

**CSTONE PHARMACEUTICALS**

基石藥業

*(an exempted company incorporated in Cayman Islands with limited liability)*

**RULES OF EMPLOYEE EQUITY PLAN**

*[(as adopted on February 26, 2019 and amended and restated on March 7, 2023)]*

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## 1. DEFINITIONS AND INTERPRETATION

(A) In this Plan, save where the context otherwise requires, the following words and expressions have the respective meanings set forth opposite to them:

“Adoption Date”	the date on which the Shares of the Company are listed on the Hong Kong Stock Exchange
“Amendment Date”	[March 7], 2023, being the date on which the amendment of this Plan is conditionally approved by a resolution of the Company in its general meeting;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Award(s)” or “Option(s)”	a right granted to subscribe for Shares pursuant to this Plan
“Board”	the board of directors of the Company or a duly authorized committee thereof;
“Business Day”	any day (excluding Saturday, Sundays and public holidays) on which the Hong Kong Stock Exchange is open for trading and on which banks are open for normal banking business in Hong Kong;
“Change in Control”	<p>a Corporate Transaction in which immediately after the consummation of such transaction, the Shareholders immediately prior thereto do not own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or acquiring entity in such transaction, or (B) more than 50% of the combined outstanding voting power of the parent of the surviving entity in such transaction, in each case in substantially the same proportions as their ownership immediately prior to such transaction.</p> <p>Notwithstanding the foregoing, the term Change in Control will not include (x) a Listing, (y) a transaction the primary purpose of which is to raise capital for the Company, or (z) other transaction effected exclusively for the purpose of changing the domicile of the Company;</p>
“chief executive(s)”	has the meaning ascribed to it under the Listing Rules;

“Company”	CStone Pharmaceuticals ( 基石藥業 ), an exempted company incorporated in the Cayman Islands with limited liability;
“Committee”	a committee of one (1) or more members of the Board to whom authority has been delegated by the Board in accordance with paragraph 4(C);
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Contract”	in relation to an Employee, his or her contract of Employment with the relevant company within the Group;
“Corporate Transaction”	<p>the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:</p> <p>(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;</p> <p>(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;</p> <p>(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or</p> <p>a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of securities, cash or otherwise;</p>
“Director(s)”	any director of the Company;
“Eligible Participant(s)”	an individual or a corporate entity (as the case may

be), being any of the following:

- (i) an Employee Participant; and
- (ii) a Service Provider,

in each case provided that the Board and/or the compensation committee of the Board considers, in its absolute and sole discretion, to have contributed or will contribute to the Group;

“Employee Participant(s)”

any employee (whether full-time or part-time) , a director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group, and any persons who are granted Awards under this Plan as an inducement to enter into employment contracts with any member of the Group, in each case until such employee shall cease to be an employee with effect from (and including) the date of termination of his or her employment, and for the avoidance of doubt, a Eligible Participant shall not cease to be an Employee Participant in the case of (a) any leave of absence approved by the relevant member of the Group; or (b) transfer or re-designation amongst any members of the Group or any successors thereof;

“Fair Market Value”

at least the higher of (a) the closing price of a Share on the Grant Date, which must be a Business Day, on the principal stock market or exchange on which the Shares are quoted or traded, and (b) the average closing price of a Share for the five trading days immediately preceding the Grant Date, on the principal stock market or exchange on which the Shares are quoted or traded (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Hong Kong Stock Exchange, the new issue price of the Shares for the public offering shall be used as the closing price for any Business Day falling within the period before the listing), or if Shares are not so quoted or traded, the fair market value of a Share as determined by the compensation committee of the Board;

“Grant Date”

in relation to any Options, the date on which the Option is, was or is to be granted, which needs to be a Business Day;

“Grantee”	any Eligible Participants who accepts an offer in accordance with the terms of this Plan by executing an Offer Letter with the Group, or (where the context so permits) any person who is entitled to any Award in consequence of the death of the original Grantee or other permitted transfer carried out in accordance with this Plan and the Listing Rules and the applicable laws;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Listing”	the admission of all or any part of the Company’s share capital to a recognised stock or other investment exchange or the grant of permission by any stock or other exchange to deal in the same;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“R&D”	research and development;
“Memorandum and Articles”	the memorandum and articles of association of the Company for the time being in force and as amended from time to time;
“Offer Letter”	the letter, referred to in paragraph 5(B), the form of which shall be approved by the Board, entered into by and among the Company and a Grantee regarding the offer of an Award;
“Officer”	any person designated by the Company as an officer;
“Option Period”	the period during which the Option can be exercised as set forth in the Offer Letter in accordance with the Plan, which, in any event, must end on or before the 10th anniversary of the date of the grant of such Option;
“Option Shares”	Shares allotted and issued to a Grantee pursuant to the exercise of an Option;
“Plan”	this Employee Equity Plan in its present form or

as amended from time to time and in effect in accordance with the provisions hereof;

“PRC”	the People’s Republic of China, and for purpose of this Plan, does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Redemption Option”	a right granted to receive the Redemption Price in respect of Shares pursuant to this Plan;
“Redemption Price”	any amount by which (i) the net proceeds of sale (following deductions of, without limitation, stamp duty, commissions, brokerage and stock exchange(s) transaction levy) of the Shares subject to which a Redemption Option is exercised, exceeds (ii) the Subscription Price applicable to such Shares;
“Service Provider(s)”	any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the R&D, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity);
“Shareholders”	shareholders of the Company;
“Shares”	ordinary shares of US\$0.0001 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option, as described in paragraph 6 and pursuant to this Plan;
“substantial	has the meaning ascribed to it under the Listing

shareholder(s)”	Rules;
“Subsidiary”	a company which is a subsidiary (within the meaning given under Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” are construed accordingly;
“US\$”	US Dollar, the lawful currency of the United States;
“Vesting Commencement Date”	with respect to a Grantee, the vesting commencement date as indicated in his or her Offer Letter;
“Vesting Schedule”	the vesting schedule as set forth in this Plan and the Offer Letter; and
“%”	per cent.

(B) In this Plan, save where the context otherwise requires:

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Plan;
- (ii) references to paragraphs are references to paragraphs of this Plan;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders; and
- (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises and branches.

## 2. PURPOSE AND BASIS OF ELIGIBILITY OF THE PARTICIPANTS

LR17.03(1)

This Plan is established to attract and retain Employees, to reward Eligible Participants for their past contribution to the Company, to provide incentives to the Eligible Participants to further contribute to the Company and the Subsidiaries and to align their interests with the best interests of the Company and the Shareholders as a whole.



In determining the number of Options for a Eligible Participant, the Board may take into consideration matters including, but without limitation to,

- (1) the present contribution and expected contribution of the relevant Eligible Participant to the profits of the Group;
- (2) the rank and performance of the relevant Eligible Participant;
- (3) the general financial condition of the Group;
- (4) the Group's overall business objectives and future development plan; and
- (5) any other matter which the Board considers relevant.

In the case of Employee Participants, assessing factors include, among others, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group.

In the case of Service Providers, assessing factors include, among others, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealing with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the relevant Service Provider.

### **3. CONDITION**

- (A) This Plan shall take effect upon all of the following having been satisfied:
- (i) the passing of a resolution by the Board to approve and adopt this Plan, and to authorise the Board to grant Awards hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under this Plan;
  - (ii) the passing of a resolution by the Shareholders in general meeting to approve and adopt this Plan;
  - (iii) the Company is satisfied that all legal matters in connection with the issuance and delivery of the Option Shares have been addressed and resolved (including without limitation the publishing of an

announcement on the outcome of the shareholders' meeting for the adoption of the Plan in accordance with the Listing Rules); and

(iv) the approval of the Listing Committee of the Hong Kong Stock Exchange for the listing of and permission to deal any Shares to be issued and allotted pursuant to the exercise of Options under the Plan.

(B) The Company may require, as a condition to the exercise of an Award or the delivery of Shares under an Award, such representations or agreements as the advisors for the Company may consider appropriate to avoid violation of any applicable laws or regulations.

#### **4. DURATION AND ADMINISTRATION**

(A) Subject to paragraph 16, this Plan shall be valid and effective for the period of ten (10) years commencing on the Adoption Date after which period no further Awards will be granted, but the provisions of this Plan shall in all other respects remain in full force and effect and the Grantees may exercise the Options in accordance with the terms upon which the Options are granted. The Board shall determine the time or times at which an Option becomes vested and exercisable in whole or in part.

LR17.03(5) &(11)

(B) Subject to the Listing Rules, this Plan shall be subject to the administration of the Board and the decision of the Board shall be final and binding on all parties. The Board shall have the right (i) to interpret and construe the provisions of the Plan, (ii) to determine the persons who will be granted Awards under the Plan, the number and Subscription Price and other terms (such as any performance conditions to exercise an Option) of Awards granted thereto, (iii) to make such appropriate and equitable adjustments to the terms of Awards granted under the Plan as it deems necessary, (iv) to amend, add to and/or delete any of the provisions of this Plan, provided that no such amendment, addition or deletion shall adversely affect the rights of any Grantee in respect of any Options, (v) to adopt such procedures and rules as are necessary or appropriate to permit participation in the Plan by Eligible Participants who are foreign nationals or employed outside of Hong Kong or the PRC (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Offer Letter that are required for compliance with the laws of the relevant foreign jurisdiction); and (vi) to make such other decisions or determinations as it shall deem appropriate in the administration of the Plan.

(C) Notwithstanding the foregoing, the Board may delegate any of its powers, authorities and discretions in relation to the Plan to any Committee, and any such delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation. Any delegation of administrative powers will be reflected in written resolutions and adopted from time to time by the Board or Committee (as applicable), provided that they are not inconsistent with the provisions of the Plan. The Board may retain the authority to concurrently administer the Plan with the Committee and may,

at any time, revert in the Board some or all of the powers previously delegated.

- (D) The Board may delegate to one or more Officers the authority to do one or both of the following: (i) designate Eligible Participants who are not Officers to be recipients of Awards and, to the extent permitted by applicable law, the relevant rules and regulations (including without limitation the Listing Rules), the terms of such Awards, and (ii) determine the number of Option Shares subject to such Awards; *provided, however*, that the Board resolutions regarding such delegation will specify the total number of Option Shares that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on substantially the same form of the Offer Letter most recently approved for use by the Board, unless otherwise provided in the resolutions approving the delegation authority. The Board may not delegate authority to an Officer who is acting solely in the capacity of an Officer to determine the Fair Market Value of the Shares.
- (E) No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.
- (F) This Plan does not have a trustee.

LR17.05A

## 5. OFFER AND GRANT OF OPTIONS

- (A) On and subject to the terms of this Plan, the Board shall be entitled to make an offer to any Eligible Participants as the Board may in its absolute discretion select to take up Options in respect of such number of Shares as the Board may determine at the Subscription Price. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (such as by linking their exercise to the attainment or performance of milestones by the Company, any Subsidiary, the Grantee or any group of Employees) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of this Plan.
- (B) An Offer Letter shall be made to an Eligible Participant in such form as the Board may from time to time determine requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Plan.
- (C) A Grantee is not required to pay for the grant of any Option.
- (D) No Option shall be offered or granted:

LR17.03(8)

- (i) to any Employee after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until the Business Day after the relevant price sensitive or inside information has been announced in accordance with the applicable provisions of law or the Listing Rules; or
- (ii) to any Employee during the period commencing one month immediately before the following (whichever is earlier):
  - (a) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual, quarterly (if any) or half-yearly results; and
  - (b) the deadline for the Company to publish an announcement of its annual, quarterly (if any) or half-yearly results;

and ending on the date of the results announcement. No Option may be granted during any period of delay in the publication of a results announcement.

- (E) The Company may not grant any Option to a participant who is a director of the Company or relevant employee (who is likely to possess inside information in relation to the Company and/or its securities due to such office or employment) during the period or time in which such directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

## **6. SUBSCRIPTION PRICE, VESTING SCHEDULE AND PERFORMANCE TARGETS OF OPTIONS**

- (A) Subject to any adjustment made pursuant to paragraph 11, the Subscription Price shall be approved by the Board and shall be set out in the Offer Letter. The Subscription Price per Share of each Award requiring exercise must be determined in accordance with the Fair Market Value of the Shares subject to the Award, determined as of the Grant Date. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of such different period shall not be less than the Subscription Price determined in the manner set out in this paragraph 6(A). LR17.03(9)
- (B) Save for the circumstances prescribed in paragraph 6(C), an Option must be held by the Grantee for at least 12 months before the Option can be vested. LR17.03(6)
- (C) A shorter vesting period may be granted to an Eligible Participant other than Service Provider at the discretion of the Board and/or the compensation committee of the Board as deemed appropriate at the sole discretion of the Board LR17.03F

and/or the compensation committee of the Board if:

- (i) the Awards granted to the Eligible Participant are grants of “make-whole” Awards to the Eligible Participants upon joining the Group to replace the share awards they forfeited when leaving the previous employer, such that the vesting period of such Awards granted under this Plan shall apportion rateably based on the vesting period applicable to such Eligible Participant’s unvested outstanding share awards granted by his or her previous employer;
  - (ii) the unvested Awards granted to the Eligible Participant may vest with the Eligible Participant or the legal personal representatives of the Eligible Participant (in the case of death) within a period of 12 months from the date of termination of the employment of the Eligible Participant if such termination is due to disability or death of the Eligible Participant, provided that the Eligible Participant had been continuously an Employee of any member of the Group from the Grant Date until the date of termination of employment of such Eligible Participant;
  - (iii) in the event that it is not practicable for the Eligible Participant to be granted the Award in a planned grant period due to legal or regulatory restrictions, such that the Awards which should have been granted earlier (the “**Delayed Grant**”) are granted together with a subsequent batch of Awards to the remaining Eligible Participants during a calendar year, the vesting period for the Awards underlying the Delayed Grant can be shorter than 12 months from the Grant Date to reflect the time from which such Awards would have been granted;
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months;
  - (v) cancellation of Awards and subsequent “re-grant” of new Awards to the same Eligible Participant(s); or
  - (vi) grants with performance-based vesting conditions in lieu of time-based vesting criteria.
- (D) Vesting of Awards shall be subject to the performance criteria to be satisfied by the Eligible Participant as determined by the Board and/or the compensation committee of the Board from time to time. The performance criteria may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results) which may vary among the Eligible Participants.

LR17.03(7)

## 7. EXERCISE OF OPTIONS

- (A) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation

LR17.03(17)

to any Option, unless a waiver is granted by the Hong Kong Stock Exchange. Where the Grantee is a company, any change of its controlling shareholder or any substantial change in its management (which is to be determined by the Board at its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Options or part thereof of such Grantee without incurring any liability on the part of the Company.

- (B) Subject to the foregoing and the applicable laws, exchange rules (including the Listing Rules) and regulations and unless otherwise approved by the Board or the Hong Kong Stock Exchange, in the event of the Grantee's death, or for any other reason that the Board considers valid, before exercising the Option in full, the Grantee's vested Option may be assigned to its representative (to the extent not already exercised); the executor or administrator of a deceased member, the guardian of an incompetent Grantee shall be the only person recognized by the Company as the representative to be assigned with the Option. The production to the Company of any document which is evidence of probate of the will, or letters of administration of the estate, or confirmation as executor, of a deceased member or of the appointment of a guardian of an incompetent Grantee may be accepted by the Company even if the deceased, or incompetent is domiciled outside the Cayman Islands if the document evidencing the grant of probate or letters of administration, confirmation as executor is issued by a foreign court which had competent jurisdiction in the matter. Any permitted assignment of options shall only be made in a manner that is not prohibited by applicable tax and securities laws.
- (C) Except as provided in an Offer Letter, any Option shall become exercisable upon vesting. Notwithstanding the foregoing, the exercise shall be conditioned upon compliance in full with all applicable laws or regulations such Grantee or the Company is then subject to in connection with the exercise of the Options, including without limitation, in the case of a Grantee being a national or a resident of the PRC, PRC foreign exchange regulations and rules (e.g., Notice on Relevant Matters regarding Onshore Individuals' Participation in Share Incentive Plan of Offshore Listed Companies issued by the State Administration for Foreign Exchange of the PRC (as amended from time to time) effective as of February 15, 2012, or, Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Offshore Investment and Financing and Inbound Investment through Special Purpose Companies by PRC Residents effective as of July 4, 2014 (as amended from time to time), as applicable). The Board may provide that an Option shall only become exercisable following the Listing and any approval deemed necessary from the State Administration for Foreign Exchange of the PRC, or other regulatory entity.
- (D) An Option may be exercised in whole or in part by the Grantee (or his or her personal representatives, where appropriate) giving notice in writing to the Company in the form of the notice attached hereto as Schedule I, or such other form as may be adopted by the Board from time to time, stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. In addition, a Grantee may be required to enter into a voting

trust agreement, power of attorney or shareholders' agreement as a condition to exercise of the Option.

- (E) Each notice of exercise of an Option must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 30 days after receipt of the notice and remittance and, where appropriate, receipt of the Auditors' certificate pursuant to paragraph 11, the Company shall allot and issue or procure the allotment and issue of the relevant Option Shares to the Grantee (or his or her personal representative, where appropriate) credited as fully paid and issue to the Grantee (or his or her personal representative, where appropriate) a share certificate in respect of the Option Shares so allotted.
- (F) Redemption Options shall be exercised on the following terms and conditions (and if any of such conditions shall not be fulfilled the exercise of the Redemption Option shall be void and of no effect):
  - (i) It shall be a condition of the exercise of an Redemption Option that the relevant Shares shall be traded on the recognised stock exchange as the Board shall approve in accordance with the Memorandum and Articles, and that at all times during the period from and including the exercise of the Redemption Option and the completion of the sale of the relevant Shares, dealings in the Shares on such exchange shall continue and shall not be suspended.
  - (ii) It shall be a further condition of the exercise of a Redemption Option that the net proceeds of sale of the relevant Shares (as referred to in the definition of "Redemption Price") shall exceed the Subscription Price of such Shares.
  - (iii) Upon the exercise of an Redemption Option, and subject to it becoming unconditional in all respects, the Board shall approve, as soon as reasonably practicable, the Shares in respect of which the Redemption Option is exercised (adjusted, where appropriate, pursuant to paragraph 11), shall arrange for the sale on the recognised stock exchange as the Shares shall be traded on, shall allot and instruct the Share Registrar to issue the relevant Shares to the relevant purchaser(s) or subscriber(s), shall receive the whole of the net proceeds of sale of the Shares for the Company's account, free of all liens or trusts, and shall pay to the Grantee, subject to paragraph 15 an amount equal to the Redemption Price in cash, by Company cheque or wire transfer at the Company's election. The Grantee shall provide the Company with such information in relation to the method of making payment as the Company may require, and the making of such payment in accordance with such information shall operate as a complete and absolute discharge of the Company's obligations to make payments in respect of the exercise of the Redemption Option. If so requested by the Company, a Grantee shall deliver a duly executed receipt of payment contemporaneously with the making of such payment.
  - (iv) The Shares to which a Redemption Option relates shall be allotted and

issued on terms that they shall be fully paid up and the part of the net proceeds of issue which equals to the Subscription Price of such Shares shall be credited to share capital and capital reserves.

- (v) The Redemption Options are solely a device for the measurement and determination of the amount to be paid to each Grantee of a Redemption Option. Redemption Options shall not constitute or be treated as property or as a trust fund of any kind or as shares, an interest in shares, share options or any form of equity, but shall constitute an unsecured obligation of the Company to pay the Redemption Price on the terms set out in this Plan.
- (G) Subject to paragraph 12, the Option Shares will be subject to the provisions of the Memorandum and Articles and will rank *pari passu* with the fully paid Shares in issue as from the date of exercise of the Option and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Option, provided always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share issued upon the exercise of an Award shall not carry voting rights until the registration of the Grantee (or such other person as may succeed to the Grantees' title by operation of the applicable laws and in compliance with the terms of this Plan) as the holder thereof.
- (H) The minimum period, if any, for which an option must be held before it can be exercised shall be stated in the Offer Letter, which in any event must not be more than ten (10) years from the date of the grant of the option. Any Option granted but not exercised within the prescribed period as specified in the Offer Letter shall be lapsed.

LR17.03(10)  
LR17.03(15)

## 8. LAPSE AND CANCELLATION OF OPTIONS

- (A) General. An Option shall lapse automatically (to the extent not already exercised) on the earliest of:
  - (i) the expiry of the Option Period;
  - (ii) [RESERVED]; and
  - (iii) the date when any circumstances under paragraph 8(B) to 8(F) occurs.
- (B) Lapse for Death or Illness. Subject to paragraph 8(C), if an Grantee ceases to be an Eligible Participant by reason of:
  - (i) the Grantee's death; or

LR17.03(12)



- (ii) the Grantee's serious illness or injury which, in the opinion of the Board, renders the Grantee concerned unfit to perform the duties of his or her Employment and which in the normal course would render the Grantee unfit to continue performing the duties under his or her Contract provided such illness or injury is not self-inflicted or as a result of alcohol or drug abuse;

then, subject to the paragraph 7(B), any unvested Option will immediately lapse and the Grantee or his or her personal representatives (if appropriate) may exercise all his or her vested Options until the later of: (i) 90 days after the date when the Options become exercisable as set for in paragraph 7(B), or (ii) six (6) months after the date of cessation of Employment or directorship, or such longer period as the Board may determine. Any vested Option not exercised prior to the expiry of the above-mentioned period shall lapse.

- (C) Lapse on Termination for Cause. If the Board determines that any Grantee ceasing to be an Employee by any of the following reason (“causes”), (i) any act of grave misconduct or willful default or willful neglect in the discharge of duties of the Grantee with the Group; (ii) without prejudice to the generality of (i) above, being proven to have carried out any fraudulent activity or have fraudulently failed to carry out any activity whether or not in connection with the affairs of the Group; (iii) being convicted of any offence; (iv) being proved to take advantages of such Grantee's position to make interest for him/herself or for others; (v) being proved to appropriate assets of the Group; (vi) serious violation or persistent breach of any terms of the employment agreement, the confidentiality and intellectual property rights assignment agreement, the non- compete and non-solicitation agreement, the anti-bribery agreement or any other agreements entered into by and between such Grantee and any member of the Group; (viii) repeated drunkenness or use of illegal drugs or being addicted to gambling which adversely interferes with or is reasonably expected to adversely interfere with the performance of such Grantee's obligations and duties of employment; and (ix) any other conduct which, as the Board determines in good faith, would justify the termination of his or her Contract, then any Option (whether vested or unvested) held by the Grantee shall immediately lapse (unless the Board resolves otherwise in its absolute discretion).

LR17.03(19)

- (D) Lapse on Cessation for Other Reason. If an Grantee ceases to be an eligible Participant for any reason other than those set up in paragraph 8(B) or 8(C), then, subject to paragraph 7(B), any unvested Option will immediately lapse and the Grantee or his or her personal representatives (if appropriate) may exercise all his or her vested Options until later of: (i) 90 days after the date when the Options become exercisable as set for in paragraph 7(B), or (ii) 30 days after the date of cessation of Employment or directorship, or such longer period as the Board may otherwise determine. Any vested Option not exercised prior to the expiry of the above-mentioned period shall immediately lapse.
- (E) Lapse on a General Offer or Corporate Transaction. An unexercised Option may lapse as provided in paragraphs 10(B) or 10(C) hereof in the case of a General Offer (as defined below) or a Corporate Transaction.

- (F) Lapse on Winding-up. If notice is duly given of a resolution for the voluntary winding-up of the Company, vested Options may, subject to paragraph 7(B), be exercised prior to the date of the resolution. The Grantee shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolutions.
- (G) Any Options lapsed in accordance with paragraph 8 will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).
- (H) The Board may at any time cancel Awards previously granted to but not yet exercised. The Awards cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit. Where the Company cancels Awards and offers Awards to the same Eligible Participant, the offer of such new Awards may only be made with available Awards to the extent not yet granted within the Scheme Mandate Limit approved by the Shareholders.

## 9. SCHEME LIMITS

- (A) The Company shall not make any further grant of Awards which will result in the aggregate number of Shares underlying all grants of (i) new Shares or restricted share units or restricted shares of the Company; or (ii) options over new Shares made pursuant to this Plan and other share schemes adopted by the Company from time to time to exceed [\*] Shares, representing 10% of the total number of issued Shares as of the Amendment Date without Shareholders' approval (the "**Scheme Mandate Limit**"). The Company may seek separate approval by its Shareholders in general meeting for granting any Awards under this Plan beyond the Scheme Mandate Limit, provided that the Awards in excess of the Scheme Mandate Limit are granted only to participants specifically identified by the Company. In such case, the Company will send a circular to the Shareholders containing the name of each specified participant who may be granted the Awards, the number and terms of the Awards to be granted to each participant and the purpose of granting Awards to the Eligible Participants with an explanation as to how the terms of the Awards serve such purpose. The number and terms of Awards to be granted to such participant and the purpose of granting Awards to the specified participants with explanation must be fixed before such Shareholders' approval is sought. Any Awards lapsed in accordance with the terms of this Plan will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit thereunder).
- (B) Save as prescribed in paragraph 9(A) or as otherwise restricted by the Listing Rules, within the Scheme Mandate Limit, the total number of Awards which may be granted under this Plan and grants made under other share schemes of the Company to Service Providers shall not exceed [\*] Shares, representing 1% of the total number of Shares in issue on the Amendment Date (the "**Service**

LR17.03(3)  
LR17.03B

LR17.03B

**Provider Sublimit”).**

- (C) In the event the Company undertakes a sub-division or consolidation of the shares (“**Share Consolidation**”) in the share capital of the Company, corresponding changes will be made to the aggregate number of Shares underlying all grants made pursuant to this Plan and other share schemes adopted by the Company, such that the Scheme Mandate Limit or the Service Provider Sublimit, each as a percentage of the total number of issued Shares as at the date immediately before and after such sub-division or share consolidation remains the same, rounded down to the nearest whole share.
- (D) Save as prescribed in paragraph 9(A) or as otherwise restricted by the Listing Rules, for any 12-month period up to and including the Grant Date, the aggregate number of Shares issued and to be issued in respect of all Awards granted to any Eligible Participant under this Plan and any grants made under any other share scheme(s) of the Company (excluding any options or awards lapsed under any share scheme of the Company) shall not exceed 1% of the total number of the Shares in issue as at the Grant Date without Shareholders’ approval. Any further grant of Awards must be separately approved by the Shareholders in general meeting with such Eligible Participant and his or her close associates (or his or her associates if the Eligible Participant is a connected person) abstaining from voting. The Company must then send a circular to its Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Awards to be granted and Awards previously granted to such Eligible Participant and the information required under the Listing Rules. The number and terms of the Awards to be granted to such Participant must be fixed before Shareholders’ approval. LR17.03(4)  
LR17.03D
- (E) The Board may at any time at its absolute discretion cancel any Option granted but not exercised. If the Company cancels Awards granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made under this Plan with available Scheme Mandate Limit approved by the Shareholders as mentioned in Clause 9(A) and granted in compliance with the terms of this Plan, the Listing Rules and the applicable laws. The Options so cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit thereunder). LR17.03(14)
- (F) The approval of independent non-executive Directors (excluding any independent non-executive Directors who is a proposed Eligible Participant of the Award(s)) is required for each grant of Award(s) to a Director, chief executive, or substantial shareholder of the Company or any of their respective associates. LR17.04(1)
- (G) Where any grant of Awards to a substantial shareholder of the Company or an independent non-executive Director, or their respective associates, would result in the total number of Shares issued and to be issued in respect of all Awards granted and to be granted under this Plan and any grants made under any other share scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of any share scheme of the Company) to such person LR17.04(3)

in the 12-month period up to and including the Grant Date, representing in aggregate over 0.1% of the total number of Shares in issue as at the Grate Date, such further grant of Awards must be approved by the Shareholders in general meeting and shall comply with the requirements of Rule 17.04 of the Listing Rules. The Company must send a circular to the Shareholders containing the information required under Rule 17.04(5) of the Listing Rules. In such circumstances, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and the grantee, his or her close associates and all core connected persons (as defined under the Listing Rules) of the Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such Awards must be taken on a poll.

## 10. REFRESHMENT OF THE SCHEME MANDATE LIMIT

- (A) The Company may seek the approval of its Shareholders in general meeting to refresh the Scheme Mandate Limit (and the Service Provider Sublimit thereunder) after three years from the date of Shareholders' approval for the last refreshment (or the Amendment Date), such that the aggregate number of Shares underlying all grants made pursuant to this Plan and other share schemes adopted by the Company shall not exceed 10% of the total number of issued Shares as of the date of approval of the refreshed limit, and the circular to the Shareholders will contain the number of Awards that were already granted under the existing Scheme Mandate Limit and the reasons for the refreshment. Awards previously granted under this Plan or any other share scheme, including Awards outstanding, cancelled or lapsed in accordance with the relevant share scheme, shall not be counted for the purpose of calculating the limit to be refreshed.
- (B) In the event that the Scheme Mandate Limit (and the Service Provider Sublimit thereunder) is refreshed within three years from the date of Shareholders' approval for the last refreshment (or the adoption of this Plan), the Company may seek the approval of its Shareholders in general meeting, provided that the controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Director (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of such resolutions at the general meeting, and the Company must comply with the relevant requirements under the Listing Rules.

LR17.03C

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Notes

## 11. REORGANISATION OF CAPITAL STRUCTURE AND OTHER CORPORATE EVENTS

- (A) Reorganisation of Capital Structure. In the event of any alteration in the capital structure of the Company whilst any Award remains outstanding, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party or an issue of shares pursuant to, or in connection with, any share option plan, share appreciation rights plan or any arrangement for remunerating or incentivising

LR17.03(13)

any employee, consultant or adviser to the Company or any Subsidiary or in the event of any distribution of the Company's capital assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the Awards so far as unexercised or unsettled;
- (ii) the Subscription Price of any Option;

or any combination thereof, as an independent financial adviser or the Auditors shall confirm to the Board in writing, either generally or as regard any particular Grantee, to have given a participant the same proportion (or rights in respect of the same proportion) of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled, but that no such adjustments be made to the extent that a share would be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange. The capacity of the independent financial adviser or Auditors (as the case may be) in this paragraph is that of experts and not of arbitrators and their confirmation shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or Auditors (as the case may be) shall be borne by the Company.

The method of adjustment of number of Option so far as unexercised is set out as below:

*Capitalisation issue*

$$Q = Q0 \times (1 + n)$$

Where: "Q0" represents the number of Option before the adjustment; "n" represents the ratio of the capitalisation issue; "Q" represents the number of Option after the adjustment.

*Rights issue*

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: "Q0" represents the number of Option before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "Q" represents the number of Option after the adjustment.

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

$$Q = Q_0 \times n$$

Where: “Q<sub>0</sub>” represents the number of Option before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Option after the adjustment.

The method of adjustment of the Subscription Price is set out as below:

*Capitalisation issue*

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

Where: “P<sub>0</sub>” represents the Subscription Price before the adjustment; “n” represents the ratio of the capitalization issue; “P” represents the Subscription Price after the adjustment.

*Rights issue*

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

Where: “P<sub>0</sub>” represents the Subscription Price before the adjustment; “P<sub>1</sub>” represents the closing price as at the record date; “P<sub>2</sub>” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “P” represents the Subscription Price after the adjustment.

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

$$P = P_0 \div n$$

Where: “P<sub>0</sub>” represents the Subscription Price before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “P” represents the Subscription Price after the adjustment.

- (B) General Offer. If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all shareholders of the Company (or all such shareholders other than the offeror and/or any person controlled by the offeror and /or any person associated with or acting in connect with the offeror) (a “General Offer”), the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them which at the time vested, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme or arrangements is formally proposed to shareholders of the Company, the Grantee shall, notwithstanding any other terms on which his or her Options were granted (provided that any performance condition must first be satisfied), be entitled to exercise his or her vested Options at any time up until (i) the close of such offer (or any revised offer); or (ii) the record date for entitlements under a scheme of arrangement, as applicable, and any unexercised Options will immediately lapse on the close of business on such date.

- (C) Corporate Transaction. The following provisions will apply to Awards in the event of a Corporate Transaction (including a Change in Control) unless otherwise provided in the Offer Letter or any other written agreement between the Company or any Grantee or unless otherwise expressly provided by the Board at the time of grant of the Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Awards, contingent upon the closing or completion of the Corporate Transaction:
- (i) arrange for the surviving entity or acquiring company (or the surviving or acquiring company's parent company) to assume or continue the Award or to substitute a similar award for the Award (including, but not limited to, an option to acquire the same consideration paid to the shareholders of the Company pursuant to the Corporate Transaction);
  - (ii) accelerate the vesting, in whole or in part, of the Award (and, if applicable, the time at which the Option may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with any such Option terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction; provided, however, that the Board may require Grantees to complete and deliver to the Company a notice of exercise before the effective date of a Corporate Transaction, which exercise is contingent upon the effectiveness of such Corporate Transaction;
  - (iii) cancel or arrange for the cancellation of the Award, to the extent not vested prior to the effective time of the Corporate Transaction, and pay such cash consideration (or no consideration) as the Board, in its sole discretion, may consider appropriate; and
  - (iv) make a payment for each vested Award, in such form as may be determined by the Board equal to the excess, if any, of (x) the per share amount payable to holders of Shares in connection with the Corporate Transaction, over (y) the exercise price, if any, payable by such holder in connection with such exercise, multiplied by the number of vested Shares under the Award. This payment may be \$0 if the per share amount payable in respect of a Share in the Corporate Transaction is equal to or less than the Subscription Price. In addition, any escrow, holdback, earnout or similar provisions in the definitive agreement for the Corporate Transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Shares.

The Board need not take the same action or actions with respect to all Awards or portions thereof or with respect to all Grantees in a Corporate Transaction.

The Board may take different actions with respect to the vested and unvested portions of an Award.

- (D) Accelerated Vesting on a Change in Control. The Board may provide that an Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control or as may be provided in any other written agreement between the Company and the Grantee, but in the absence of such provision, no such acceleration will occur.

## **12. SHARE CAPITAL**

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

## **13. DISPUTES**

Any dispute arising in connection with this Plan (whether as to the number of Shares which are the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors, who shall act as experts and not as arbitrators and whose decision shall be final and binding upon all persons affected thereby.

## **14. ALTERATION OF THIS PLAN**

- (A) Subject to the applicable laws or exchange rules (including the Listing Rules) and paragraph 14(B), this Plan may be altered in any respect by the prior approval of the Board, provided that (i) the matters set out herein shall not be altered to the advantage of the Grantees or the prospective Grantees except with the prior sanction of a resolution of the Shareholders in general meeting and (ii) no such alteration shall operate to affect adversely the terms of issue of any Award granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Memorandum and Articles for the time being of the Company for a variation of the rights attached to the Shares. For the avoidance of doubt, any amendments to the Plan will be conditioned upon shareholder approval only to the extent, if any, such approval is required by the applicable laws or exchange rules (including the Listing Rules), as determined by the Board.
- (B) Any alterations to the terms and conditions of the Plan which are of a material nature or any alterations to the provisions of this Plan relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of participant must be approved by Shareholders in general meeting. Any change to the terms of any Options granted to a participant shall be approved by the Board, the compensation committee of the Board, the independent non-executive directors and/or the Shareholders (as the case maybe) if the initial grant of options was approved by the board, the compensation committee of the Board, the independent non-executive directors and/or the Shareholders (as the case

LR17.03(18)



maybe), except where the alterations take effect automatically under the existing terms of the Plan. The amended terms of the Plan or the Options must still comply with the relevant requirements under the Listing Rules and applicable laws. Any change to the authority of the Board to alter the terms of the Plan must be approved by Shareholders in general meeting.

## **15. TAX LIABILITY**

The Grantee shall be solely liable to pay all taxes and other levies which may be assessed or assessable on any payments made by the Company hereunder and all payments required to be made hereunder by the Company shall be subject to the deduction or withholding of such amounts as the Board may reasonably determine is necessary or desirable by reason of any liability to tax or obligation to account for tax or loss of any relief from tax which may fall on the Company or any Subsidiary in respect of, or by reason of such payment or the exercise of the relevant Award, and the Grantee agrees to indemnify and keep the Company (for itself and as trustee for its subsidiaries) indemnified in respect of any such liability, obligation or loss and accepts that any claim in respect of such indemnity may be satisfied by set-off against any sums due from the Company or any Subsidiary to such Grantee from time to time. In the event that any tax liability becomes due on the exercise of an Option for which the Company is required to account to, the Option may not be exercised unless the Grantee has made a payment to the Company an amount equal to such tax liability.

## **16. TERMINATION**

The Board may at any time terminate the operation of this Plan and in such event no further Awards will be offered but in all other respects the provisions of this Plan shall remain in full force and effect. All Options granted prior to such termination shall continue to be valid and exercisable despite of the termination in accordance with the terms of the Plan.

LR17.03(16)

## **17. MISCELLANEOUS**

- (A) This Plan shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Participant or Grantee, and the rights and obligations of any Eligible Participant or Grantee under the terms of his or her office or employment shall not be affected by his or her participation in this Plan or any right which he or she may have to participate in it and this Plan shall afford such Eligible Participant or Grantee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (B) This Plan shall not confer on any person any legal or equitable right (other than those rights constituting the Awards themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- (C) The Company shall bear the costs of establishing and administering this Plan.
- (D) Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the

case of the Company, its principal place of business or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his or her address as notified to the Company from time to time or, if applicable, as indicated in his or her identity certificate provided by him or her to the Company or its Subsidiaries.

- (E) Any notice or other communication served by post:
  - (i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
  - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- (F) All allotments and issues of Shares will be subject to all necessary consents under any relevant legislation for the time being in force in the Cayman Islands and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Plan.
- (G) This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

# CSTONE PHARMACEUTICALS

## 基石藥業

### ADDENDUM FOR U.S. GRANTEES

#### 1. Purpose and Applicability

(a) This Addendum for U.S. Grantees (the “**U.S. Addendum**”) applies to Grantees of the Employee Equity Plan of CStone Pharmaceuticals (基石藥業) adopted on February 26, 2019 and amended and restated on [March 7, 2023] (the “**Plan**”) who are either U.S. residents or U.S. taxpayers (each such Grantee, referred to as “**U.S. Grantee(s)**”). The purpose of the U.S. Addendum is to facilitate compliance with U.S. tax, securities and other applicable laws or regulations, and to permit the Company to issue tax-qualified Incentive Stock Options (as defined below) to eligible U.S. Grantees.

(b) Except as otherwise provided by the U.S. Addendum, all Options granted to U.S. Grantees will be governed by the terms of the Plan, when read together with the U.S. Addendum. In any case of an irreconcilable contradiction (as determined by the Board) between the provisions of the U.S. Addendum and the Plan, the provisions of the U.S. Addendum will govern. Capitalized terms contained herein have the same meanings given to them in the Plan, unless otherwise provided by the U.S. Addendum.

(c) This Addendum is effective as of the Adoption Date (the “**Effective Date**”).

#### 2. Definitions

In the U.S. Addendum, the following words will have the meaning as defined below:

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Incentive Stock Option**” or “**ISO**” means an Option that is intended to be, and qualifies as, an incentive stock option within the meaning of Section 422 of the Code.

“**Majority-Owned Subsidiary**” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

“**Nonstatutory Stock Option**” or “**NSO**” means an Option that does not qualify as an Incentive Stock Option.

“**Parent**” means a corporation, whether now or hereafter existing, in an unbroken chain of corporations *ending* with the Company, if each corporation other than the Company owns shares possessing 50% or more of the total combined voting power of all classes of shares in one of the other corporations in such chain, as provided in the definition of a “parent corporation” contained in Section 424(e) of the Code.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Ten Percent Shareholder**” means person who owns (or is deemed to own pursuant to Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of outstanding securities of the Company or any Parent or Majority-Owned Subsidiary.

“**U.S.**” means the United States of America.

### **3. Additional Terms Applicable to U.S. Grantees.**

(a) Minimum Subscription Price. Subject to the provisions of paragraph 4(e) below regarding Grantees who are Ten Percent Shareholders, the Subscription Price of each Option will be not less than 100% of the Fair Market Value of the Stock on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with a Subscription Price lower than 100% of the Fair Market Value of the Shares if such Option is granted pursuant to an assumption of or substitution for another option pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code.

(b) Grants to Consultants. An Eligible Participant that is a consultant, contractor or advisor and that is a resident of the U.S. or a U.S. tax payer is not an Eligible Participant for the grant of an Option if, at the time of grant, either the offer or sale of the Option to such person is not exempt under Rule 701 of the Securities Act because the consultant is not a natural person, the services that the consultant is providing to the Company are in connection with a capital raising transaction or directly or indirectly serve to promote or maintain a market for the Company’s securities, or because of any other provision of Rule 701 of the Securities Act, *unless* the Company determines that such grant need not comply with the requirements of Rule 701 of the Securities Act and will satisfy another exemption under the Securities Act as well as comply with the securities laws of the U.S. state of residence of the consultant and all other applicable jurisdictions.

(c) No Cash Settlement on Exercise of Options. The Board may not grant to any U.S. Grantee an Option where the U.S. Grantee may receive a cash payment upon exercise of the Option in lieu of Shares if such Option would result in a violation of Section 457A of the Code. For clarity, this provision does not prohibit the lapse of Options pursuant to paragraph 8(E) of the Plan in connection with a Corporate Transaction.

(d) Section 409A and Section 457A of the Code. Unless otherwise expressly provided for in an Offer Letter, the terms applicable to Awards granted under the U.S. Addendum will be interpreted to the greatest extent possible in a manner that makes the Awards exempt from Section 409A and Section 457A of the Code, and, to the extent not so exempt, that brings the Awards into compliance with Section 409A and Section 457A of the Code. Notwithstanding anything to the contrary in the Plan (and unless the Offer Letter or other written contract with the U.S. Grantee specifically provides otherwise), if the Shares are publicly traded, and if a U.S. Grantee of an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” under Section 409A of the Code, no distribution or payment of any amount that is due because of a “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six months following the date of such U.S. Grantee’s “separation from service” or, if earlier, the date of the U.S. Grantee’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the

Code, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

#### **4. Provisions Applicable to Incentive Stock Options**

(a) Eligible Recipients of ISOs. As provided in Section 422(a)(2) of the Code, Incentive Stock Options may be granted only to employees of the Company, a Parent or a Majority-Owned Subsidiary. Consultants, advisors and non-employee directors are not eligible to receive Incentive Stock Options.

(b) Designation of ISO Status. The Board action approving the grant of an Option to a U.S. Grantee and the Offer Letter must specify that such Option is intended to be an Incentive Stock Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Non-statutory Stock Option.

(c) Maximum Shares Issuable On Exercise of ISOs. Subject to the adjustment pursuant to the provisions of paragraphs 9, 10 and 11 of the Plan, the maximum aggregate number of Shares that may be subject to Options that are designated as Incentive Stock Options is [\*] Shares.

(d) No Transfer. As provided by Section 422(b)(5) of the Code, an Incentive Stock Option may not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the U.S. Grantee only by the U.S. Grantee. If the Board elects to allow the transfer of an Option that is designated as an Incentive Stock Option, such transferred Option will automatically become a Nonstatutory Stock Option as of the date of transfer.

(e) Additional Limits for Ten Percent Stockholders. As provided by Section 422(c)(5) of the Code, a person is a Ten Percent Shareholder will not be eligible for the grant of an Incentive Stock Option *unless* (i) the exercise price is at least 110% of the Fair Market Value of a Share on the Grant Date and (ii) such Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Grant Date.

(f) US \$100,000 Limit. As provided by Section 422(d) of the Code and applicable regulations thereunder, to the extent that the aggregate Fair Market Value (determined at the time of grant) of Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Grantee during any calendar year (under all plans of the Company and any Affiliates) exceeds US\$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Offer Letter(s).

(g) Post-Termination Exercise Period. To obtain the U.S. federal income tax advantages associated with an Incentive Stock Option, the U.S. Internal Revenue Code requires that at all times beginning on the Grant Date and ending on the day three months before the date of exercise of the Option, the U.S. Grantee must be an employee of the Company or a Parent or a Majority-Owned Subsidiary (except in the event of the Grantee's death or disability, in which case longer periods may apply). Any Incentive Stock Option

that provides for a post-termination exercise period in excess of three months from the termination of the U.S. Grantee's employment status will automatically be treated as Nonstatutory Stock Option following such three month period.

(h) Leave of Absence. As provided by Section 422 of the Code and applicable regulations thereunder, if a U.S. Grantee is on an approved leave of absence that exceeds three months (unless reemployment upon expiration of such leave is required by statute or contract), then on the date six months following the first day of such leave, any Incentive Stock Option held by a U.S. Grantee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-statutory Stock Option.

(i) Loss of ISO Status Upon a Reorganisation or Repricing. In connection with the adjustment of Options in connection with a reorganisation as provided in paragraph 11(A) of the Plan, or a repricing where the Subscription Price of such Options is higher than the current Fair Market Value of the Shares, the Board may provide for the adjustment of Options in a manner that results in the loss of Incentive Stock Option status without the consent of the U.S. Grantee, *provided* that such adjustment or repricing (i) complies with Section 409A of the Code, and (ii) the loss of Incentive Stock Option status is the only adverse change to the Option.

## **5. Shareholder Approval of U.S. Addendum**

An Incentive Stock Option granted pursuant to the U.S. Addendum may not be exercised until such time as the Plan and the U.S. Addendum have been approved by at least a majority of the Shareholders of the Company.

## **6. Term, Amendment and Termination**

(a) The Board may amend, suspend or terminate this U.S. Addendum at any time. Unless terminated sooner by the Board, the U.S. Addendum will terminate automatically upon the earlier of (i) 10 years after the Effective Date and (ii) the termination of the Plan. No Incentive Stock Options may be granted under the U.S. Addendum while either the Plan or the U.S. Addendum is suspended or after the Plan or the U.S. Addendum is terminated.

(b) If this U.S. Addendum is terminated, the provisions of this U.S. Addendum and any administrative guidelines, and other rules adopted by the Board and in force at the time of suspension or termination of this U.S. Addendum, will continue to apply to any outstanding Awards as long as an Award issued pursuant to the U.S. Addendum remains outstanding.

(c) No amendment, suspension or termination of the U.S. Addendum may materially adversely affect any Awards granted previously to any U.S. Grantee without the consent of the U.S. Grantee.

**Schedule I**

**Exercise Notice of Option(s) and/or Redeemable Option(s)**

Date: *[insert date]*

CStone Pharmaceuticals (基石藥業) (the “**Company**”)

Dear Sirs / Madams,

**Re: Employee Equity Plan**

Reference is made to the Employee Equity Plan of the Company adopted on February 26, 2019 and amended and restated on [March 7, 2023] (the “**Plan**”). Unless otherwise defined, capitalized terms used herein shall have the same meaning as those ascribed in the aforesaid Plan.

I hereby give notice that the Option(s) granted to me under the Plan in accordance with the provisions thereof is hereby exercised in respect of *[insert the number of relevant shares]* Shares.

[The Option(s) to which this notice relates is not deemed to be a Redemption Option. I enclose the remittance of US\$*[insert the total subscription price]*, being the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the Share Option is exercised.] [The Option(s) to which this notice relates is deemed to be a Redemption Option.]<sup>1</sup> I hereby undertake to the Company that I have complied in full with paragraph 7(F) of the Plan.

Words and expressions not otherwise defined in this letter shall have the same meanings ascribed to them in the Plan.

Yours faithfully,

.....  
*[insert name of Grantee]*

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<sup>1</sup> If exercising by way of a Redemption Option, delete the first sentence of the paragraph; if exercising a share option, delete the second sentence of the paragraph