsibility statement	7
The AGM	7
Recommendation	8
Appendix — The summary of the rules of the New Share Option Scheme	APP-1

DEFINITIONS

In this circular, unless the context otherwise specifies, the following expressions have the following meanings:

“Adoption Date”	the date on which the New Share Option Scheme is adopted by an ordinary resolution to be passed by the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be convened and held at 10 a.m. on Tuesday, 6 June 2017 at Grand Ballroom, 1st Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong or at any adjournment thereof (as the case may be) to consider and, if thought fit, approve, inter alia, the proposed adoption of the New Share Option Scheme
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of the Directors
“business day”	a day upon which the Stock Exchange is open for securities trading
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Fosun International Limited, a company incorporated under the laws of Hong Kong and the Shares are listed and traded on the main board of the Stock Exchange (Stock Code: 00656)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any director (including independent non-executive director), employee (whether full-time or part-time), consultant or advisor of the Group who in the sole discretion of the Board has contributed or will contribute to the Group
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company pursuant to a resolution passed by the then Shareholders at the extraordinary general meeting held on 19 June 2007

DEFINITIONS

“Grantee”	any Eligible Person who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to exercise any Share Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20 April 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in the circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“New Share Option Scheme”	the new share option scheme to be adopted by the Shareholders at the AGM
“Offer”	an offer of the grant of a Share Option made in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Person, which must be a business day
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	the ordinary share(s) of the Company
“Share Option(s)”	share option(s) granted or to be granted to the entitled person(s) or the Eligible Person(s) to subscribe for Share(s) under the Existing Share Option Scheme, the New Share Option Scheme and any other share option scheme(s) of the Company

DEFINITIONS

“Share Option Period”	means a period to be determined and notified by the Board to the Grantee during which the Share Option may be exercised and in any event shall not be more than 10 years commencing on the Offer Date and expiring on the last day of such ten-year period subject to the provisions for early termination in accordance with the terms of the New Share Option Scheme
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	a subsidiary(ies) for the time being of the Company within the meaning of the Companies Ordinance, Chapter 622 of the laws of Hong Kong, whether incorporated in Hong Kong or elsewhere
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD

FOSUN 复星
復星國際有限公司
FOSUN INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00656)

Executive Directors:

Mr. Guo Guangchang (*Chairman*)
Mr. Wang Qunbin (*Chief Executive Officer*)
Mr. Chen Qiyu (*Co-President*)
Mr. Xu Xiaoliang (*Co-President*)
Mr. Qin Xuetao
Mr. Wang Can
Ms. Kang Lan
Mr. Gong Ping

Registered Office:

Room 808
ICBC Tower
3 Garden Road
Central
Hong Kong

Independent Non-executive Directors:

Mr. Zhang Shengman
Mr. Zhang Huaqiao
Mr. David T. Zhang
Mr. Yang Chao
Dr. Lee Kai-Fu

27 April 2017

*To the Shareholders and, for information purposes only,
the holders of the Share Options*

Dear Sir or Madam,

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval, inter alia, on the proposed adoption of the New Share Option Scheme. A notice of the AGM containing the resolutions to be proposed at the AGM is set out on the general mandate circular to be issued by the Company on 27 April 2017.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme

As the Existing Share Option Scheme will soon expire on 18 June 2017, the Board considers that it is in the interest of the Company to adopt the New Share Option Scheme so as to continue to provide incentives or rewards to the Eligible Persons thereunder for their contributions to the success of the Group. Apart from the Existing Share Option Scheme, the Company had no other subsisting share option scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, (i) the Company had 103,000,000 outstanding Share Options granted under the Existing Share Option Scheme which shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the Existing Share Option Scheme; and (ii) the maximum number of Shares Options that can be granted by the Company under the mandate of the Existing Share Option Scheme as renewed on 1 June 2016 was 860,702,514. The Company considered to grant further Share Options under the Existing Share Option Scheme prior to the AGM (details relating to such grant had not been confirmed at this stage), and if granted, further announcement in relation to details of such grant will be made as and when appropriate in accordance with the Listing Rules.

Adoption of the New Share Option Scheme

The Board proposes the adoption of the New Share Option Scheme, which will be valid for 10 years from the Adoption Date.

The purpose of the New Share Option Scheme is to replace the Existing Share Option Scheme and to enable the Company to grant Share Options to the selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the development and the growth of the Group. A summary of the principal rules of the New Share Option Scheme is set out in Appendix of this circular.

The Board considers that the New Share Option Scheme will motivate more people to contribute to the Group's development. The New Share Option Scheme, which will be in the form of Share Options to subscribe for the Shares, will enable the Group to recruit, incentivize and retain high-calibre staff, and as such, it is in the interests of the Group as a whole that more categories of people be eligible for the New Share Option Scheme so as to give incentives to them to contribute to the Group's growth and development. Furthermore, the Board considers that the Eligible Persons will share the same interests and objectives with the Group upon their exercise of the Share Options. This is beneficial to the long-term development of the Group. In addition, the adoption of the New Share Option Scheme is in line with modern commercial practice that full-time or part-time employees, directors, members of the management, advisors and consultants of the Group and the Shareholders be given incentives to work towards the goal of enhancing the enterprise value and attaining the long-term objectives of the Company for the benefit of the Group as a whole. As such, the Directors consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole. The provisions of the New Share Option Scheme will comply with the requirements of Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

The rules of the New Share Option Scheme provide that the Board may specify the Eligible Persons to whom Share Options shall be granted, the number of Shares subject to each Share Option and the date on which the Share Options shall be granted. The basis for determining the exercise price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Persons to acquire proprietary interests in the Company. The Company does not at present intend to appoint a trustee to the New Share Option Scheme.

As at the Latest Practicable Date, there were 8,590,680,644 Shares in issue. Assuming that no further Share will be allotted, issued, repurchased or cancelled prior to the AGM, the total number of Shares that may fall to be allotted and issued under the New Share Option Scheme after the resolution regarding the proposed adoption of the New Share Option Scheme is passed at the AGM would be 859,068,064 Shares, representing approximately 10% of the total number of Shares in issue.

The Directors consider that it is not appropriate to state the value of the Share Options which may be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Share Options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the Share Options to be granted shall not be assignable, and no holder of the Share Options shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any Share Option.

In addition, any such valuation would have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions, including the subscription price, the exercise period, lock-up period (if any), interest rate, expected volatility and other variables. As no Share Option had been granted as at the Latest Practicable Date under the New Share Option Scheme, certain variables are not available for calculating the value of the Share Options thereunder, the Directors believe that any calculation of the value of the Share Options under the New Share Option Scheme as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and may be misleading to the Shareholders and the investors of the Company.

None of the Directors is a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustees of the New Share Option Scheme (if any).

As at Latest Practicable Date, the Company had not granted or proposed to grant or intended to grant any Share Options under the New Share Option Scheme.

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing of ordinary resolution(s) by the Shareholders at the AGM to (1) approve and adopt the New Share Option Scheme; (2) authorise the Board to grant Share Options under the New Share Option Scheme; and (3) authorise the Board to allot and issue Shares pursuant to the exercise of any Share Options to be granted pursuant to the New Share Option Scheme; and

LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may fall to be allotted and issued by the Company pursuant to the exercise of the Share Options in accordance with the terms and conditions of the New Share Option Scheme.

Subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all Share Options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company as at the date on which the New Share Option Scheme is adopted unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Share Options may be granted under the New Share Option Scheme together with any Share Options outstanding and yet to be exercised under the New Share Option Scheme shall not exceed 30% of the issued share capital of the Company from time to time.

A summary of the principal rules of the New Share Option Scheme is set out in Appendix to this circular. A copy of the New Share Option Scheme is available for inspection at the Company's registered office in Hong Kong at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong during normal business hours from the date hereof up to the date of AGM.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Share Options granted under the New Share Option Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

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 Group. 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.

THE AGM

A notice convening the AGM of the Company to be held at 10 a.m. on Tuesday, 6 June 2017 at Grand Ballroom, 1st Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong as set out in the general mandate circular of the Company and a form of proxy for the AGM are despatched together with this circular. Whether or not you are able to attend the AGM, you are requested to complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Computershare Hong Kong Investor

LETTER FROM THE BOARD

Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

RECOMMENDATION

The Directors are of the opinion that the proposed adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of the resolution relating to the proposed adoption of the New Share Option Scheme set out in the notice of the AGM contained therein.

Yours faithfully,
By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal rules of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as effecting the interpretation of the New Share Option Scheme:

(a) **Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to provide incentive and/or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, the Group.

(b) **Administration of the New Share Option Scheme**

The New Share Option Scheme shall be subject to the administration of the Board (or if the Board so resolves by a committee of the Board whose members shall include at least one independent non-executive Director) whose decision (save as otherwise provided in the New Share Option Scheme) shall be final and binding on all parties subject to the prior receipt of a statement in writing from the Auditors or the independent financial adviser of the Company if and as required by the New Share Option Scheme.

(c) **Who may join**

Subject to the provisions in the New Share Option Scheme, the Board shall be entitled at any time within the period of ten (10) years after the Adoption Date to make an Offer to any Eligible Person as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the exercise price. The Board may in its absolute discretion specify such conditions as it thinks fit when making an Offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or the Company and/or its subsidiaries before a Share Option may be exercised), provided that such conditions shall not be inconsistent with any other terms and conditions of the New Share Option Scheme or the relevant requirements under applicable laws or the Listing Rules.

An Offer shall be made to an Eligible Person in writing in such form as the Board may from time to time determine requiring the Eligible Person to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Person to whom an Offer is made for a period as specified in the letter of Offer, by which the Eligible Person must accept the Offer or be deemed to have declined it, provided that no such Offer shall be opened for acceptance after the Share Option Period or after the New Share Option Scheme has been terminated in accordance with the provisions of the New Share Option Scheme or after the Eligible Person to whom the Offer is made has ceased to be an Eligible Person.

(d) **Exercise price of Shares**

The exercise price of any particular Share Option granted under the New Share Option Scheme shall be a price determined by the Board and notified to an Eligible Person, and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

on the Offer Date, which must be a business day; and (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date. Where a Share Option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such Share Option.

(e) Maximum number of Shares

- (i) The maximum number of Shares which may be issued upon the exercise of all outstanding Share Options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company, must not, in aggregate, exceed 30% (or such other percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.
- (ii) The Board may grant Share Options under the New Share Option Scheme generally and without further authority, to the extent to which the total number of Shares which may be issued upon exercise of all Share Options to be granted under the New Share Option Scheme and any other schemes of the Company in aggregate not exceeding 10% of the total number of Shares in issue as at the date of Shareholders' approval of the New Share Option Scheme (the "**Scheme Mandate Limit**"). For the avoidance of doubt, Shares which are the subject matter of any Share Options that have already lapsed in accordance with the terms of the relevant Existing Share Option Scheme shall not be counted.
- (iii) The Scheme Mandate Limit 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 Limit must not exceed 10% of the total number of Shares in issue at the date of the Shareholders' approval of such refreshed Scheme Mandate Limit. Share 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.
- (iv) The Company may seek separate approval from the Shareholders at general meeting for granting Share Options which will result in the Scheme Mandate Limit being exceeded, provided that (a) the grant is only to Eligible Persons specifically identified by the Company before the approval is sought; and (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of the Listing Rules and any other applicable laws and rules.

(f) Grant of Share Options

- (i) The Board shall not grant any Share Option under the New Share Option Scheme after inside information has come to the Company's knowledge until it has announced the information. In particular, no Offer shall be made to any Eligible Person (a) during the period commencing one month immediately preceding the earlier of (1) the date of the

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Share Option shall be granted; or (b) who is subject to the Model Code during the periods or times in which such Eligible Person is prohibited from dealing in the Shares pursuant to the Model Code.

- (ii) An Offer shall be deemed to have been accepted and the Share Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the Company receives the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance of HK\$1.00 (or such other amount as determined by the Board) to the Company. Any Offer may be accepted in respect of all or less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that an Offer is not accepted within the time stated in the Offer for that purpose, it will be deemed to have been irrevocably declined.

(g) *Maximum entitlements to each Eligible Person and Share Options granted to certain connected persons*

- (i) Paragraphs (ii), (iii) and (iv) under this sub-heading are subject to any waiver or ruling granted by the Stock Exchange, and may be amended by the Board to reflect any amendments made by the Stock Exchange after the Adoption Date to the relevant provisions of the Listing Rules, which paragraphs have been drafted to reflect as at the Adoption Date. Share Options that have already lapsed in accordance with the New Share Option Scheme shall not be counted. For the purpose of paragraphs (ii), (iii) and (iv) under this sub-heading, "**Relevant Shares**" means Shares issued and to be issued upon exercise of all Share Options granted and to be granted (including exercised, cancelled and outstanding Share Options) to the relevant Grantee in the 12-month period up to and including the Offer Date of the relevant Share Option referred hereto.
- (ii) No Share Option shall be granted to any Eligible Person ("**Relevant Eligible Person**") if, at the time of grant, the number of Relevant Shares would exceed 1% of the total number of Shares in issue, unless (1) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his close associates (or his associates if the Relevant Eligible Person is a connected person) shall abstain from voting; (2) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and (3) the number and terms (including the exercise price) of such Share Option are fixed before the general meeting of the Company at which the same are approved.

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

- (iii) The grant of Share Options to a Director, chief executive officer or substantial shareholder of the Company (or any of their respective associates) requires the approval of the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Grantee of the Share Option). Where a Share Option is to be granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), and the grant will result in the number and value of the Relevant Shares exceeding 0.1% of the total number of Shares in issue at the relevant time of grant and an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK\$5.0 million, such grant shall not be valid unless (1) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the information as required under the Listing Rules (including in particular a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective Grantee of the Share Option) to the independent Shareholders as to voting; and (2) the grant has been approved by the Shareholders in general meeting (taken on a poll) in accordance with the relevant provisions of the Listing Rules, in particular, the relevant Grantee, his associates and all core connected persons shall abstain from voting (except that a connected person may vote against the resolution if his intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules).
- (iv) Shareholders' approval and the circular described above are also required for any change in the terms of Share Options granted to a Grantee who is a substantial shareholder, an independent non-executive Director or any of their respective associates.

(h) **Exercise of Share Option**

A Share Option may be exercised in whole or in part by the Grantee (or his personal representatives) before the expiry of the Share Option Period by delivering to the Company a notice in writing in a form approved by the Board stating that the Share Option is to be exercised and the number of Shares in respect of which it is exercised.

(i) **Rights are personal to Grantee**

A Share Option shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any Share Option.

(j) **Rights on cessation of employment by death**

Where the Grantee of an outstanding Share Option dies before exercising the Share Option in full or at all, the Share Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made pursuant to a general offer, scheme of arrangement, scheme for the reconstruction or amalgamation or voluntary winding up of the Company by his or her personal representatives within 12 months of the date of death.

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

(k) **Rights on cessation of employment or retirement**

Where the holder of an outstanding Share Option ceases to be an Eligible Person for any reason, the Share Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Share Option shall be exercisable to the extent and within such period as the Board may determine. The date of such cessation shall be (i) if he is an employee of the Company or any subsidiary, his last actual working day at his work place with the Company or any subsidiary whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Company or any subsidiary, the date on which the relationship which has constituted him an Eligible Person ceases.

Where the Grantee of an outstanding Share Option is re-employed after retirement or has changed in position(s) but still be an Eligible Person before exercising the Share Option in full or at all, the Share Option may continue to be exercised by the Grantee.

(l) **Cancellation of Share Options**

The Board may cancel a Share Option granted but not exercised with the approval of the grantee of such Share Option. Share Options may be granted to an Eligible Person in place of his cancelled Share Options provided that there are available unissued Share Options (excluding the cancelled Share Options) within the Scheme Mandate Limit of the New Share Option Scheme (or any other scheme adopted by the Company) from time to time.

(m) **Alteration of capital structure**

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, sub-division or consolidation of the Shares or reduction of the share capital of the Company (other than an issue of the Shares as consideration in respect of a transaction while any Share Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers of the Shares subject to any outstanding Share Options and/or (ii) the exercise price per Share as the independent financial adviser of the Company for the time being or the Auditors shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the total number of Shares in issue to which he was entitled before such alteration and the aggregate exercise price payable by the relevant holder of the Share Options on the full exercise of any Share Options shall remain as nearly as possible the same as (but not greater than) it was before such event. Save in the case of a capitalisation issue, an independent financial adviser of the Company for the time being or the Auditors must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements and/or such other requirement prescribed under the Listing Rules from time to time.

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

(n) **Rights on a general offer**

If a general offer by way of take-over is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or his personal representatives) may, exercise the Share Option to its full extent or to the extent specified in such notice.

(o) **Rights on scheme of arrangement**

If a general offer, by way of a scheme of arrangement, is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his personal representatives) may, by delivering a notice in writing to the Company within seven days of such shareholders' approval, exercise the Share Option to its full extent or to the extent specified in such notice.

(p) **Rights on voluntary winding up**

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions) and thereupon, each Grantee (or his legal personal representatives) shall be entitled to exercise all or any of his Share Options at any time not later than seven days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid.

(q) **Rights on reconstruction or amalgamation**

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (o) above between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his personal representatives) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his Share Options, and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Share Options.

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

(r) *Period of the New Share Option Scheme*

Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the Grantee during which the Share Option may be exercised and in any event shall not be more than 10 years commencing on the date on which the Offer in relation to such Share Option is deemed to have been accepted in accordance with the terms of the New Share Option Scheme and expiring on the last day of the ten-year-period.

(s) *Termination of the New Share Option Scheme*

The Company may with the approval in general meeting of the Shareholders, or the Board may at any time resolve to terminate the New Share Option Scheme at any time following which no further grant of Share Options shall be offered but in all other respects the New Share Option Scheme shall continue in full force and effect to the extent necessary to give effect to the exercise of any Share Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Any Share Options granted prior to such termination, including Share Options exercised or outstanding under the New Share Option Scheme, shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(t) *Ranking of Shares*

The Shares to be issued and allotted upon the exercise of a Share Option shall be subject to the Company's constitutional documents for the time being in force and shall rank *pari passu* in all respects with the Shares in issue as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(u) *Alterations to the New Share Option Scheme*

The New Share Option Scheme shall not be altered to the advantage of Grantees or prospective Grantees (including any change to the authority of Directors in relation to any alteration to the terms of the New Share Option Scheme) except with the prior approval of the Shareholders in general meeting (with Grantees and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Share Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the constitutional documents for the time being of the Company for a variation of the rights attached to the Shares.

Any alteration to the provisions of the New Share Option Scheme which are of a material nature or any change to the terms of Share Options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing provisions of the New Share Option Scheme.

APPENDIX THE SUMMARY OF THE RULES OF THE NEW SHARE OPTION SCHEME

Any adjustment to be made to the exercise price of, and/or the number of Shares subject to, any Share Options to be granted under the New Share Options Scheme will comply with Chapter 17 of the Listing Rules, the supplemented guidance issued on 5 September 2005 and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(v) *Conditions of the New Share Option Scheme*

The New Share Option Scheme is conditional upon the passing of ordinary resolution(s) by the Shareholders at the AGM to (1) approve and adopt the New Share Option Scheme; (2) authorise the Board to grant Share Options under the New Share Option Scheme; and (3) authorise the Board to allot and issue Shares pursuant to the exercise of any Share Options to be granted pursuant to the New Share Option Scheme; and the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may fall to be allotted and issued by the Company pursuant to the exercise of the Share Options in accordance with the terms and conditions of the Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Shares which may fall to be allotted and issued pursuant to the exercise of the Share Options granted under the New Share Option Scheme.

(w) *Miscellaneous*

Should there be any discrepancy between English and Chinese versions of the New Share Option Scheme, the English version shall prevail.