



**China Hongguang Holdings Limited**

**中國宏光控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8646)**

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**SHARE OPTION SCHEME**

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(Adopted by a resolution of the shareholders of the Company on [30 June] 2023)

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## 1. DEFINITIONS

1.1 In this Scheme, the following expressions shall have the following meanings:

“Adoption Date”	[•] 2023, being the date on which this Scheme becomes unconditional;
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time;
“associate”	has the same meaning as defined in the Listing Rules;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of the Company for the time being or a duly authorised committee thereof;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;
“close associate”	has the meaning as defined in the Listing Rules;
“connected person”	has the meaning as defined in the Listing Rules;
“core connected person”	has the meaning as defined in the Listing Rules;
“Company”	China Hongguang Holdings Limited, a company incorporated in Cayman Islands with limited liability;
“Directors”	the directors of the Company for the time being;
“Eligible Participants”	the Directors (including independent non-executive directors) and employees (whether full-time or part-time) of any member of the Group (including persons who are granted Options under this Scheme as inducement to enter into employment contracts with any member of the Group);

“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 6.6(1)) his Personal Representative;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as may be amended from time to time;
“Minimum Period”	with respect to an Option, the period commences on the Offer Date and ending on the day immediately prior to the first anniversary thereof;
“Offer”	an offer to an Eligible Participant for the grant of an Option;
“Offer Date”	the date on which an Offer is made to an Eligible Participant or the date as determined under paragraph 5.2 or paragraph 8.2;
“Option”	any option to subscribe for Shares pursuant to this Scheme;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Company to the Grantee thereof at the time of making an Offer provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the Offer Date with respect of the relevant Option;

“Personal Representative”	with respect to an Eligible Participant or a Grantee, the person who has the authority to deal with the relevant Eligible Participant’s or Grantee’s estate in accordance with the laws of succession applicable in respect of the death of the relevant Eligible Participant or Grantee;
“Scheme Mandate Limit”	has the meaning as defined in paragraph 8.1(1);
“senior manager”	has the meaning as defined in Rule 17.01A of the Listing Rules;
“Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong for the time being;
“Shareholders”	holders of the Shares in issue from time to time;
“Shares”	ordinary shares in the capital of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	with respect to a particular Option, the price per Share at which the relevant Grantee may subscribe for Shares on the exercise of the particular Option;
“Suspension Date”	has the meaning as defined in paragraph 6.6(7)(a);
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Termination Date”	close of business of the Company on the date which falls on the date immediately prior to the tenth anniversary of the Adoption Date;
“this Scheme”	this share option scheme in its present form as set out in this document or as may be amended in accordance with paragraph 12; and

“%” per cent.

1.2 In this Scheme, save where the context otherwise requires:

- (1) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (2) references to paragraph or paragraphs are references to paragraph or paragraphs hereof;
- (3) words importing the singular include the plural and vice versa;
- (4) words importing one gender include both genders and the neuter and vice versa;
- (5) references to persons include bodies corporate and unincorporated;
- (6) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (7) references to any statutory body shall include the successor thereof and anybody established to replace or assume the functions of the same.

## 2. CONDITIONS

The adoption of this Scheme is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal, in the Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under this Scheme; and
- (2) the passing of the necessary ordinary resolution(s) at a general meeting of the Company approving (a) the adoption of this Scheme; and (b) authorising the Board to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme.

### **3. PURPOSE, DURATION AND ADMINISTRATION**

- 3.1 The purpose of this Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to the Eligible Participants and to promote the success of the business of the Group. This Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth of the Group.
- 3.2 This Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or its interpretation or application or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the provisions of this Scheme, the Board shall have the right to (1) interpret and construe the provisions of this Scheme; (2) determine the persons who will be offered Options under this Scheme, and the number of Shares and the Subscription Price in relation to such Options; (3) make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it may deem necessary; and (4) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of this Scheme.
- 3.3 In determining the basis of eligibility for the Eligible Participants, the factors in assessing whether any person is eligible to participate in this Scheme include: (1) the performance; (2) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (3) the length of engagement with the Group; and (4) the contribution or potential contribution to the development and growth of the Group. As the purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to the Eligible Participants and to promote the success of the business of the Group, if any personnel has satisfactory performance in performing his/her job duties, has served the Group for a long period of time and has showed his/her loyalty towards the Group, has contributed to or has the potential to promote or catalyse the continuing development and growth of the Group, or it is the prevailing market practice or industry standard to award the Options to such personnel, the Company would tend to have a more favourable assessment towards such Eligible Participants as to their eligibility.
- 3.4 Subject to paragraph 2 and paragraph 13, this Scheme shall be valid and effective until the Termination Date, after which period no further Options will be granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted on or prior to the Termination Date or otherwise as may be required in accordance with the provisions of this Scheme.

- 3.5 A Grantee shall ensure that any exercise of his Option under paragraph 6 is valid and complies with all laws, legislations and regulations to which the person is subject. The Board may, as a condition precedent of issuing Shares upon an exercise of an Option, require the relevant Grantee to produce such evidence as it may reasonably require for such purpose.
- 3.6 The Board may, in its absolute discretion, specify any condition in the Offer which must be satisfied before an Option may be exercised. The Directors consider that it is not practicable to specify a generic set of conditions, as each Eligible Participant will play different roles and contribute in different ways to the Group. The Directors consider it more beneficial to the Company to retain the flexibility to determine when and to what extent such conditions are appropriate. Save as determined by the Board and provided in the Offer, there is no performance target which must be achieved before an Option can be exercised under the terms of this Scheme or any clawback mechanism for the Company to recover or withhold any Option granted to a Grantee.

#### **4. OFFER AND ACCEPTANCE**

- 4.1 Subject to and in accordance with the provisions of this Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound), at any time and from time to time and within a period commencing on the Adoption Date and ending on the Termination Date (both dates inclusive), to make an Offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph 8, determine at the Subscription Price pursuant to paragraph 5, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.
- 4.2 No Offer shall be made by the Board:
- (1) after inside information (having the meaning as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) has come to its knowledge until (and including) the Business Day after it has been announced by the Company pursuant to the requirements of the Listing Rules; and



(2) during the period commencing from one (1) month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

- 4.3 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine specifying the number of Shares and the Option Period and requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme.
- 4.4 An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including the Eligible Participant's Personal Representative) for a period of thirty (30) days from the date of offer. During such thirty (30) day period, an Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 as consideration for the grant thereof, is received by the Company.
- 4.5 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, and such letter, together with a payment in favour of the Company of HK\$1.00 as consideration for the grant thereof, is received by the Company.
- 4.6 To the extent that the Offer is not accepted within the stated period in paragraph 4.3, it will be deemed to have been irrevocably declined and the relevant Offer which is not accepted or deemed to be accepted shall lapse.

- 4.7 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.4 or paragraph 4.5 (as the case may be), an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date.
- 4.8 The making of an Offer to any connected person of the Company or any of his associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

## **5. SUBSCRIPTION PRICE**

- 5.1 The Subscription Price shall, subject to any adjustments made pursuant to paragraph 9, be determined by the Board, in its absolute discretion, provided that it shall be not less than the highest of:
- (1) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
  - (2) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the Offer Date; and
  - (3) the nominal value of the Share on the Offer Date.
- 5.2 Where an Option is to be granted under the Share Option Scheme, for the purposes of paragraph 5.1(1) or paragraph 5.1(2) above, the date of the meeting of the Board or the remuneration committee thereof (as the case may be) at which the Offer was proposed shall be taken to be the Offer Date for the relevant Option, and the provisions of paragraph 5.1 shall apply *mutatis mutandis*.

## **6. EXERCISE OF OPTIONS**

- 6.1 Subject to paragraph 6.2, an Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do, except for the transmission of an Option on the death or incapacitation of the Grantee to this personal representative(s) according to the terms of the Share Option Scheme. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.
- 6.2 The Stock Exchange may consider granting a waiver to allow a transfer of an Option to a vehicle (such as trust or private company) for the benefit of the Grantee and any family members of such Grantee that would continue to meet purpose of this Scheme and comply with the requirements of the Listing Rules.
- 6.3 (1) Subject to paragraph 14.7, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this paragraph 6.3 or paragraph 6.6 (as the case may be) by the Grantee (or, as the case may be, the Grantee's Personal Representative) 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 so exercised.
- (2) Each of such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given.
- (3) Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to paragraph 9, the Company shall allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.6(1), to the estate of the Grantee) credited as fully paid and instruct the Share Registrar to issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted.
- 6.4 Save for the circumstances prescribed in paragraph 6.5, an Option must be held by the Grantee for a period that is not shorter than the Minimum Period before the Option can be exercised (including under the circumstances set out under paragraph 6.6 below).
- 6.5 For an Eligible Participant who is:
- (1) a Director or a senior manager, the remuneration committee of the Board may, or

(2) not a Director or a senior manager, the Board may,

in its absolute discretion, determine a vesting period shorter than the Minimum Period in the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Eligible Participant whose employment is terminated due to death or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

6.6 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time during the Option Period provided that:

- (1) in the event that the Grantee ceases to be an Eligible Participant by reason of the person’s death before exercising the Option in full (provided that none of the events which would be a ground for termination of the person’s employment or directorship under paragraph 6.6(3) arises), the Grantee’s Personal Representative may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within ninety (90) days following the date of death, or such longer period as the Board may determine, and such Option to the extent not so exercised shall lapse and determine at the end of the abovementioned period, if any of the events referred to in paragraph 6.6(5), paragraph 6.6(6) or paragraph 6.6(7) occur during such period, exercise the Option pursuant to paragraph 6.6(5), paragraph 6.6(6) or paragraph 6.6(7) respectively;
- (2) in the event that the Grantee, by reason of the Grantee’s employment with any member of the Group, ceases to be an Eligible Participant by reason of injury, disability, ill-health, retirement as an employee in accordance with the Grantee’s contract of employment (all evidenced to the satisfaction of the Board), or the termination of the Grantee’s employment with the Company provided that none of the events which would be a ground for termination of the Grantee’s employment or directorship under paragraph 6.6(3) arises,

before exercising the Option in full, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within ninety (90) days following the date of such cessation, or such longer period as the Board may determine and such Option to the extent not so exercised shall lapse and determine at the end of the abovementioned period, if any of the events referred to in paragraph 6.6(5), paragraph 6.6(6) or paragraph 6.6(7) occurs during such period, exercise the Option pursuant to paragraph 6.6(5), paragraph 6.6(6) or paragraph 6.6(7) respectively. The date of cessation as aforesaid shall be the last day on which the Grantee is actually at work with the relevant member of the Group whether salary is paid in lieu of notice or not;

- (3) in the event that the Grantee ceases to be an Eligible Participant by reason of termination of his employment with any member of the Group on any one or more of the following grounds:
  - (a) that the Grantee has been guilty of serious misconduct;
  - (b) that the Grantee has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group (if so determined by the Board);
  - (c) that the Grantee has become insolvent, bankrupt or has made arrangements or compositions with the Grantee's creditors generally; or
  - (d) on any other ground as determined by the Board that would warrant the termination of the Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract with any member of the Group,

before exercising the Option in full, the Grantee's Option (to the extent not already exercised) shall lapse and shall not be exercisable on the date of cessation, or such longer period as the Board may determine and any Option exercised (if any) but the Shares of which have not been allotted shall be deemed not to have so exercised and the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option shall be returned;

- (4) in the event that the Grantee ceases to be an Eligible Participant for any reason other than the reasons specified in paragraph 6.6(1) to paragraph 6.6(3), the Grantee's Option (to the extent not already exercised) shall lapse and shall not be exercisable on the date of cessation;

- (5) (a) if a general or partial offer, whether by way of take-over offer, share re purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror, the Company shall use its reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders;
- (b) if such general or partial offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his Option were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.3 at any time within thirty (30) days after the date on which such general or partial offer becomes or is declared unconditional, or within thirty (30) days after the record date for entitlements under the scheme of arrangement, as the case may be;
- (6) (a) in the event that a notice is given by the Company to the Shareholders 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 on the same date as it despatches such notice to each Shareholder give notice thereof to all the Grantees (containing an extract of the provisions of this paragraph) and thereupon, each Grantee or his Personal Representative shall be entitled to exercise all or any of his Options (to the extent not already exercised) by giving notice in writing to the Company in accordance with the terms of this Scheme;
- (b) such notice shall be received by the Company no later than two (2) Business Days prior to the proposed general meeting, accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given;
- (c) upon receipt, the Company shall as soon as possible and, in any event, no later than 3:00 p.m. on the Business Day (Hong Kong time) immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee or his Personal Representative credited as fully paid and register the Grantee or his Personal Representative (as the case may be) as holder thereof; and

- (7) (a) in the event that a compromise or arrangement between the Company and the Shareholders or its creditors being proposed for the purpose of or 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 date as it gives notice of the meeting to the Shareholders or its creditors to summon a meeting to consider such a scheme or arrangement and the Options (to the extent not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) sixty (60) days after that date; or (ii) at any time not later 12:00 noon two (2) Business Days (Hong Kong time) prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the “**Suspension Date**”).
- (b) Any Grantee or his Personal Representative may by notice in writing to the Company in accordance with the terms of this Scheme, accompanied by a payment of the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given.
- (c) Upon receipt, the Company shall as soon as possible and, in any event, no later than 3:00 p.m. on the Business Day (Hong Kong time) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his Personal Representative which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee or his Personal Representative (as the case may be) as holder thereof.
- (d) With effect from the Suspension Date, the rights of all the Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all the Options shall, to the extent that they have not been exercised, lapse and shall be terminated.

6.7 No dividends shall be payable in relation to Shares that are the subject of Options that have not been exercised. Shares allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association and will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the relevant Shares.

## **7. EARLY TERMINATION OF OPTION PERIOD**

7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (1) subject to paragraph 6.6, the expiry of the Option Period;
- (2) the date on which the Grantee commits a breach of paragraph 6.1;
- (3) the expiry of any of the periods referred to in paragraph 6.6; and
- (4) the date of the commencement of the winding-up of the Company.

7.2 A resolution of the Board to the effect that the employment or directorship of a Grantee has or has not been terminated on one or more of the grounds specified in paragraph 6.6(3) shall be conclusive and binding on the Grantee.

## **8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

8.1 Subject to the Listing Rules:

### *The Scheme Mandate Limit*

- (1) the total number of Shares which may be issued in respect of all Options which may be granted at any time under this Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of this Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

### *Refreshment*

- (2) (a) the Company may seek approval of the Shareholders in a general meeting of the Company to refresh the Scheme Mandate Limit under this Scheme on or after the third anniversary of the date of the Shareholders’ approval for the last refreshment or the Adoption Date. The total number of Shares which may be issued upon exercise of all (1) the Options under this Scheme and (2) the options and awards to be granted under any other schemes of the Company as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of the refreshment. For the purpose of seeking approval of the Shareholders under this paragraph 8.1(2), the Company must send a circular to the Shareholders containing the information required under the Listing Rules; and



- (b) any refreshment within any three-year period shall be subject to independent Shareholders' approval pursuant to Rule 17.03C(1)(b) of the Listing Rules.

*Grant in excess of the Scheme Mandate Limit*

- (3) the Company may seek separate approval of the Shareholders in a general meeting of the Company for granting Options exceeding the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of the Shareholders under this paragraph 8.1(3), the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options (including their names), the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, and such other information as required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

*The 1% individual limit*

- (4) (a) where any grant of an Option to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting; and
- (b) the Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant during the twelve (12)-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Subscription Price) of the Option to be granted to such Eligible Participant

must be fixed before the general meeting of the Company, and the date of the meeting of the Board for proposing such grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

*Offer to a Director, chief executive of the Company or substantial shareholder (as defined in the Listing Rules), or any of their respective associates*

- 8.2 Any grant of an Option to any of the Directors, chief executive of the Company or substantial shareholder (as defined in the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is the proposed Grantee of the Option).
- 8.3 (a) Where any grant of an Option to an independent non-executive Director or a substantial shareholder (as defined in the Listing Rules), or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of Option must be approved by the Shareholders in a general meeting of the Company.
- (b) The Company must send a circular to the Shareholders. The circular must contain the information required under Rule 17.04(5) of the Listing Rules.
- (c) The Grantee, his associates and all the core connected persons must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting of the Company pursuant to Rule 17.04(4) of the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders.
- (d) Any vote taken at the general meeting of the Company to approve the grant of such Option must be taken on a poll and comply with the requirements under the Listing Rules.
- 8.4 Any change in the terms of options (including an Option) or awards granted to an Eligible Participant who is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates must be approved by the Shareholders in the manner as set out 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 this Scheme).

## **9. REORGANISATION OF CAPITAL STRUCTURE**

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), then, in any such case (other than in the case of capitalisation issue) the Company shall instruct the Auditors or independent financial adviser to certify in writing:

- (1) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
- (2) the number or nominal amount of Shares to which this Scheme or any Options relates (insofar as it is/they are unexercised); and/or
- (3) the Subscription Prices of any unexercised Options,

and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:

- (a) any such adjustment shall be made on the basis 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;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) any such adjustment shall be made on the basis that a Grantee shall be given the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had the person exercised all the Options held by him immediately prior to such event (as interpreted in accordance with FAQ No. 072-2020 or any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time);
- (d) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

- (e) in respect of any such adjustments, the Auditors or the independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 17.03(13) of the Listing Rules, FAQ 072-2020, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.3, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or an independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.

9.3 In giving any certificate under this paragraph 9, the Auditors and independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

## **10. CANCELLATION OF OPTIONS**

Subject to paragraph 6.6, any Option granted may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Board. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under this Scheme with the available limit approved by the Shareholders as set out in paragraph 8.1. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

## **11. SHARE CAPITAL**

The exercise of any Option shall be subject to the Company having sufficient share capital for the allotment and issuance of the Share that may fall to be allotted and issued upon exercise of the Option.

## **12. ALTERATION OF THIS SCHEME**

This Scheme may be altered in any respect by a resolution of the Board provided that:

- (a) any alterations to the terms and conditions of this Scheme which are of a material nature or any alteration in relation to any matter contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the shareholders of the Company in a general meeting of the Company;

- (b) any change to the terms of Options granted to a Grantee must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the shareholders of the Company (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 of the Company (as the case may be) (except any changes which take effect automatically under the terms of this Scheme);
- (c) any change to the authority of the Directors or the administrator of this Scheme to alter the terms of this Scheme must be approved by the shareholders of the Company in a general meeting of the Company;
- (d) the amended terms of this Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules; and
- (e) no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the memorandum of association of the Company and the Articles of Association being for a variation of the rights attached to Shares.

### **13. TERMINATION**

- 13.1 The Company by an ordinary resolution in a general meeting of the Company may at any time terminate the operation of this Scheme. In such event, no further Options will be offered but in all other respects, the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and the Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.
- 13.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme and (if applicable) Options that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme to be established after such termination.

## 14. MISCELLANEOUS

- 14.1 This Scheme shall not form part of any contract of employment between the Company and any Eligible Participant who is the employee of any member of the Group and the rights and obligations of any such Eligible Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which the person may have to participate in it and this 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.
- 14.2 This 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.
- 14.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors and the independent financial advisers in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme.
- 14.4 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 and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 14.5 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 14.6 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (1) one (1) day after the date of posting, if sent by mail;
  - (2) seven (7) days after the date of posing to an address in a different territory;
  - (3) upon completion of transmission if sent by facsimile or other form of electric transmissions; and
  - (4) when delivered, if delivered by hand.

- 14.7 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents and approvals that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that the person has obtained all such consents and approvals. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Option.
- 14.8 A Grantee shall pay all tax and discharge all other liabilities to which the person may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 14.9 By accepting an Offer a Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 14.10 This Scheme and all the Options granted hereunder are governed by and shall be construed in accordance with the laws of Hong Kong.