
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



L A I S U N D E V E L O P M E N T

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)

PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME

A letter from the board of directors of the Company is set out on pages 3 to 6 of this circular.

A notice of the Annual General Meeting of Lai Sun Development Company Limited to be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Friday, 22nd December, 2006 at 9:30 a.m. will be dispatched to the Shareholders together with the annual report of the Company for the year ended 31st July, 2006.

29th November, 2006

CONTENTS

	Page
Definitions	1
Letter from the Board	3
Appendix I — Principal terms of the Share Option Scheme	7

DEFINITIONS

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

“Annual General Meeting”	the Annual General Meeting of the Company to be held on 22nd December, 2006, or any adjournment thereof;
“Articles of Association”	the Articles of Association of the Company;
“associate”	has the meaning set out in the Listing Rules;
“Board”	the board of Directors of the Company;
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Code”	the Code on Corporate Governance Practices, Appendix 14 of the Listing Rules;
“Company”	Lai Sun Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of The Laws of Hong Kong);
“connected person”	has the meaning set out in the Listing Rules;
“Directors”	director(s) of the Company;
“Eligible Employee(s)”	any employee (whether full time or part time employee) of the Company or its Subsidiaries;
“Grantee”	any Participant who accepts the offer of the grant of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its Subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	24th November, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

DEFINITIONS

“Option Period”	in respect of any particular Option, such period as the Board in its absolute discretion determines the Shares must be taken up under the Option, save that such period shall not be more than ten (10) years from the date of grant of the Option and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the subscription right attaching thereto;
“Participant(s)”	any person belonging to any of the following classes of participants: (a) any Eligible Employee; (b) any director of the Company or any of its Subsidiaries (including any executive director, non-executive director and independent non-executive director); (c) any agent or consultant of any member of the Group; (d) any employee of the shareholder or any member of the Group or any holder of any securities issued by any member of the Group.
“Shareholders”	shareholders of the Company;
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the Annual General Meeting, the principal terms of which are set out in Appendix I;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) of the Company;
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules;
“trading day”	a day on which the Stock Exchange is open for securities trading;
“HK\$” and “cents”	Hong Kong dollars and cents respectively; and
“%”	per cent.

LETTER FROM THE BOARD



LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 488)

Executive Directors:

Mr. Lam Kin Ngok, Peter (*Chairman*)
Mr. Lau Shu Yan, Julius (*Chief Executive Officer*)
Mr. Tam Kin Man, Kraven
Mr. Cheung Wing Sum, Ambrose

Registered Office:

11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon
Hong Kong

Non-executive Directors:

Mr. Lam Kin Ming
Madam U Po Chu
Mr. David Tang*
Mr. Lam Bing Kwan*
Mr. Leung Shu Yin, William*

* *Independent Non-executive Directors*

29th November, 2006

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME

Introduction

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the Annual General Meeting relating to the adoption of Share Option Scheme.

Adoption of the Share Option Scheme

The Company currently does not have any share option scheme. In order to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Directors may approve from time to time, the Directors propose to adopt the Share Option Scheme at the Annual General Meeting to be held on 22nd December, 2006.

LETTER FROM THE BOARD

The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the adoption of the Share Option Scheme is subject to the approval of the Shareholders.

As at the Latest Practicable Date, the issued share capital of the Company comprised 12,746,042,320 Shares. Assuming there is no change to the issued share capital of the Company in the period commencing from the Latest Practicable Date to the date of the Annual General Meeting when the Shareholders will be asked to consider and, if thought fit, approve the resolution to adopt the Share Option Scheme, the total number of Shares that may be issued in respect of Options granted under the Share Option Scheme will be 1,274,604,232 Shares, representing 10% of the total number of Shares in issue at the Annual General Meeting.

Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (a) the passing of the ordinary resolution by the Shareholders of the Company to adopt the Share Option Scheme at a general meeting; and
- (b) the Listing Committee of the Stock Exchange granting approval of listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options under the Share Option Scheme.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued upon the exercise of any Options that may be granted pursuant to the Share Option Scheme.

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Principal Terms of the Share Option Scheme

A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular. It serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same. The full terms of the Share Option Scheme can be inspected at the registered office of the Company at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

The Directors consider it inappropriate to value the Options that can be granted under the Share Option Scheme on the assumption that they had been granted at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably fixed at this stage. It would not be meaningful and to a certain extent would be misleading to the Shareholders if the value of the

LETTER FROM THE BOARD

Options is calculated based on a set of speculative assumptions. However, the information on value of the Options granted in any financial period will be provided to the Shareholders based on Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology as at the end of relevant financial period for any annual or interim reports of the Company.

Annual General Meeting

The Annual General Meeting will be held at The Chater Room I, Function Room Level (B1), The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on Friday, 22nd December, 2006 at 9:30 a.m., at which an ordinary resolution will be proposed to the Shareholders to approve, inter alia, the adoption of the Share Option Scheme.

If you are unable to attend the Annual General Meeting in person, you are requested to complete and return a form of proxy to the Company's share registrar, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting should you so wish.

Pursuant to the Articles of Association, save that a poll is required by the Listing Rules or any other applicable laws, at any general meeting of members of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (a) by the chairman of the meeting; or (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right. A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorized representative shall be the same as a demand by a member.

In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers an announcement on the outcome of the Annual General Meeting in respect of the resolution relating to the adoption of the Share Option Scheme on the business day following the date of the Annual General Meeting.

LETTER FROM THE BOARD

Responsibility Statement

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, statements of fact expressed herein have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

Recommendation

The Directors believe that the proposal for the adoption of the Share Option Scheme is in the best interests of the Company and the Shareholders. Accordingly the Directors recommend that Shareholders should vote in favour of the ordinary resolution relating to the adoption of the Share Option Scheme, the authorisation of the Directors to grant Options thereunder and the allotment and issue of new Shares pursuant to the exercise of Options which may be granted under the Share Option Scheme to be proposed at the Annual General Meeting.

Documents Available For Inspection

Document(s) containing the Share Option Scheme will be available for inspection at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong from the date of this circular up to and including the date of Annual General Meeting and at the Annual General Meeting.

Further Information

Your attention is drawn to the additional information set out in Appendix I.

Yours faithfully,
For and on behalf of the Board of
Lai Sun Development Company Limited
Lam Kin Ngok, Peter
Chairman

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Following is a summary of the principal terms of the Share Option Scheme:

(a) **Purpose**

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

(b) **Who may join**

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant to any Participant an Option to subscribe at the Subscription Price for such number of Shares as the Board may determine.

(c) **Life of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date on which all its conditions are satisfied.

(d) **Grant of Options**

No offer of grant of Options shall be made and no Option shall be granted after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of the interim or annual financial results of the Company; and
- (ii) the deadline for publishing an announcement of the interim or annual results of the Company under the Listing Rules,

and ending on the date of the results announcement, no Option shall be granted.

(e) **Grant of Options to Connected Persons**

Any grant of Options under the Share Option Scheme to a director, chief executive or substantial shareholder (excluding the proposed director or chief executive) of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of the Options).

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by the Shareholders in general meeting. The Company shall send a circular to the Shareholders containing information as required under the Listing Rules. All the connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(f) **Performance Target**

Unless otherwise determined by the Board and stated in the offer of grant of an Option, there are no performance targets that must be achieved before the Options can be exercised.

(g) **Acceptance of Offer**

An offer shall remain open for acceptance in writing for a period of 28 days exclusive of, and from, the date of the offer. HK\$1.00 shall be paid as consideration for the grant of the Option on acceptance of the offer.

(h) **Subscription Price**

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the Subscription Price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(i) **Option Period**

The period within which the Board in its absolute discretion determines the Shares must be taken up under an Option, but such period must not exceed 10 years from the date of grant of the relevant Option.

(j) Rights are Personal to Grantee

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

(k) Rights Attaching to Shares allotted

The Shares to be allotted upon exercise of an Option shall be subject to all the provisions of the Memorandum and the Articles of Association of the Company and will rank *pari passu* in all respects with the fully paid Shares in issue as on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company.

(l) Rights on Ceasing to be an Eligible Employee

In the event that the Grantee ceases to be an Eligible Employee for any reason other than his death and none of the events which would be a ground for termination of his employment under Clause 7.1(e) of the Share Option Scheme arises prior to such cessation, the Option shall lapse on the date of cessation of such employment and not be exercisable in whole or in part (to the extent which has become exercisable and not already exercised) unless the Board otherwise determines.

In the event that the Grantee ceases to be an Eligible Employee by reason of death and none of the events which would be a ground for termination of his employment under Clause 7.1(e) of the Share Option Scheme arises prior to his death, the personal representative of the Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option in full (to the extent which has become exercisable and not already exercised).

(m) Rights on a General Offer

In the event of 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 the Shareholders, or all Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall as soon as practicable notify the Grantees accordingly. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his Option (to the extent which has become exercisable and not already exercised) in whole or in part at any time before the close of such offer (or any revised offer).

(n) Rights on a Compromise or Arrangement

In the event a compromise or arrangement between the Company and the Shareholders or its creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all the Grantees on the same day as it dispatches notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement, and thereupon any Grantees (or his or her personal representatives) shall forthwith and until the expiry of the period commencing with such date of notice and ending with the earlier of the date falling 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the Court, be entitled to exercise his Option (to the extent which has become exercisable and not already exercised).

(o) Rights on Liquidation of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and thereupon, each Grantee (or his or her personal representative(s)) shall be entitled to exercise his Options (to the extent which has become exercisable and not already exercised) in whole or in part at any time not later than two (2) Business 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 Subscription Price for the Shares in respect of which the notice is given. 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, allot the relevant Shares to the Grantee.

(p) Reorganisation of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganisation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in (i) the number of Shares subject to the Option so far as unexercised; and/or; (ii) the Subscription Price; and/or (iii) the maximum number of Shares available for subscription by the Grantees referred to therein, as the Company's independent financial adviser or Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value.

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

(q) Cancellation of Options

Where the Company cancels Options and issues new ones to the same Participant, the issue of such new Options may only be made under the Share Option Scheme with available unissued options (excluding the cancelled Options) within the limit approved by Shareholders at general meeting as referred to in paragraph (u) below.

(r) Alterations of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any changes to the advantage of Participants to the provisions relating to matters set out in Rule 17.03 of the Listing Rules;
- (ii) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature;
- (iii) any change to the terms of Options granted; and
- (iv) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme.

must be approved by a resolution of the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that the amended terms of the Share Option Scheme or the Options shall still comply with the requirements of Chapter 17 of the Listing Rules.

(s) Termination of the Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme before its expiry and in such event no further offer to grant Options nor further Option will be made but Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms of grant and the terms of the Share Option Scheme.

(t) Lapse of Options

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

- (i) the expiry of the Option Period referred to in paragraph (i);
- (ii) the expiry of any of the periods referred to in paragraph (l);
- (iii) the date on which the offer (or as the case may be, revised offer) referred to in paragraph (m) closes;

APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (iv) subject to paragraph (o), the date of the commencement of the winding-up of the Company;
 - (v) the date on which the Grantee ceases to be an Eligible Employee by reason of the termination on any one or more of the following grounds:
 - (aa) he has been guilty of misconduct; or
 - (bb) he has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally; or
 - (cc) he has been convicted of any criminal offence involving his integrity or honesty; or
 - (dd) (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary.
 - (vi) subject to paragraph (n), the date when the proposed compromise or arrangement becomes effective;
 - (vii) the date on which the Grantee commits a breach of paragraph (j) above;
 - (viii) if the Board at its absolute discretion determines that the Grantee (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and the Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, the outstanding Options granted to the Grantee shall lapse. In such event, his Options will lapse automatically and will not in any event be exercisable thereafter.
- (u) **Maximum number of shares available for subscription**
- (i) The total number of Shares in respect of which Options may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue on the day when the Share Option Scheme is conditionally adopted by Shareholders in a general meeting unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the 10% limit.

- (ii) The Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme. However, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules must be sent to the Shareholders.

- (iii) The Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the 10% limit provided that the grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders, the Company must send a circular to the Shareholders containing a generic description of the specified grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the grantees with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules.

- (iv) Notwithstanding any provision to the contrary in the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time. No Options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

- (v) **Maximum entitlement of each participant**

Unless approved by Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both cancelled and outstanding Options) under the Share Option Scheme in any 12-month period must not exceed 1% of the relevant class of securities in issue.

Where any further grant of Options to a Participant would result in the total number of Shares already issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding 1 per cent. of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with the Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders containing information as required by the Listing Rules.