

XINYI GLASS HOLDINGS LIMITED

信義玻璃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00868)

SHARE OPTION SCHEME

Conditionally adopted by an ordinary resolution passed by the
shareholders of the Company at the annual general meeting
on 30 May 2025

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1. DEFINITIONS

1.1 Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:

“Adoption Date”	means 30 May 2025 (the date on which the Scheme was conditionally adopted by the Shareholders);
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	means the auditors of the Company for the time being;
“Board”	means the board of Directors for the time being, which for the purpose of the Scheme shall include such committee or such sub-committee or person(s) delegated with the power and authority by the board of Directors from time to time to administer the Scheme;
“Business Day”	means any day (excluding a Saturday and Sunday and a day on which a black rainstorm warning or a gale warning is in force) on which banks are generally open for business in Hong Kong;
“chief executive”	has the meanings ascribed to it under the Listing Rules;
“close associate(s)”	has the meanings ascribed to it under the Listing Rules;
“Company”	refers to Xinyi Glass Holdings Limited 信義玻璃控股有限公司, an exempt company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00868);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meanings ascribed to it under the Listing Rules;

“core connected person(s)”	has the meanings ascribed to it under the Listing Rules;	
“Date of Grant”	means in respect of an Option, the Business Day on which the Board resolves to make an Offer to an Eligible Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the Scheme;	
“Director(s)”	means the director(s) of the Company;	
“Eligible Participant(s)”	means Employee Participants, Related Entity Participants and Service Provider Participants;	17.03(2)
“Employee Participant(s)”	means director(s) and employee(s) of any member of the Group (including persons who are granted Options as an inducement to enter into employment contracts with these companies);	17.03A(1)(a)
“Grantee(s)”	means any Eligible Participant who accepts an Offer or where the context so permits, a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;	
“Group”	refers to the Company and its Subsidiaries;	
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;	
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;	
“Independent Third Parties”	refers to any person or entity which is independent of and not connected with any connected person of the Company;	
“Individual Limit”	has the meaning ascribed to it under paragraph 7.6;	
“Inside Information”	has the meaning ascribed to it under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;	
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange from time to time;	

“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules from time to time;	
“Offer”	means an offer of the grant of an Option made in accordance with paragraph 3;	
“Option”	means an option to subscribe for Shares granted under the Scheme and for the time being subsisting;	
“Option Period”	means in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;	
“PRC”	means the People’s Republic of China, excluding for the purpose of the Scheme, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;	
“Process Agent”	has the meaning ascribed to it under paragraph 14.11;	
“Related Entities”	means the holding companies, fellow subsidiaries or associated companies of any member of the Group;	17.03A(1)(b)
“Related Entity Participant(s)”	means director(s) and employee(s) of any of the Related Entities;	
“Remuneration Committee”	means the remuneration committee of the Board;	
“Scheme”	means this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;	
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 7.1;	
“Scheme Period”	has the meaning ascribed to it in paragraph 2.5;	

“Service Provider Participant(s)”	means any person or entity which are Independent Third Parties and provide services to the Group on an arm’s length basis and continuing or recurring basis in the ordinary and usual course of business of the Group where the continuity and frequency of their services are akin to those employees of the Group and exclude (a) placing agents or financial advisers providing advisory services for fund-raising and mergers and acquisition transaction and (b) professional service providers who are required to provide their services in accordance with professional standards with impartiality and objectivity;	17.03A(1)(c)
“Service Provider Sublimit”	has the meaning ascribed to it in paragraph 7.2;	17.03A(1) Note
“Shareholder(s)”	means holder(s) of the Share(s);	
“Share(s)”	means ordinary share(s) of HK\$0.1 each in the capital of the Company, or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division reduction, consolidation, reclassification or reconstruction;	
“share scheme(s)”	has the meaning ascribed to it under the Listing Rules;	
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;	
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 4;	
“Subsidiary(ies)”	has the meanings ascribed to it under the Listing Rules;	
“substantial shareholder”	has the meanings ascribed to it under the Listing Rules;	

“Supplementary Guidance” refers to the “Frequently asked questions on adjustments of the exercise price of share options” (FAQ No.072-2020) published by the Stock Exchange and its attachment “Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule” (as may be amended and updated from time to time); and

“treasury shares” has the meanings ascribed to it under the Listing Rules.

- 1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme.
- 1.3 References herein to “paragraphs” are to paragraphs of the Scheme.
- 1.4 Words importing the singular include the plural and vice versa, words importing a gender or the neuter include both genders and the neuter references to persons include bodies corporate or unincorporate.
- 1.5 References in the Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.6 References (express or implied) in the Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.
- 1.7 In construing the Scheme:
 - (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
 - (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. PURPOSE, DURATION AND ADMINISTRATION

2.1 The Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants had or may have made to the Group and to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: 17.03(1)

- (a) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (b) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2.2 The Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to:

- (a) interpret and construe the provisions of the Scheme;
- (b) subject to such relevant requirements under the Listing Rules, determine the persons (if any) who shall be offered Options under the Scheme, and the number of Shares and Subscription Price, subject to paragraph 4;
- (c) subject to paragraphs 8 and 11, make such adjustments to the terms of the Options granted under the Scheme to the relevant Grantee as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and
- (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offers and/or the administration of the Scheme provided that the same are not inconsistent with the provisions of the Scheme and the Listing Rules.

2.3 The Scheme shall take effect subject to: 17.02(1)(a)

- (a) the passing of the resolution by the Shareholders to approve and adopt the Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of Options in accordance with the terms and conditions of the Scheme.

- 2.4 If any of the conditions in paragraph 2.3 above is not satisfied on or before the date following 30 days after the Adoption Date, the Scheme shall determine immediately, and any Option granted or agreed to be granted pursuant to the Scheme shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Scheme.
- 2.5 Subject to paragraphs 2.3, 2.4 and 13, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date (the “**Scheme Period**”), after which period no further Options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. 17.03(11)
- 2.6 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 on demand 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 Scheme 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 omission to act in connection with the Scheme unless arising out of such person’s own negligence, fraud or bad faith.

3. GRANT OF OPTIONS AND PERFORMANCE TARGETS AND CLAWBACK MECHANISM

- 3.1 On and subject to the terms of the Scheme and the Listing Rules, the Board shall be entitled at any time during the Scheme Period to make an Offer to any Eligible Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Eligible Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the absolute discretion of the Board, include, among other things, (a) the minimum period for which an Option must be held before it can be exercised; (b) a performance target, if any, that must be achieved before the Option can be exercised in whole or in part; and/or (c) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

3.2 The eligibility of each of the Eligible Participant shall be determined by the Board from time to time and on a case-by-case basis. Generally:

17.03(2)
17.03A(2)

- (a) with respect to Employee Participants, the Board will consider, among others, their general working performance, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard;
- (b) with respect to Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group; and
- (c) the service providers and consultants of the Group that may be eligible to participate in the Scheme include a number of service providers and consultants of the Group, which are Independent Third Parties. These service providers and consultants are either currently engaged by the Group or will be acting such in the Group's ordinary and usual course of business where the continuity and frequency of their services are akin to those employees of the Group at the time of grant under the Scheme. The Service Provider Participants may be categorised into the following groups:
 - (i) long-term service providers of the Group, which provide production equipment installation and logistics services to the Group (the “**Installation and Logistics Services Providers**”) and
 - (ii) professional consultants engaged by the Group on a regular basis for the support of the Group's continuous developments of production knowhow and technology (the “**Consultants of Production Knowhow and Technology**”).

The Installation and Logistics Services Providers and the Consultants of Production Knowhow and Technology are important in supporting the efficient Group day-to-day business operations of the Group by either providing the required services or supporting the Group's development or improvement in the production process of the Group. The engagement of the Service Provider Participants forms part of the ordinary and usual course of business of the Group, and the continuity and frequency of their services are akin to those employees of the Group.

In assessing the eligibility of each of the Service Provider Participants for receiving grant of Options under the Scheme, the Board will consider, among others:

- (i) their experience and expertise and the business history with the Group;
- (ii) the continuity and frequency of the services provided to the Group;
- (iii) the quality of the services provided;
- (iv) the performance and the track records and whether the quality of the services provided constantly meet the requirements and expectation of the Group;
- (v) the service fees charged by the relevant Service Provider Participants and the service fees trends that may be charged by comparable service providers/consultants for comparable services;
- (vi) the nature of the business relationship with the Group and whether the services provided can be replaced by other service providers/consultants or with the advancement of technology;
- (vii) the shareholding structure as well as the overall management and financial resources available to the Service Provider Participants; and
- (viii) the actual or potential contribution to the current business and the long-term business growth of the Group.

The Board will be provided with a comprehensive report on the eligibility of the Service Provider Participants on a confidential basis and will determine the number of the share options that may be granted under the Scheme.

- 3.3 An Offer shall be made to an Eligible Participant by letter 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 the Scheme and shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Scheme has been terminated in accordance with the terms hereof or after the Eligible Participant for whom the Offer is made has ceased to be an Eligible Participant. The letter of Offer shall specify the terms on which the Option is to be granted, including:

- (a) the date of issue of the Offer;

- (b) the date by which the Eligible Participant must accept the Offer or be deemed to have declined it as indicated in paragraph 3.9 and the method for accepting the Offer as indicated in paragraph 3.8;
- (c) the maximum number of shares to which the Offer relates;
- (d) the Subscription Price;
- (e) the Option Period;
- (f) the vesting period as indicated in paragraph 3.4;
- (g) the performance target(s), if any, as indicated in paragraph 3.5;
- (h) the clawback mechanism, if any, as indicated in paragraph 3.6;
- (i) any other conditions which must be satisfied before the Options may be vested;
- (j) requirement that the Employee Participant to undertake to hold the Options on the terms on which it is to be granted and to be bound by the provisions of the Scheme; and
- (k) subject to the above, the Offer shall be made in such form as the Board may from time to time prescribe.

3.4 The vesting period in respect of any Option shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Options granted to Employee Participants may be subject to a shorter vesting period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager (as defined under Rule 17.01A of the Listing Rules) of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager (as defined under Rule 17.01A of the Listing Rules) of the Company, under any of the following circumstances:

17.03(6)
17.03F

- (a) grants of “make-whole” Options to a new Employee Participant to replace the share options that such Employee Participant forfeited when leaving his previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
- (c) grants of Options with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;

- (d) grants of Options that are made in batches during a year for administrative and compliance reasons;
 - (e) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months; and
 - (f) grants of Options with a total vesting and holding period of more than 12 months.
- 3.5 The performance target(s) that must be duly fulfilled by the Grantee before any Option may be vested to such Grantee under such Offer may be required by the Company. The Board or a committee of the Board may in respect of each Offer and subject to all applicable laws, rules and regulations determine such performance targets for vesting of Options in its sole and absolute discretion. Such performance targets include, but without limitation to, and where appropriate, 17.03(7)
- (a) sales performance (e.g. revenue and profit);
 - (b) operational performance (e.g. production yield, cost control and turnover rate); and
 - (c) financial performance (e.g. profits, cash flow, earnings, market capitalisation and return on equity) of the Group as a whole and of the applicable business.

Also, the Company has established a standard performance appraisal system to evaluate the performance and contribution of the Eligible Participants to the Group for (a) the Employee Participants and/or the Related Entity Participants, including but not limited to, and where appropriate, the individual's overall performance indicators (e.g. strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities and adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal procedures) and (b) the Service Provider Participants, including but not limited to, the individual performance of the Service Provider Participants with the pre-agreed targets to determine whether the targets and the extents to which the targets has been met.

3.6 Subject to the provisions of the Listing Rules and shall not be inconsistent with any other terms or conditions of the Scheme, the Board may in its absolute discretion determine that the Option granted may be subject to clawback if any of the following events occur: 17.03(19)

- (a) there being a material misstatement in the audited financial statements of the Company that requires a restatement;
- (b) such Grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria;
- (c) any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner; or
- (d) such Grantee has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Group (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group.

The Company may (a) clawback all or a specified part of the Options granted as the Board may consider appropriate and/or (b) request the Grantee to return in whole or in part of the income and/or benefits generated from the exercised Options. For the avoidance of doubt, the Options that are clawed back will be regarded as cancelled and subject to the mechanism as set forth in paragraph 12.

3.7 No Offer shall be made to any Eligible Participant: 17.05

- (a) after Inside Information has come to the Company's knowledge until (and including) the trading day on which it has announced the Inside Information. In particular, no Options shall be granted 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 the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of results announcement; nor should any Offer be made to any Eligible Participant during any other periods of time stipulated by the relevant sections of the Listing Rules from time to time in relation to any restriction on the time of grant of options, or

- (b) who is subject to the Model Code during the periods or times in which such Eligible Participant is prohibited from dealing in the Shares pursuant to the Model Code.

3.8 An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted and a remittance to the Company of HK\$1.0 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. 17.03(8)

3.9 Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 30 days from the Date of Grant in the manner indicated in paragraph 3.8, it shall be deemed to have been irrevocably declined.

3.10 Without prejudice to paragraph 3.11, any grant of Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates under the Scheme, must be approved by the independent non-executive Directors (excluding any independent non-executive Directors who are the proposed Grantees of the Options). 17.04(1)

3.11 Where any grant of Options to an independent non-executive Director and a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options granted under the Scheme (excluding any Options lapsed in accordance with the terms of the Scheme) to such person in the 12-month period up to and including the Date of Grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares), such further grant of Options shall be subject to and conditional upon the following conditions: 17.04(3)
17.04(4)

- (a) where required under the Listing Rules, the Company has sent a circular to the Shareholders containing information set forth in this paragraph within such time as may be specified in the Listing Rules; and

- (b) where required under the Listing Rules, such grant of Options having been approved by the Shareholders in general meeting of the Company at which the Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, and the Company having complied with Rules 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules.

The circular containing the details of the grant pursuant to the above paragraph shall be issued by the Company to the Shareholders in the manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.

17.04(5)

- 3.12 Any change in the terms of Options granted to a Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set forth in Rule 17.04(4) of the Listing Rules if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the Scheme).

17.04(5)
Note (1)

- 3.13 The requirements for the grant to a Director or chief executive of the Company set forth in paragraphs 3.11 and 3.12 herein do not apply where the Eligible Participant is only a proposed Director or chief executive of the Company.

17.04(5)
Note (2)

4. SUBSCRIPTION PRICE

- 4.1 The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

17.03(9)
17.03E

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant, which must be a Business Day; and
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant.

- 4.2 The Subscription Price shall be subject to any adjustments made in a situation contemplated under paragraph 8 below.

5. EXERCISE OF OPTIONS

- 5.1 An Option shall be personal to the Grantee. Unless a waiver is granted by the Stock Exchange or otherwise permitted or required under the applicable laws and regulations, an Option shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company. For the avoidance of doubt, where the Grantee is a corporate body, 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, unless the Board shall in its sole and absolute discretion determine otherwise. 17.03(17)
- 5.2 An Option may, subject to the provisions of paragraph 8 and the fulfilment of all terms and conditions set forth in the Offer, be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set forth in paragraph 5.3 by the Grantee (or, as the case may be, his legal personal representative) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 10 Business Days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative) share certificates in respect of the Shares so allotted.

5.3 Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of Offer thereof, an Option may be exercised by the Grantee (or, as the case may be, his legal personal representative) at any time during the Option Period, provided that:

17.03(5)

- (a) in the event of the Grantee ceasing to be an Employee Participant or Related Entity Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment or his directorship as specified in paragraph 6.1(f) having arisen, his legal personal representative may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 12 months following his death provided that where any of the events set forth in paragraphs 5.3(f), (g), (h) and (i) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative may so exercise the Option only within such of the various periods respectively set forth in such paragraphs provided further that if within a period of three years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph 6.1(f) which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative and/or to the extent the Option has been exercised in whole or in part by his legal personal representative, but Shares have not been allotted, he shall be deemed not to have so exercised such Option and the Company shall return to him the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;
- (b) in the event of a Grantee who is an Employee Participant or Related Entity Participant ceasing to be an Employee Participant or Related Entity Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph 6.1(f), the Grantee may exercise the Option (to the extent not already exercised) within a period of one month from the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary or the relevant Related Entity whether salary is paid in lieu of notice or not);

- (c) in the event of the Grantee ceasing to be an Employee Participant or Related Entity Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph 6.1(f), his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment or directorship and to the extent the Grantee has exercised the Option in whole or in part pursuant to paragraph 5.2, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;
- (d) in the event of the Grantee ceasing to be an Related Entity Participant by reason of the Related Entity to which such Grantee is employed, holds directorship or office ceases to be a Related Entity, his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of cessation and to the extent the Grantee has exercised the Option in whole or in part pursuant to paragraph 5.2, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;
- (e) in the event of the Grantee who is not an Employee Participant or Related Entity Participant ceasing to be an Eligible Participant for any reason of termination of its business relation with the Group otherwise, then unless the Board shall in its sole and absolute discretion determine otherwise, any outstanding Options held by such Grantee shall lapse with immediate effect on the date when the Company notifies such Grantee of the relevant termination;
- (f) in the event a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5.3(g) below) is made to all the Shareholders (or all such 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) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional;

- (g) in the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent notified by the Company;
- (h) in the event a notice is given by the Company to the Shareholders to convene a Shareholder's meeting for the purpose 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 any Grantee (or his legal personal representative) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company referred to above 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, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the Grantee credited as fully paid; and
- (i) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5.3(g) above, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representative) may by 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 (such notice to be received by the Company not later than two Business Days prior to the proposed meeting), exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which fall to be issued on such exercise of the Option credited as fully paid and register the Grantee as the holder thereof.

- 5.4 The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the memorandum of association and articles of association of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the Shareholders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.
- 5.5 Notwithstanding paragraph 5, if the Grantee is a PRC resident, he shall not be entitled to exercise any Option until: (a) any restriction or condition imposed by the relevant PRC laws and regulations (including but not limited to the laws, regulations and notices promulgated by the State Administration of Foreign Exchange) in relation to the subscription for, holding of, or dealing in, shares of overseas listed companies by PRC residents or any laws, regulations or notices with similar effect have been abolished, removed or ceased to be applicable to the Grantee or the Grantee has obtained approval, exemption or waiver from the relevant PRC regulatory authorities, or complied with the laws, regulations and notices, for the subscription for, holding of or dealing in the Shares; and (b) by exercising the Options, he has given, and is deemed to have given, representations and warranties to the Company to the effect that he has satisfied all the relevant laws, regulations, notices (in particular the laws, regulations and notices promulgated by the State Administration of Foreign Exchange) and other PRC foreign exchange control requirements in exercising the Options, and the Company shall not be liable for any loss suffered by him arising from his failure to do so.
- 5.6 If a Grantee is a PRC resident, the Company is entitled to not issue any Share to him unless and until he can provide evidence satisfactory to the Company that he has obtained all relevant approvals, exemptions or waivers from the relevant PRC regulatory authorities for the subscription for, holding of or dealing in the Shares.

17.03(10),
(15)

6. LAPSE OF OPTIONS

6.1 An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of: 17.03(12)

- (a) the expiry of the Option Period (subject to the provisions of the Scheme);
- (b) the expiry of the periods referred to in paragraph 5.3;
- (c) the expiry of the period referred to in paragraph 5.3(f) subject to any court of competent jurisdiction making an order to prohibit the offeror from acquiring the remaining Shares in the offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the offer lapses or is withdrawn before that date;
- (d) subject to the scheme of arrangement (referred to in paragraph 5.3(g)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5.3(g);
- (e) the date of the commencement of the winding-up of the Company referred to in paragraph 5.3(h);
- (f) the date on which the Grantee ceases to be an Employee Participant or Related Entity Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Group (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group. A resolution of the Board or the board of directors of the relevant Related Entity to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 6.1(f) shall be conclusive and binding on the Grantee, and where appropriate, his legal personal representative;
- (g) the date on which the Grantee commits a breach of paragraph 5.1;

- (h) in respect of the Grantee other than an Employee Participant or Related Entity Participant (whether individual or corporation), the date on which the Board at their sole and absolute discretion determines that such Grantee has breached or otherwise failed to comply with any provisions of the relevant contract entered into between the Grantee on the one part and any member of the Group on the other part, or that the Grantee has breached its fiduciary duty owed to any member of the Group under the common law, or that the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of cessation of its relations with the Group or for any other reasons whatsoever;
- (i) the date on which the Grantee commits a breach of any term or condition attached to the Offer, unless otherwise resolved to the contrary by the Board; and
- (j) the date on which the Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing criteria to be an Eligible Participant for any other reason.

6.2 For the avoidance of doubt, for the purpose of paragraphs 5.3 and 6.1,

- (a) transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group or seconded to a Related Entity and transfer of employment of a Grantee who is a Related Entity Participant from a Related Entity to another Related Entity or seconded to any member of the Group shall not be considered cessation of employment; and
- (b) any Grantee who is an Employee Participant or Related Entity Participant is on such leave of absence with prior approval by the directors of the relevant member of the Group or Related Entity shall not be considered cessation of employment of the Grantee.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 7.1 The total number of Shares which may be issued in respect of all options and awards to be granted under the Scheme and other share schemes of the Group must not in aggregate exceed 10% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. 17.03(3)
17.03B(1)
Note (1)
- 7.2 Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Provider Participants under the Scheme and other share schemes of the Group must not in aggregate exceed 10% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date (the “**Service Provider Sublimit**”). Options lapsed in accordance with the terms of the Scheme will not be regarded as utilised for the purpose of calculating the Service Provider Sublimit. The Service Provider Sublimit shall not be valid unless it is separately approved by the Shareholders in general meeting. 17.03(3)
17.03B(2)
Note (1)
- 7.3 The Scheme Mandate Limit and the Service Provider Sublimit may be refreshed by obtaining the approval of the Shareholders in a general meeting after three years from the Adoption Date or the date of Shareholders’ approval for the last refreshment, provided that: 17.03C(1)(a)
- (a) the Scheme Mandate Limit so refreshed must not exceed 10% and the Service Provider Sublimit so refreshed must not exceed 0.5%, respectively, of the total number of issued Shares in issue (excluding treasury shares) as at the date of such Shareholder’ approval of the refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit. Options previously granted under the Scheme or other share schemes of the Group (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Scheme or other share schemes of the Group) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate Limit and/or the refreshed Service Provider Sublimit. The Company must send a circular to the Shareholders in the manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. 17.03C(2)

(b) any refreshment to the Scheme Mandate Limit and the Service Provider Sublimit within any three-year period must be approved by the Shareholders, subject to the following:

17.03C(1)(b)

(i) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;

(ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules; and

(iii) the requirements under paragraphs 7.3(b)(i) and 7.3(b)(ii) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to the Shareholders on a pro rata basis as set forth in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (or the Service Provider Sublimit, as the case may be) (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit (or the Service Provider Sublimit, as the case may be) immediately before the issue of Shares, rounded to the nearest whole Share.

17.03C(1)(c)

7.4 Notwithstanding the foregoing, the Company may seek separate Shareholders' approval in general meeting to grant Options under the Scheme beyond the Scheme Mandate Limit and/or the Service Provider Sublimit, if applicable, the refreshed limits referred to in paragraph 7.3, provided that:

17.03C(3)

(a) the Options in excess of the Scheme Mandate Limit and/or the Service Provider Sublimit are granted only to Eligible Participants specifically identified by the Company before such approval is sought;

(b) the Company must send a circular to the Shareholders in the manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules; and

(c) the number and terms of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval, and for this purpose, the date of the Board resolved to propose such grant shall be taken as the Date of Grant for the purpose of calculating the Subscription Price.

7.5 If the Company conducts any share consolidation or sub-division after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in the general meeting, the maximum number of Shares that may be issued by the Company pursuant to the Scheme and all other share schemes of the Group under the unutilised Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same, rounded to the nearest whole Share.

17.03B
Note (2)

7.6 Where any grant of Options to an Eligible Participant would result in the Shares issued and to be issued in respect of all Options granted to such person (excluding any Options lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding treasury shares) (the “**Individual Limit**”), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders in the manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. The number and terms of the Options to be granted to such Eligible Participant must be fixed before the Shareholders’ approval, and for this purpose, the date of the Board resolved to propose such grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

17.03(4)
17.03D

8. REORGANISATION OF CAPITAL STRUCTURE

8.1 In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation issue, rights issue, sub-division or consolidation of the Shares or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (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), such corresponding adjustments (if any) shall be made to:

17.03(13)

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (b) the Subscription Price;

or any combination thereof, provided that:

- (i) any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled; and
- (ii) notwithstanding paragraph 8.1(a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue or capitalisation issue, shall be made in accordance with the Supplementary Guidance or such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time,

but no such adjustments shall be made pursuant to paragraphs 8.1(a) and 8.1(b) to the extent that a Share would be issued at less than its nominal value.

- 8.2 The Company shall engage the Auditors or the independent financial advisor to certify in writing, either generally or as regards any particular Grantee, that the adjustments (other than any made on a capitalisation issue) made by the Company under paragraph 8.1 satisfy the requirements set forth in paragraphs 8.1(a) and 8.1(b) above and the requirements of the relevant provisions of the Listing Rules. The capacity of the Auditors or the independent financial advisor in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial advisor shall be borne by the Company.

9. SHARE CAPITAL

- 9.1 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.
- 9.2 The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

17.03(10)

10. DISPUTES

Any dispute arising in connection with the Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser shall be shared equally between the Company and the relevant Grantee.

11. ALTERATION TO THE SCHEME

The Scheme may be altered in any respect by resolution of the Board subject to the followings: 17.03(18)

- (a) any alteration to the terms and conditions of the Scheme which are of a material nature or any alterations to the provisions relating to the matters set forth in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the Eligible Participants (as the case may be) must be approved by the Shareholders in general meeting;
- (b) any change to the terms of Options granted to the Grantee must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme;
- (c) the amended terms of the Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (d) any change to the authority of the Directors or the administrators of the Scheme to alter the terms of the Scheme must be approved by the Shareholders in general meeting.

12. CANCELLATION

The Board in its absolute discretion may cancel the Options granted but not exercised if the Grantee so agrees in writing. Where the Company cancels Options and issues new ones to the same Option holder, the issue of such new Options may only be made under the Scheme with available Scheme Mandate Limit and/or Service Provider Sublimit approved by the Shareholders as referred to in Rules 17.03B and 17.03C of the Listing Rules. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and/or the Service Provider Sublimit.

17.03(14)

13. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Scheme and which remain unexpired immediately prior to the termination of the operation of the Scheme.

17.03(16)

14. MISCELLANEOUS

14.1 The Company shall bear the costs of establishing and administering the Scheme.

14.2 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to the Shareholders.

14.3 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 in Hong Kong for the time being and, in the case of the Grantee, his address as notified to the Company from time to time.

14.4 Any notice or other communication served by post:

- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
- (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

Any notice or other communication served by either party by hand shall be deemed to be served when delivered.

- 14.5 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. A Grantee shall pay all tax and discharge all other liabilities to which he may become subject to as a result of the participation in the Scheme or the exercise of any Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in the Scheme. A Grantee shall, on demand, indemnify the Company fully against all claims and demands which may be made against the Company (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to hereinabove or to pay tax or discharge other liabilities referred to hereinabove and against all incidental costs and expenses which may be incurred or spent by the Company.
- 14.6 The Board shall have the power from time to time to make or vary regulations for the administration and operation of the Scheme, provided that the same are not inconsistent with the other provisions of the Scheme. The Board shall also have the power to delegate its powers to grant Options to Eligible Participants and to determine the Subscription Price, to the Company's chief executive(s) and/or senior manager(s) and/or a committee of the Board from time to time, subject to the requirements and restrictions set out in this Scheme and the Listing Rules.
- 14.7 The Scheme shall not form part of any contract of employment between the Company or any Subsidiary or any Related Entity on the one part and any Eligible Participant on the other part and the rights and obligations of any Eligible Participant under the terms of his office or employment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 14.8 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

- 14.9 In no circumstances shall a person ceasing to be an Eligible Participant for any reason be entitled to any compensation for or in respect of any consequent diminution or extinction of his rights or benefits (actual or prospective) under any Options then held by him or otherwise in connection with the Scheme and by accepting an Option under the Scheme such person shall be deemed to have irrevocably waived any such entitlement (to the extent there is any).
- 14.10 No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to the Scheme, unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option.
- 14.11 The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong. Each Grantee shall appoint the company secretary of the Company as his agent (the “**Process Agent**”) for service of process and any other documents in proceedings in Hong Kong or any other proceedings in connection with the Scheme and all Options granted under it. Any claim form, judgement or other notice of legal process shall be sufficiently served on the Grantee if delivered to the Process Agent for the time being. Each Grantee irrevocably undertakes not to revoke the authority of the Process Agent and if, for any reason, such authority is revoked he shall promptly appoint another process agent with an address in Hong Kong and advise the Company accordingly.