



傳承教育

LEGENDARY  
EDUCATION

Stock Code: 8195

## LEGENDARY EDUCATION GROUP LIMITED

傳承教育集團有限公司

(formerly known as *Legendary Group Limited* 創天傳承集團有限公司)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8195)

### RULES RELATING TO THE SHARE OPTION SCHEME

**ADOPTED BY A RESOLUTION PASSED BY THE SHAREHOLDERS AT THE GENERAL MEETING HELD ON 1 SEPTEMBER 2023**

The purpose of this Scheme is to grant Options to Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

#### 1. DEFINITIONS

1.1 In this Scheme the following expressions, except where the context otherwise requires, shall have the following meanings:

“1% Individual Limit”	has the meaning given to it in Clause 9.3;
“2014 Share Option Scheme”	means the share option scheme of the Company adopted on 25 September 2014
“Adoption Date”	means 1 September 2023, the date on which this Scheme is amended and adopted by an ordinary resolution of the Shareholders;
“Allotment Date”	has the meaning given to it in Clause 7.4;
“Articles”	means the articles of association of the Company (as amended from time to time);
“associates”	has the meaning given to it under the GEM Listing Rules;

“Auditors”	means the auditors for the time being and from time to time of the Company;
“Board”	means the board of Directors;
“Business Day”	means a day on which the Stock Exchange is open for the business of dealing in securities;
“Clawback”	means, in respect of any Shares under the Option allocated or awarded to a Selected Participant, the return or repayment of all or a specified part of such Shares by such Selected Participant and/or the ceasing or variation of the Selected Participant’s entitlement to receive or be vested with all or a specified part of any such Shares under the options which have not yet been vested in the Selected Participant, pursuant to Clause 5.13;
“close associate”	has the meaning given to it under the GEM Listing Rules;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and modified from time to time;
“Company”	means Legendary Education Group Limited 傳承教育集團有限公司, a company incorporated under the laws of the Cayman Islands on 5 June 2014, the shares of which are listed on GEM (Stock Code: 8195);
“connected person”	has the meaning given to it under the GEM Listing Rules;
“core connected person”	has the meaning given to it under the GEM Listing Rules;
“Director(s)”	means the director(s) of the Company from time to time;

“Eligible Person(s)”	means an individual or entity who may be eligible to participate in this Scheme, which includes Directors (including executive Directors, non-executive Directors and independent non-executive Directors), officers and employees (whether full time or part time) of any member of the Group (including nominees and/or trustees of any employee benefit trust established or them). The eligibility of the Eligible Person(s) will be determined by the Board or its delegate based on their potential and/or actual contribution to the business and development of the Group;
“GEM”	means GEM of the Stock Exchange;
“GEM Listing Committee”	has the meaning given to it in GEM Listing Rules;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (as modified from time to time);
“Grantee”	means any Selected Participant who accepts or is deemed to have accepted the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in Clause 7.3(a)) the Personal Representative of such person;
“Group”	means the Company and its Subsidiaries from time to time;
“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;
“Offer”	means an offer for the grant of an Option made in accordance with Clause 5.3;

“Offer Date”	means the date on which an Offer is made to a Selected Participant, which must be a Business Day;
“Option”	means an option to subscribe for a specified number of Shares in issue at the Subscription Price;
“Option Period”	means in respect of any particular Option, a period (which shall not exceed ten (10) years from the Offer Date) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the Offer of such Option to the earlier of the date on which such Option lapses under the provisions of Clause 8 and ten (10) years from the Offer Date;
“Personal Representative(s)”	means the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
“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 given to it in Clause 9.1(a);
“Scheme Period”	means a period of ten (10) years commencing on the Adoption Date;
“Selected Participant(s)”	means any Eligible Person approved for participation in this Scheme and who has been granted any Options in accordance with this Scheme;

“Share(s)”	means share(s) of HK\$0.0005 each (or of such other nominal amount as comprising the ordinary share capital of the Company as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s);
“Share Scheme(s)”	means share option scheme(s) and/or share award scheme(s) involving issuance of new Shares adopted and to be adopted by the Company from time to time;
“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 Clause 6;
“Subsidiary(ies)”	means a company or companies which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere;
“substantial shareholder”	has the meaning given to it under the GEM Listing Rules;
“Vesting Date”	means, in relation to any Grantee, the earliest date on which the Option (or a tranche thereof) granted to him/her may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Option;
“Vesting Period”	means, in relation to any Grantee, the period commencing on the date on which the Grantee accepts the Option granted to him/her and ending on the Vesting Date (both dates inclusive); and
“%”	per cent.

- 1.2 References to statutory provisions shall be construed as references to those provisions as 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 they are re-enactments (whether with or without modification).
- 1.3 References herein to Clauses are to clauses of this Scheme unless the context requires otherwise.
- 1.4 The headings are inserted for convenience only and shall not affect the construction of this Scheme.
- 1.5 Reference to a person includes any public body and any body of persons, corporate or unincorporated.
- 1.6 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender or the neuter include both genders and the neuter and vice versa.

## **2. CONDITIONS**

2.1 This Scheme is conditional upon:

- (a) the GEM Listing Committee granting approval for the listing of, and permission to deal in, the Shares on which may fall to be issued pursuant to the exercise of the Options granted under this Scheme;
- (b) the passing of an ordinary resolution by the Shareholders in general meeting of the Company to approve and adopt this Scheme and to authorise the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with from time to time of Shares pursuant to the exercise of any Options granted under this Scheme; and
- (c) the passing of an ordinary resolution by the Shareholders in general meeting to terminate the 2014 Share Option Scheme.

If the above Clause 2.1(a) is not satisfied on or before the date following six (6) months after the Adoption Date (or such later date as the Board may determine), this Scheme shall forthwith determine, and any Option granted or agreed to be granted pursuant to this Scheme and any offer of such grant 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 this Scheme or any such Option.

- 2.2 Reference in Clause 2.1(a) to the GEM Listing Committee formally granting the approvals, listing and permission referred to therein shall include any such approvals, listing and permission which are granted subject to the fulfillment of any condition precedent or condition subsequent.
- 2.3 A certificate of a Director that the conditions set out in Clause 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.
- 2.4 The Company shall publish an announcement on the outcome of the Shareholders' meeting as referred to in Clause 2.1(b) for the adoption of this Scheme in the manner as set out in rule 17.47(5) of the GEM Listing Rules.

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

- 3.1 The purpose of this Scheme is to enable the Company to grant Options to Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.
- 3.2 Subject to Clauses 2 and 15, this Scheme shall be valid and effective until the date of expiry of the Scheme Period, after which period no further Options shall be offered or granted but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. Options complying with the provisions of the GEM Listing Rules which are granted during the life of this Scheme shall continue to be valid and exercisable in accordance with their terms of grant and provisions of this Scheme after the expiry of the Scheme Period.
- 3.3 This Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby. The Board shall have the right to (i) interpret and construe the provisions of this Scheme, (ii) determine the persons who will be offered Options under this Scheme, the number of Shares and the Subscription Price, subject to Clause 6, in relation to such Options, (iii) subject to Clauses 11 and 14, make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

- 3.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the holding and exercise of his/her Option in accordance with this Scheme, the allotment and issue of Shares to him/her upon the exercise of his/her Options and the holding of such Shares are and will be valid and complies and will comply with all laws, legislations and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Directors may, as a condition precedent to making an Offer and/or allotting Shares upon an exercise of an Option, require a Grantee to produce such evidence as they may reasonably require for such purpose.

#### **4. DETERMINATION OF ELIGIBILITY**

- 4.1 The basis of eligibility of any Eligible Person(s) to the grant of any Option shall be determined by the Board (or where necessary, the independent non-executive Directors and/or the remuneration committee of the Company) from time to time in its absolute discretion on the basis of the Eligible Person's contribution or potential contribution to the Group, or such other factors as the Board may deem appropriate. In determining whether a person has contributed or will contribute to the Group, the Board will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, development, reputation and image of the Group. In assessing the eligibility of any Eligible Person, the Board will consider all relevant factors as appropriate, including, among others, (a) his/her responsibilities and contributions made or to be made to the Group; (b) his/her ability to further promote the development of the Group; (c) his/her years of service; and (d) his/her professional qualifications and knowledge in the industry.
- 4.2 In order for a person to satisfy the Directors that he/she is qualified to be (or where applicable, continues to be qualified to be) an Eligible Person, such person shall provide all such information as the Directors may request for the purpose of assessing his/her eligibility (or continuing eligibility).

#### **5. GRANT OF OPTIONS**

- 5.1 The Directors shall, in accordance with the provisions of this Scheme, be entitled but shall not be bound, at any time within a period of ten (10) years commencing on the Adoption Date to make an Offer to any Eligible Person(s) as the Directors may in their absolute discretion select, to take up an Option pursuant to which such Eligible Person may, during the Option Period, subscribe for such number of Shares (being, subject to Clauses 9 and 10, a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) at the Subscription Price as the Directors shall, subject to Clause 6, determine.



- 5.2 The Directors shall not make an Offer after inside information has come to their knowledge until such inside information has been published in accordance with rules 16.17 to 16.19 of the GEM Listing Rules or in such manner as required under the GEM Listing Rules. In particular, no Option shall be granted during the period commencing one (1) month immediately preceding the earlier of: (i) the date of the meeting of the Directors (as the date is first notified to the Stock Exchange) 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 GEM Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement. The Board may not grant any Option to a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the GEM Listing Rules or any other code or securities dealing restrictions adopted by the Company.
- 5.3 An Offer shall be made in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, specifying the number of Shares in the Option and the Option Period in respect of which the Offer is made and further requiring the Selected 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. Such Offer shall be personal to the Selected Participant concerned and shall not be transferable. It shall remain open for acceptance by the Selected Participant concerned (and by no other person, including his/her Personal Representative(s)) for a period of twenty-eight (28) days from the Offer Date provided that no such Offer shall be open for acceptance after the expiry of the Scheme Period or after this Scheme has been terminated or after the person to whom the Offer is made has ceased to be an Eligible Person.
- 5.4 An Offer shall state, in addition to the matters specified in Clause 5.3, the following:
- (a) the name, address and position, if any, of the Selected Participant;
  - (b) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
  - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
  - (d) the last date by which the Offer must be accepted;

- (e) the procedure for acceptance;
  - (f) such other terms and conditions of the Offer as may be imposed by the Directors and which are not inconsistent with this Scheme; and
  - (g) a statement requiring the Selected 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 including, without limitation, the conditions specified in Clause 7.1 and Clauses 17.8 to 17.10, inclusive.
- 5.5 An Offer shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of the Offer duly signed by the Selected Participant, together with a payment of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within twenty-eight (28) days from the Offer Date. If such payment is not enclosed, the acceptance shall not be prejudiced thereby, but the acceptance shall create a promise by the Selected Participant to pay to the Company HK\$1.00 on demand. Such payment shall in no circumstances be refundable.
- 5.6 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter and accepted by the Selected Participant in the manner as specified in Clause 5.5.
- 5.7 Subject to Clause 10, upon an Offer being accepted by a Selected Participant in whole or in part in accordance with Clause 5.5 and, if appropriate, Clause 5.6, 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 Selected Participant on the date of such acceptance. To the extent that the Offer is not accepted within the time period set out in the Offer in the manner indicated in Clause 5.5 and, if appropriate, Clause 5.6, it will be deemed to have been irrevocably declined.
- 5.8 The Option Period of an Option shall not exceed ten (10) years from the Offer Date.
- 5.9 The Directors may, at their absolute discretion, fix any minimum period for which an Option must be held, any performance targets that must be achieved by the Grantee and any other conditions that must be fulfilled by the Grantee before the Option can be exercised upon the grant of an Option to a Selected Participant. If performance targets are imposed on a Grantee upon the grant of Options, the Board shall have regard to the purpose of the 2023 Share Option Scheme in assessing such performance targets, with reference to factors including but not limited to, as and when appropriate, sales performance (e.g. revenue), operating performance (e.g. profits, operation efficiency in terms of cost control), financial performance (e.g. profits, cash flow, earnings,

market capitalisation, return on equity) of the Group, corporate sustainability parameter (e.g. timeliness and accuracy in handling customer feedback, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal business procedures), the satisfaction of which shall be assessed and determined by the Board at its sole discretion. The Company shall utilise its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company shall consider the past contributions of a Selected Participant with reference to the factors set out above and form an internal assessment as regards the future value that such Selected Participant may bring to the growth and development of the Group. The assessment shall involve the consideration and appraisal of the Selected Participant's expected contribution with reference to such Selected Participant's nature of duties (e.g. whether in a sales role, management role or a support role), position within the Group (e.g. whether overall Group level targets or specific performance indicators should be adopted) and other features including geographical location, corporate culture and business strategy focus. Specific weightings shall be given to the factors above in order to provide a fair and objective appraisal of the Selected Participants before the grant of Options, such that the grants will be on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole. The management shall propose the performance targets of each Selected Participant, if any, to the Board or the remuneration committee of the Company for consideration, who shall then assess the reasonableness and suitability of such performance targets.

- 5.10 The Vesting Period for any Option granted to any Grantee shall not be less than twelve (12) months from the date of grant of such Option, unless a shorter Vesting Period under specific circumstances as set out in this Scheme.
- 5.11 The Board or the remuneration committee of the Company shall have the authority to determine a shorter Vesting Period in its sole discretion under each of the following circumstances:
- (a) grants of "make-whole" Options to a Selected Participant who newly joined the Group to replace the share options he/she forfeited when leaving the previous employers;
  - (b) grants to a Selected Participant whose employment is terminated due to disability or occurrence of any out of control event;
  - (c) grants that are made in batches during a year for administrative and compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;

- (d) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of twelve (12) months; and
- (e) grants of Options with a total vesting and holding period of more than twelve (12) months.

5.12 The trustee holding unvested Shares of this Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the GEM Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

5.13 In certain circumstances, it may be regarded as inequitable for any Shares under the Options to be vested or retained, as applicable. Such Options are therefore subject to Clawback, including but not limited to circumstances where there has been a material misstatement or omission in the financial statements of the Group made by a Selected Participant or if the relevant Selected Participant has engaged in serious negligence, fraud or misconduct, breached the Company's policies, rules or regulations or other circumstances. Notwithstanding anything else in this Scheme, any Shares under the Options may be subject to Clawback pursuant to the Company's Clawback mechanism, as amended from time to time.

## **6. SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to Clause 11, be such price as the Directors at their absolute discretion shall determine, provided that it must be no less than the higher of:

- (a) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date (which must be a Business Day);
- (b) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the par value of the Shares on the Offer Date.

## 7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest (whether legal or beneficial) whatsoever in favour of any third party over or in relation to any Option or enter into any agreement to do so. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company. The Stock Exchange may consider granting a waiver to allow a transfer any Options to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee including but not limited to for estate planning and/or tax planning purposes that would continue to meet the purpose of this Scheme and comply with other requirements of Chapter 23 of the GEM Listing Rules. In the event of any such transfer, the Company shall disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.
- 7.2 Subject to Clause 3.4 and Clause 17.8 and the fulfillment of all terms and conditions set out in the Offer, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in Clauses 7.3 and 7.4 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 so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by payment for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within twenty-eight (28) days (seven (7) days in the case of exercise pursuant to Clause 7.3(c)) after receipt of the notice and remittance and, where appropriate, receipt of the Auditors' or the Company's independent financial adviser's certificate pursuant to Clause 11, the Company shall accordingly 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 Clause 7.3(a), to the estate of the Grantee) credited as fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued. When the Options are exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole of the Options granted.

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

- (a) in the event of the Grantee ceases to be an Eligible Person thereof by reason of his/her death, permanent disability or retirement in accordance with his/her contract of employment and the termination of his/her employment is not on one or more of the grounds specified in Clause 8.1(c) before exercising the Option in full the Grantee or, as appropriate, his/her Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of Clause 7.2 within a period of twelve (12) months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the member of the Group whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine, and any such Options not so exercised shall lapse and determine at the end of such period;
- (b) in the event that the Grantee ceases to be an Eligible Person thereof by reason other than his/her death, permanent disability or retirement in accordance with his/her contract of employment or the termination of his/her employment is on one or more of the grounds specified in Clause 8.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine, in which event the Option (to the extent not already exercised) shall be exercisable in whole or in part within such period as the Directors may in its absolute discretion determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the member of the Group whether salary is paid in lieu of notice or not;
- (c) if a general 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 Shareholders, and such offer becomes or is declared unconditional (in the case of take-over offer) or is approved by the requisite majorities at the relevant meeting of the Shareholders (in the case of a scheme of arrangement), the Directors shall as soon as practicable notify the Grantee (or his/her Personal Representative(s)) accordingly. The Grantee (or his/her Personal Representative(s)) shall be entitled to exercise his/her Option (to the extent not already exercised) either to its full extent or to the extent specified in the Grantee's notice to the Company at any time (in the case of takeover offer) within one (1) month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by the Directors. To the extent that any Option has not been so exercised, it shall upon the expiry of such period lapse and determine;

- (d) in the event of a notice is given by the Company to its 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 or soon after it despatches such notice to each Shareholder of the Company give notice thereof to all Grantees and thereupon, each Grantee (or his/her Personal Representative(s)) shall be entitled to exercise his/her Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of Clause 7.2 at any time no later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice to the Company in accordance with the provisions of Clause 7.2, accompanied by a remittance of the Subscription Price for the Shares in respect of which the notice is given. The Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid; and
- (e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause 7.3(e)) on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or his/her Personal Representative(s)) shall be entitled, at any time not later than (i) the Option Period, (ii) the period of two (2) months from the date of such notice, or (iii) the date on which such compromise or arrangement is sanctioned by the court, whichever is the earlier, to exercise his/her Options in whole or in part. The Company shall as soon as possible and in any event no later than one (1) Business Day prior to the date of such general meeting, allot and issue such number of Shares to the Grantees which fall to be issued on such exercise credited as fully paid. Subject thereto, all Options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

7.4 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the memorandum of association of the Company and the Articles for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Allotment Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Allotment Date or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Allotment Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

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

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

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Clause 7.3;
- (c) the date on which the Grantee ceases to be an employee by reason of voluntary resignation or dismissal or upon expiration of his/her term of directorship (unless immediately renewed upon expiration), or by a termination of his/her employment on the grounds that he/she has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute or otherwise does not compromise the integrity or involve dishonesty of the Grantee) or any other grounds on which the relevant member of the Group would be entitled to terminate the Grantee’s employment or directorship pursuant to any applicable laws. Transfer of employment or engagement or relationship from one member of the Group to another member of the Group shall not be considered as a cessation of employment, engagement or relationship;



- (d) subject to Clause 7.3(d), the date of the commencement of the winding-up of the Company; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of breach of Clause 7.1 by the Grantee in respect of that or any other Option.

8.2 A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in Clause 8.1(c) shall be conclusive.

## 9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.1 Subject to Clause 9.2 and Clause 11:

- (a) The maximum number of the Shares which may be issued in respect of all Options and awards to be granted under all Share Schemes of the Company (including under this Scheme and any other Share Scheme(s)) shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date ("**Scheme Mandate Limit**").
- (b) The Company may seek approval by the Shareholders in general meeting for refreshing the Scheme Mandate Limit under this Scheme after three (3) years from the Adoption Date or the date of the Shareholders' approval for the last refreshment (as the case may be).
- (c) Any refreshment within any three-year period must be approved by Shareholders subject to the following provisions:
  - (i) any controlling Shareholders (or if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) and their associates must abstain from voting in favour of the relevant resolution at the general meeting; and
  - (ii) the Company must comply with the requirements under rules 17.47(6) and 17.47(7) of the GEM Listing Rules, Clause 10.4 to Clause 10.6 or such other provisions as required under Rule 23.03C of the GEM Listing Rules.

The requirements under this Clause 9.1(c) do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in rule 17.41(1) of the GEM Listing Rules such that the unused part of this Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share.

- (d) The total number of Shares which may be issued in respect of all options and awards to be granted under all Share Scheme(s) (including this Scheme) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit by Shareholders in general meeting. The Company must send a circular to the Shareholders containing the number of Options that were already granted under the existing Scheme Mandate Limit, and the reason for the refreshment.
- (e) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Person who may be granted such Options, the number and terms of the Options to be granted to each Eligible Persons, the purpose of granting Options to the specified Eligible Persons with an explanation as to how the terms of the Options serve such purpose. The number and terms of Options to be granted to such Eligible Persons must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the Offer Date for the purpose of calculating the Subscription Price under Clause 6.

9.2 If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved by the Shareholders in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under this Scheme and any other Share Scheme(s) under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

9.3 Where any grant of Options and awards to an Eligible Person would result in the Shares issued and to be issued in respect of all Options and awards granted and to be granted to such Eligible Person (excluding options and awards that have been lapsed in accordance with this Scheme and any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the “**1% Individual Limit**”), such grant must be separately approved by the Shareholders in general meeting with such Eligible Person and his/her close associates (or his/her associates if the Eligible Person is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Person, the number and terms of the Options and awards to be granted (and those previously granted to such Eligible Person in the 12-month period), the purpose of granting Options and awards to the Eligible Person and an explanation as to how the terms of the Options serve such purpose. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Person must be fixed before Shareholders’ approval. In respect of any Options and awards to be granted, the date of board meeting for proposing such grant should be taken as the Offer Date for the purpose of calculating the Subscription Price under Clause 6.

9.4 Subject to Clauses 9.1, 9.2 and 9.3, the maximum number of Shares subject to Options and to this Scheme may be adjusted in such manner as the Auditors or the independent financial adviser to the Company shall certify in writing to the Directors to be in their opinion fair and reasonable, in accordance with Clause 11, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company otherwise howsoever.

## **10 GRANT OF OPTIONS TO CONNECTED PERSONS AND VOTING PROCEDURES**

10.1 Any grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) and shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.

10.2 Where any grant of Options to a substantial shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued in respect of all Options under this Scheme and all options, awards and securities granted under other Share Scheme(s) (including Options exercised, cancelled and outstanding but excluding those options, awards and securities lapsed in accordance with the terms of such schemes) to that person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue, such grant of Options must be approved by the Shareholders in general meeting in the manner set out in rule 23.04(4) of the GEM Listing Rules. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under rule 23.04 of the GEM Listing Rules.

The Company must send a circular sent to the Shareholders, explaining the proposed grant, which shall contain:

- (a) details of the number and terms (including the Subscription Price) of the Options to be granted to each Selected Participant, which must be fixed before the Shareholders' meeting, and the date of meeting of the Board for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price under rule 23.03E of the GEM Listing Rules. The description of the terms of the Options must include the information required under rules 23.03(5) to 23.03(10) and rule 23.03(19) of the GEM Listing Rules;
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;
- (c) the information required under rule 23.02(2)(c) of the GEM Listing Rules; and
- (d) the information required under rule 2.28 of the GEM Listing Rules.

- 10.3 Any vote taken at the general meeting must be taken on a poll. The Company shall announce the results of the poll (including (i) the total number of Shares entitling the holder to attend and vote for or against the resolution at the general meeting, (ii) the total number of Shares entitling the holder to attend and vote only against the resolution at the general meeting, (iii) the number of Shares represented by votes for and against the relevant resolution) by way of an announcement which is published in accordance with rules 16.17 to 16.19 of the GEM Listing Rules as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day following the meeting. The Company shall appoint its auditors, share registrar or external accountants who are qualified to serve as auditors for the Company as scrutineer for the vote-taking and state the identity of the scrutineer in the announcement. The Company shall confirm in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant resolution or to abstain have done so at the general meeting.
- 10.4 Parties that are required to abstain from voting in favour at the general meeting referred to in Clause 9.1(c) and Clause 10.2 may vote against the resolution at the general meeting of the Company provided that their intention to do so has been stated in the circular to Shareholders. Any such party may change his/her mind as to whether to abstain or vote against the resolution, in which case the Company must, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to the Shareholders or publish an announcement notifying the Shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than ten (10) Business Days before the date originally scheduled for the general meeting, the general meeting must be adjourned before considering the relevant resolution to a date that is at least ten (10) Business Days from the date of despatch or publication by the chairman or, if that is not permitted by the Articles, by resolution to that effect.
- 10.5 Where a general meeting is required to be adjourned by resolution, all Shareholders are permitted to vote on that resolution. Any Shareholders who would have been required to abstain from voting on any resolution that was to be proposed shall vote in favour of the resolution to adjourn the general meeting.
- 10.6 The Company must have an appropriate procedure in place to record that any parties that must abstain or have stated their intention to vote against the relevant resolution in the circular or announcement have done so at the general meeting.

## 11 REORGANISATION OF CAPITAL STRUCTURE

11.1 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 of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company, then, in any such case, the Company shall instruct the Auditors or the independent financial adviser to the Company to certify in writing the adjustment, if any, that ought in their opinion to be fair and reasonable to be made either generally or as regards any particular Grantee, to:

- (a) the number of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any unexercised Option; and/or
- (c) the number of Shares in respect of which any further Options may be granted within the 1% Individual Limit and/or the Scheme Mandate Limit,

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

- (i) 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;
- (ii) 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;
- (iii) no such adjustment shall be made the effect of which would increase the proportion of the equity capital of the Company, rounded to the nearest whole Share, for which any Grantee would have been entitled to subscribe had he/she exercised all the Options held by him/her immediately prior to such adjustment;
- (iv) the issue of Shares or securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

- (v) for the avoidance of doubt, any adjustment shall be made in compliance with the GEM Listing Rules or other relevant guidance as the Stock Exchange may from time to time issue.

In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors or the independent financial adviser to the Company must confirm to the Directors in writing that such adjustments satisfy the requirements set out in the Note to rule 23.03(13) of GEM Listing Rules.

- 11.2 If there has been any alteration in the capital structure of the Company as referred to in Clause 11.1, the Company shall, upon receipt of a notice from a Grantee in accordance with Clause 7.2, 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 to the Company 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 the independent financial adviser to the Company as soon as practicable thereafter to issue a certificate in that regard in accordance with Clause 11.1.
- 11.3 In giving any certificate under this Clause 11 the Auditors or independent financial adviser to the Company shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final and binding on the Company and all persons who may be affected thereby.

## **12. SHARE CAPITAL**

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of Options.

## **13. DISPUTES**

Any dispute arising in connection with the number of Shares the subject of an Option, any of the matters referred to in Clause 9.4, or any adjustment under Clause 11.1 shall be referred to the decision of the Auditors or the independent financial adviser to the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on all persons who may be affected thereby.

## **14. ALTERATION OF THIS SCHEME**

- 14.1 Any change to the terms of the Options granted to a Selected Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Option was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of this Scheme.
- 14.2 Any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of Selected Participants must be approved by the Shareholders in general meeting.
- 14.3 Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of this Scheme shall be approved by the Shareholders in a general meeting.
- 14.4 The amended terms of this Scheme or the Options must still comply with the applicable requirements under the GEM Listing Rules.

## **15. TERMINATION**

- 15.1 The Company may by resolution in general meeting at any time terminate the operation of this Scheme and in such event no further Options will be offered or granted 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 outstanding Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and outstanding Options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of this Scheme.
- 15.2 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 Shareholders seeking approval of the first new scheme to be established or refreshment of the Scheme Mandate Limit under any existing Share Scheme(s) after such termination.



## **16. CANCELLATION OF OPTION GRANTED**

- 16.1 The Directors may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Directors may in their absolute discretion see fit and in a manner that complies with all applicable legal requirements for cancellation. Where the Company cancels any Options granted and make a new grant of Options to the same Grantee, such new grant of Options may only be made with the available unissued Options (excluding the cancelled Options) under this Scheme within the Scheme Mandate Limit.
- 16.2 Options cancelled in accordance with the terms of this Scheme will be regarded as utilised for the purpose of calculating 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.

## **17. MISCELLANEOUS**

- 17.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any employee and the rights and obligations of any employee under the terms of his/her office or employment shall not be affected by his/her participation in this Scheme or any right which he/she may have to participate in it and this Scheme shall afford such employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 17.2 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.
- 17.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or the independent financial adviser to the Company in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme.
- 17.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders at the same time or within a reasonable time of any such notices or documents being sent to Shareholders and for such purpose, publication by the Company of the notices and other documents on the websites of the Company and the Stock Exchange shall be deemed to be due and sufficient delivery of the same to the Grantee.

- 17.5 Any notice or other communication between the Company and a Selected Participant 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 Selected Participant, his/her address in Hong Kong or the People's Republic of China as notified to the Company from time to time or, if none or incorrect or out of date, his/her last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 17.6 Any notice or other communication if sent by the Selected Participant shall be irrevocable and shall not be effective until actually received by the Company.
- 17.7 Any notice or other communication if sent to the Selected Participant shall be deemed to be given or made:
- (a) one (1) day after the date of posting, if sent by mail; and
  - (b) when delivered, if delivered by hand.
- 17.8 A Grantee shall, before accepting an Offer or exercising his/her Option, obtain all necessary consents that may be required to enable him/her to accept the Offer or to exercise the Option and the Company to allot and issue to him/her in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his/her Option. By accepting an Offer or exercising his/her Option, the Grantee thereof is deemed to have represented to the Company that he/she has obtained all such consents. Compliance with this Clause 17.8 shall be condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his/her Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 17.9 A Grantee shall ascertain and pay all tax and discharge all other liabilities to which he/she may become subject as a result of his/her participation in this Scheme, the acceptance of an Offer or the exercise of any Option.
- 17.10 By accepting an Offer, an Eligible Person 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/her for loss of any rights or benefits under this Scheme.

- 17.11 In no circumstances shall a person ceasing to be an Eligible Person for any reason be entitled to any compensation for or in respect of any consequent diminution or extinction of his/her/its rights or benefits (actual or prospective) under any Options then held by him/her or otherwise in connection with this Scheme and by accepting an Option under this Scheme, such person shall be deemed to have irrevocably waived any such entitlement (to the extent there is any).
- 17.12 The Company shall provide a summary of the terms of this Scheme to all Eligible Persons on joining this Scheme (and a copy of this Scheme document to any Eligible Person who requests such a copy). The Company shall provide to all Eligible Persons all details relating to changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.
- 17.13 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.
- 17.14 This Scheme shall comply with the GEM Listing Rules as amended from time to time. In the event that there are differences between the terms of this Scheme and the GEM Listing Rules, the GEM Listing Rules shall prevail.