

**ANTA Sports Products Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

---

**2023 SHARE AWARD SCHEME**

---

Adopted by an ordinary resolution passed by  
the shareholders of the Company  
at the annual general meeting of the Company  
on [day] [month] 2023

## 1 DEFINITIONS AND INTERPRETATION

(A) In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the meaning shown opposite to them below:-

“Acceptance Period”	has the meaning ascribed to it in Paragraph 5.2(J);
“Adoption Date”	[*] 2023, being the date on which the Scheme is adopted by the Shareholders at the annual general meeting of the Company;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“associated company(ies)”	in relation to member(s) of the Group, its subsidiary(ies), holding company(ies), subsidiary(ies) of such holding company(ies), or associate(s) or joint venture(s) as classified under applicable financial reporting standards of the Company;
“Auditors”	the auditors or independent financial advisor appointed by the Company;
“Award(s)”	award(s) of the Awarded Shares by the Board pursuant to Paragraph 5.2(A) to a Selected Participant;
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares as awarded by the Board;
“Benefits”	has the meaning ascribed to it in Paragraph 5.4(E)(i);
“Board”	the board of directors of the Company and, if the context so permits, it shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme;
“Business Day(s)”	any day(s) (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for the business of dealing in securities;
“Cancellation Date”	in respect of an Award, the effective date of cancellation of the Award in whole or in part as specified in the notice in writing given by the Board to the Grantee in accordance with Paragraph 10;
“chief executive”	has the meaning ascribed to it under the Listing Rules;

“Clawback”	in respect of any Awarded Shares granted to a Selected Participant, the repayment of money in relation to all or a specified part of such Awarded 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 Awarded Shares which have not yet been vested in the Selected Participant, pursuant to Paragraph 5.2(E) hereof;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	ANTA Sports Products Limited (安踏體育用品有限公司), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 2020;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and/or its subsidiaries as permitted under the Scheme to the Trust as determined by the Board from time to time;
“core connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Eligible Participant(s)”	any Employee Participant(s), Related Entity Participant(s) or Service Provider(s), provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories;
“employee(s)”	in relation to a company, its full-time or part-time employee(s), or person(s) for the time being seconded to work full-time or part-time for such company;
“Employee Participant(s)”	director(s) or employee(s) of the Company or any other member(s) of the Group (including a person who is granted Awards under the Scheme as an inducement to enter into employment contracts with the Company or the relevant member(s) of the Group);
“Excluded Participant(s)”	any Eligible Participant(s) who is resident in a place where the grant of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant(s);

“Grant Date”	the date of the Board resolution approving the grant of Awards, which must be a Business Day;
“Grant Notice”	has the meaning ascribed to it in Paragraph 5.2(I);
“Grantee(s)”	any Selected Participant(s) who accepts the offer of the grant of Award(s) in accordance with the rules of the Scheme or (in the case of Selected Participant(s) being individual(s) and where the context so permits) the legal personal representative(s) entitled to any such Award(s) in consequence of the death of the relevant Selected Participant(s);
“Group”	the Company and its subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“holding company”	has the meaning ascribed to it under the Listing Rules;
“Hong Kong” or “Hong Kong SAR”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“inside information”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;
“Purchase Price”	the price (if any) per Share at which a Grantee may pay for an Awarded Share pursuant to the Scheme;
“Related Entity(ies)”	any holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company;
“Related Entity Participant(s)”	any director(s) or employee(s) of Related Entity(ies);
“Remuneration Committee”	the remuneration committee of the Company

“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust (other than cash income and dividends derived from Awarded Shares underlying those Awards which include an entitlement to such income or dividends pursuant to Paragraph 5.6(A)(i)); (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong SAR) which has not been applied in the subscription of any Shares;
“Registration Date”	the date on which Shares are transferred to a Grantee (or any other person so permitted pursuant to the Scheme) pursuant to the Award(s) granted and vested hereunder;
“Returned Shares”	such Awarded Shares which are forfeited and/or not vested in accordance with the terms of the Scheme, or such Shares being deemed to be Returned Shares in accordance with the terms of the Scheme;
“Scheme”	the “2023 Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	has the meaning ascribed to it in Paragraph 7 hereof;
“Selected Participant(s)”	any Eligible Participant(s) selected by the Board pursuant to Paragraph 5.2(A) for participation in the Scheme;

<p>“Service Provider(s)”</p>	<p>any person(s) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including any of the following persons:</p> <ul style="list-style-type: none"> <li>(a) person(s) or entity(ies) (as independent contractor(s), consultant(s), advisor(s) or otherwise) that provide(s) support or any advisory, consultancy, professional or other services to any members of the Group, including but not limited to support or services in relation to design, research, development, marketing, innovation upgrading, strategic or commercial planning on corporate image, investor relations, product quality control, regulations and policies;</li> <li>(b) supplier(s) of goods or services to any members of the Group; and</li> <li>(c) business partner(s), including joint venture partner(s), franchisee(s), contractor(s), agent(s) or other contractual party(ies), of any members of the Group, including but not limited to partners of brand businesses development, franchisees of retail stores, contractors for marketing campaigns, quality control procedures, manufacturing operations or systems establishment, and agents relating to sale channels or platforms;</li> </ul> <p>provided that (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall not be Service Providers for the purpose of the Scheme;</p>
<p>“Service Provider Sublimit”</p>	<p>a sublimit under the Scheme Mandate Limit for grants of options and awards to Service Providers, and has the meaning ascribed to it in Paragraph 7 hereof;</p>
<p>“SFO”</p>	<p>the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);</p>
<p>“Share(s)”</p>	<p>ordinary share(s) of HKD0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);</p>

“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Grantees and Eligible Participants (as applicable) pursuant to the Scheme, including without limitation:</p> <p>(a) all Shares subscribed by the Trustee for the purpose of the Trust out of the Residual Cash and all rights, scrip dividends and other non-scrip and non-cash distributions and securities (including but not limited to bonus Shares, nil-paid rights, options and warrants) derived from the Shares held upon the Trust;</p> <p>(b) any Residual Cash;</p> <p>(c) all cash income and dividends derived from Awarded Shares underlying those Awards which include an entitlement to such income or dividends pursuant to Paragraph 5.6(A)(i); and</p> <p>(d) all other properties from time to time representing (a) and (b) above;</p>
“Trust Period”	has the meaning ascribed to it in the Trust Deed;
“Trustee”	Computershare Hong Kong Trustees Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed;
“Vesting Date”	in respect of a Grantee, the date on which his entitlement to the Awarded Shares is vested in such Grantee in accordance with Paragraph 5.3(A) and other terms of the Scheme;
“Vesting Notice”	has the meaning ascribed to it in Paragraph 5.3(B);

“Vesting Period”	in respect of an Award, the minimum period for which an Award must be held before it can be vested as the Board may in its absolute discretion determine;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong SAR; and
“%”	per cent.

(B) In these rules of the Scheme, save where the context otherwise requires:-

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

## **2 PURPOSES AND ELIGIBILITY**

(A) The purposes of the Scheme are:-

- (i) to recognise and reward for the past contributions by Eligible Participants;
- (ii) to retain or otherwise maintain on-going relations with Eligible Participants;
- (iii) to give the Eligible Participants an opportunity to have a personal stake in the Company and help motivate Eligible Participants to optimise their future contributions to the Group; and
- (iv) to attract suitable personnel for further growth and development of the Group.

(B) These rules serve to set out the terms and conditions upon which the incentive arrangement for the Eligible Participants shall operate.



- (C) The basis of determining the eligibility of each Eligible Participant, including the criteria for determining a person's eligibility under each category of Eligible Participant, shall be at the sole discretion of the Board:
- (i) for Employee Participants – the Board shall take into consideration the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of employment with the Group and the individual contribution or potential contribution to the development and growth of the Group;
  - (ii) for Related Entity Participants – the Board shall take into consideration the degree of involvement in and/or cooperation with the Group, the length of collaborative relationship the Related Entity Participant has established with the Group, the amount of support, assistance, guidance, advice, efforts and contributions the Related Entity Participant has exerted or given towards the success of the Group, and the amount of potential support, assistance, guidance, advice, efforts and contributions that the Related Entity Participant is likely to be able to give or make towards the success of the Group in the future; and
  - (iii) for Service Providers – the Board shall take into consideration the individual performance of the Service Provider, track record and quality of services provided to the Group, scale of business dealings with the Group, actual or potential contribution to the Group's revenue or profit which is or may be attributable to the Service Provider, the remuneration packages of comparable listed peers for similar Service Providers based on available information in the industry. In addition, the Board shall also take into consideration: (a) in assessing whether a Service Provider provides services to the Group on a continuing or recurring basis, the length and type of services provided and the recurrences and regularity of such services; and (b) in assessing whether a Service Provider provides services to the Group in the ordinary and usual course of business, the materiality and nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group (such as whether they relate to the core business of the Group and whether such services could be readily replaced by third parties).

### **3 DURATION**

Subject to any early termination provisions pursuant to Paragraph 17, the Scheme shall be valid and effective commencing on the Adoption Date and for a term of ten (10) years.

### **4 ADMINISTRATION**

- (A) The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding on all parties. The Board may delegate any or all of its powers in relation to the Scheme to any of its committees.
- (B) The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

## **5 OPERATION OF THE SCHEME**

### **5.1 Contribution of funds to the Trust**

- (A) The Board may from time to time pay or cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or any subsidiaries as directed by the Board which shall constitute part of the Trust Fund, for the subscription of Shares and other purposes set out in the rules of the Scheme and the Trust Deed. Subject to Paragraphs 5.6(B) and 7, the Board may from time to time after any Award(s) have been accepted by the relevant Selected Participant(s) pursuant to the Paragraph 5.2(J), instruct the Trustee in writing to subscribe for Shares at their nominal value. Once subscribed, the Shares are to be held by the Trustee for the benefit of the Grantees and Eligible Participants (as applicable) under the Trust on and subject to the terms and conditions of the Scheme and the Trust Deed.
- (B) All Shares (including any Returned Shares) shall be held by the Trustee for the benefit of the Grantees or the Eligible Participants (as applicable) under the Trust on and subject to the terms and conditions of the Scheme and the Trust Deed.

### **5.2 Award of Awarded Shares to Selected Participants**

- (A) Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs 5.6(B) and 7, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Scheme as a Selected Participant, and grant Awarded Shares to any Selected Participant (i) at such amount payable and time (if any) on acceptance of the Award; (ii) at such Purchase Price (if any) of the Awarded Shares; (iii) in such number of Awarded Shares; and (iv) on and subject to such terms and conditions, as it may in its absolute discretion determine. The Board shall, by providing a copy of the relevant Board resolution, notify the Trustee about any determination of Award(s), Awarded Share(s) and Selected Eligible Participant(s).
- (B) In determining the number of Awarded Shares to be granted to any Selected Participant (excluding any Excluded Participant), the Board may take into consideration matters including without limitation to,
- (i) the present contribution and expected contribution of the relevant Selected Participant to the development and profits of the Group;
  - (ii) the general financial condition of the Group;
  - (iii) the Group's overall business objectives and future development plan; and
  - (iv) any other matter which the Board considers relevant.
- (C) Subject to the provisions of the Listing Rules and the Scheme, the Board may in its absolute discretion (i) when offering the grant of an Award impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Scheme as the Board may think fit (to be stated in the Grant Notice) including (without prejudice to the generality of the foregoing) (a) the qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the Grantee, (b) the satisfactory performance or maintenance by the Grantee of

certain conditions or obligations or (c) the time or period before all or some of the Awards shall be vested, and (ii) at any time after the grant of an Award, waive or amend such conditions, restrictions or limitations to the advantage of the Grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Scheme.

- (D) In respect of a Related Entity Participant or a Service Provider, unless otherwise determined by the Board and specified in the Grant Notice, there is no performance target which needs to be achieved by the Group and/or Grantee before the Awarded Shares can be vested. In respect of an Employee Participant, unless otherwise determined by the Board and specified in the Grant Notice, the Group and/or Grantee shall achieve the performance targets set out in the Grant Notice before the Awarded Shares can be vested. The performance targets of Awarded Shares granted to the Directors and senior management of the Company, and any grants of Awarded Shares to the Directors and senior management of the Company without performance targets, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.
- (E) Where there has been an occurrence of misconduct such as (i) any material misstatements or omissions in the Group's financial statements by a Grantee; (ii) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information; (iii) any termination of employment contracts by a Grantee without notice or payment in lieu of notice; (iv) conviction of any criminal offence by a Grantee involving integrity or honesty; or (v) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group, the Awarded Shares may be subject to Clawback as determined by the Board from time to time. The Clawback of Awarded Shares granted to the Directors and senior management of the Company, and any grants of Awarded Shares to the Directors and senior management of the Company without Clawback, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.
- (F) Where any grant of Awards is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or senior management of the Company, such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.
- (G) Subject to Paragraph 7,
  - (i) any grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Awards);
  - (ii) where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all awards granted under the Scheme and any other schemes of the Company (excluding any awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) to such 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 issued Shares, such grant

of Awards shall be approved by Shareholders in general meeting in the manner as set out in Paragraph 5.2(G)(iv) below;

- (iii) where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted under the Scheme and any other schemes of the Company (excluding any options and awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) to such 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 issued Shares, such grant of Awards shall be approved by Shareholders in general meeting in the manner as set out in Paragraph 5.2(G)(iv) below;
  - (iv) in the circumstances described in Paragraph 5.2(G)(ii) and (iii) above, the Company shall send a circular to the Shareholders containing such details and information as required under the Listing Rules. The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The Company shall comply with the relevant requirements under the Listing Rules;
  - (v) any change in the terms of Awards granted to a Selected Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be approved by the Shareholders in the manner as set out in Paragraph 5.2(G)(iv) above if the initial grant of the Awards requires such approval under the Listing Rules (except where the changes take effect automatically under the existing terms of the Scheme);
  - (vi) the requirements for the grant to a Director or chief executive of the Company as set out in this Paragraph 5.2(G) do not apply where the Selected Participant is only a proposed director or a proposed chief executive of the Company; and
  - (vii) in general, the Company should not grant Awards with performance-related elements to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.
- (H) Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.
- (I) After the Board has decided to make a grant of Awarded Shares to any Selected Participant, the Board shall send a notice (the "**Grant Notice**") to such Selected Participant with a copy thereof to the Trustee within thirty (30) Business Days after the grant was made, setting out the number of Awarded Shares so granted and the conditions (if any) upon which such Awarded Shares were granted. The number of Awarded Shares specified in the Grant Notice shall, subject to acceptance by the relevant Selected Participant in accordance with Paragraph 5.2(J), constitute the definitive number of Awarded Shares being granted to him.
- (J) Upon receipt of the Grant Notice, the Selected Participant shall confirm acceptance of the Awarded Shares being granted to him by signing and returning to the Board the acceptance form attached to the Grant Notice within thirty (30) Business Days after the date of the Grant

Notice (the “**Acceptance Period**”). As soon as practicable after the receipt of the acceptance form duly signed by the relevant Selected Participant, the Board shall forward a copy thereof to the Trustee.

- (K) If the Selected Participant fails to sign and return the acceptance form attached to the Grant Notice before the expiry of the Acceptance Period, the grant of the Awarded Shares to such Selected Participant shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund. Such Selected Participant shall have no right or claim against the Company, any other members of the Group, the Board, the Trust or the Trustee or with respect to those or any other Awarded Shares or any right thereto or interest therein in any way. In such instance, the Board shall notify the Trustee of the lapse of the grant of such Awarded Shares as soon as practicable after the expiration of the Acceptance Period.

### 5.3 Vesting of Awarded Shares

- (A) Subject to the terms and condition of the Scheme and the fulfilment of all vesting conditions (if any) to the vesting of the Awarded Shares on such Grantee as specified in the Scheme and the Grant Notice, unless the Board determines otherwise, the respective Awarded Shares held by the Trustee on behalf of the Grantee pursuant to the provision hereof shall be vested in such Grantee in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the Trustee shall cause the Awarded Shares to be transferred to such Grantee on the Vesting Date, or as soon as practicable after the Vesting Date.

- (B) Upon the vesting of the Awarded Shares,

- (i) barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, at least thirty (30) Business Days prior to the Vesting Date, the Board shall send to the relevant Grantee (with a copy to the Trustee) a vesting notice (the “**Vesting Notice**”) together with such prescribed transfer documents, where applicable, which require the Grantee to execute to effect the vesting and transfer of the Awarded Shares;
- (ii) upon receipt of the Vesting Notice, the Grantee (or his legal personal representative or lawful successor, as the case may be) is required to return to the Board the reply slip attached to the Vesting Notice to confirm the securities account details, together with the relevant duly signed transfer documents, where applicable. In the event that the Board does not receive the reply slip and the transfer form from the Grantee at least ten (10) Business Days prior to the Vesting Date, the Awarded Shares which would have otherwise vested in such Grantee shall automatically be forfeited and remain as part of the Trust Fund; and
- (iii) subject to the receipt by the Trustee of (a) the reply slip to the Vesting Notice and transfer documents prescribed by the Trustee, where applicable, and duly signed by the Grantee within the period stipulated in the Vesting Notice referred to in Paragraph 5.3(B)(ii), (b) a confirmation from the Company that all vesting conditions (if any) having been fulfilled, and (c) copies of the identification documents of the Grantee, the Trustee shall transfer the relevant Awarded Shares to the relevant Grantee as soon as practicable on or after the Vesting Date and in any event not later than ten (10) Business Days after the Vesting Date.

#### 5.4 Disqualification of Grantee

- (A) In the event that prior to or on the Vesting Date, a Grantee is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant pursuant to Paragraphs 5.4(B) and (C), the relevant Award made to such Grantee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Grantee shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Awarded Shares or any right thereto or interest therein in any way.
- (B) Unless the Board determines otherwise, the circumstances under which a corporate shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:
- (i) where such corporation becomes dissolved or put into liquidation (including voluntary winding-up or de-registration) or has a liquidator or receiver appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the corporation;
  - (ii) where the business license or registration of such corporation has been revoked;
  - (iii) where such corporation has suspended, ceased or threatened to suspend or cease business ;
  - (iv) where such corporation is unable to pay its debts or otherwise becomes insolvent;
  - (v) where such corporation suffers a change in its constitution, management, directors or shareholding which in the opinion of the Board is material; or
  - (vi) where such corporation commits a breach of any contract entered into between the corporation or its associate and any member of the Group.
- (C) Unless the Board determines otherwise, the circumstances under which an individual shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:
- (i) where such individual has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by the Company, any member of the Group or any Related Entity, and whether or not it has resulted in his employment or engagement being terminated by the Company, the relevant member of the Group or the Related Entity (as the case may be);
  - (ii) where such individual has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
  - (iii) where such individual has made any arrangement or composition with his creditors generally;

- (iv) where such individual has been convicted of any criminal offence;
  - (v) where such individual has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong SAR or any other jurisdictions; or
  - (vi) where such individual commits a breach of any contract entered into between the individual or his associate and any member of the Group.
- (D) In respect of a Grantee who died or retired by agreement with a member of the Group or a Related Entity at any time prior to or on the Vesting Date, unless the Board determines otherwise, all the Awarded Shares of the relevant Grantee shall be deemed to be vested in full or in a percentage as determined by the Board, on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group or the Related Entity.
- (E) In the event of the death of a Grantee,
- (i) the Trustee shall hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust and to transfer the same to the legal personal representatives of the Grantee and subject as aforesaid the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within (a) two (2) years of the death of the Grantee (or such longer period as the Trustee and the Board shall agree from time to time) or (b) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Grantee; or
  - (ii) if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall remain part of the Trust Fund.

## 5.5 Returned Shares

- (A) Where any Awarded Shares held by the Trustee pursuant to the Scheme, referable to a Grantee,
- (i) are not accepted by such Grantee within the stipulated time in accordance with the relevant provisions herein; or
  - (ii) are not vested in accordance with the relevant provisions herein and the relevant Grant Notice,

the Trustee shall be notified by the Board of this fact and hold such Returned Shares and any income derived therefrom for the benefit of all or one or more Eligible Participants (excluding any Excluded Participant) and/or Grantees in such manners and under such conditions in accordance with the instructions from the Board.

- (B) The Board may instruct the Trustee to reallocate any Returned Shares as Awarded Shares to be granted to any Selected Participant, provided that such reallocation shall be in compliance with the relevant requirements of the Listing Rules.

5.6 Other terms and conditions

(A) For the avoidance of doubt,

- (i) Unless otherwise resolved by the Board under its sole and absolute discretion, a Grantee shall not be entitled to any income or distribution (including but not limited to cash dividends, scrip dividends and other non-cash and non-scrip distributions, or the net proceeds of sale thereof) derived from his Awarded Shares during the period from the date of the Award to the Registration Date;

If the Board determines that a Grantee shall be entitled to any cash income and/or scrip dividends (but not in any event any nil-paid rights, warrants, options and other non-scrip and non-cash distributions, or the sale proceeds thereof) derived from his Awarded Shares during the period from the date of the Award to the Registration Date, such entitlement shall be set out in the Grant Notice described in Paragraph 5.2(I), and the relevant cash income and scrip dividends shall be transferred to the Grantee at the same time as the relevant vested Awarded Shares are settled

- (ii) a Selected Participant shall have no rights in the Residual Cash or Shares (other than his contingent interest (subject to vesting) in his Awarded Shares and income and distribution derived therefrom pursuant to Paragraph 5.6(A)(i) (if any))) or such other Trust Fund or property held by the Trust;
- (iii) no Eligible Participant is entitled to give any instructions to the Trustee in respect of any part of the Trust Fund managed by the Trustee;
- (iv) the Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom). In particular, the Trustee holding unvested Shares, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given;
- (v) subject to Paragraph 5.6(A)(i) all cash income or the net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends declared by the Company and derived from the Shares held upon the Trust will be applied towards (a) the payment of the fees, costs and expenses of the Trust and (ii) the remainder, if any, remain as part of the Trust Fund;
- (vi) unless otherwise waived by the Board, in the event that the vesting conditions (if any) specified in the Grant Notice are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and the Grantee shall have no claims against the Company, any other member of the Group, the Board, the Trust or the Trustee; and
- (vii) in the case of the death of a Grantee, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Grantee is made within the period prescribed in Paragraph 5.4I, and the legal personal representatives of the Grantee shall have no claims against the Company or the Trustee.



- (B) No Award shall be made by the Board pursuant to Paragraph 5.2(A) and no instructions to subscribe for any Shares shall be given to the Trustee and no payment shall be made to the Trustee under the Scheme pursuant to Paragraph 5.1(A) where dealings in the Shares are prohibited under any code or requirement of the Listing Rules (including but not limited to Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Listing Rules), the SFO, all applicable laws and any internal code of conduct in securities dealing adopted by the Company from time to time. Without limiting the generality of the foregoing, no such Award shall be granted, no such instruction shall be given and no such payment shall be made:
- (i) after an event involving inside information in relation to the affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until (and including) the trading day after such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules or such inside information has otherwise ceased to exist;
  - (ii) during the period of sixty (60) days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
  - (iii) during the period of thirty (30) days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results;
  - (iv) during the period commencing one (1) month immediately before the earlier of:
    - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Comp'ny's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
    - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),and ending on the date of the results announcement;
  - (v) during any period of delay in publishing a results announcement of the Company; and
  - (vi) in any circumstance where such award, instruction or payment is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

The Board may, at any time after it has instructed the Trustee to subscribe for any Shares in accordance with Paragraph 5.1(A), instruct the Trustee in writing to cease subscribing Shares or to suspend subscribing Shares until further notice (without specifying any reasons therefor).

- (C) In respect of the operation of the Scheme, the Company shall comply with all applicable laws and regulations including without limitation those imposed by the Listing Rules from time to time.
- (D) The Shares to be transferred upon the vesting of an Award will be subject to all the provisions of the articles of association of the Company and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing issued and fully paid Shares commencing from (i) the Registration Date or, (ii) if that date falls on a day when the register of members of the Company is closed, the first date of the re-opening of the register of members, and accordingly, it will entitle the holders to participate in all dividends or other distributions paid or made on or after (i) the Registration Date or, (ii) 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 therefor shall be before the Registration Date.
- (E) No Grantee shall enjoy any rights of a Shareholder by virtue of the grant of an Award pursuant to the Scheme, unless and until the Shares are actually transferred to the Grantee pursuant to the vesting of an Award. The Awards do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company. A Share transferred upon the vesting of an Award shall not carry rights until the registration of the Grantee (or any other person so permitted pursuant to the Scheme) as the holder thereof.
- (F) The outstanding Awards granted may not be vested if all or part of the vesting of the Awards will result in the holding of the total issued Shares by the public falling below twenty five per cent. (25%) (or such other percentage stipulated under the Listing Rules or permitted by the Stock Exchange).
- (G) In the event the Grantee has been suspended from his duties or performance of the relevant contract of employment, directorship, appointment or engagement by the relevant member of the Group or the Related Entity (as the case may be), no Award can be vested until such suspension has been lifted.

## **6 TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME**

- (A) Notwithstanding any other provision provided herein, if there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise prior to the Vesting Date, the Board shall determine at its discretion whether such Awarded Shares shall be vested in the Grantee and the time at which such Awarded Shares shall be vested. Where the Board determines whether such Awarded Shares shall so vest, subject to the receipt by the Trustee of duly executed prescribed transfer documents within seven (7) Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares to the Grantee in accordance with Paragraph 5.3(B)(iii). For the purpose of this Paragraph 6(A), “control” shall have the meaning as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time.
- (B) In the event the Company undertakes a subdivision or consolidation of the Shares, such Grantee shall be entitled to those Awarded Shares as so subdivided or consolidated and the Board shall as soon as reasonably practicable after such subdivision or consolidation has been

effected, notify each such Grantee of the number of Awarded Shares that he has become entitled to on vesting after such subdivision or consolidation (as the case may be).

- (C) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall sell the nil-paid rights allotted to it on the market (to the extent there is an open market for such rights) and, the net proceeds of sale of such rights shall be held as part of the Trust Fund.
- (D) In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it on the market (to the extent there is an open market for such rights) and, the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.
- (E) In the event the Company undertakes an issue of bonus Shares, the bonus Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund. .
- (F) In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip Shares and, subject to Paragraph 5.6(A)(i) the scrip Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.
- (G) In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held upon the Trust, the Trustee shall dispose of such distribution and, the net sale proceeds thereof shall be deemed as cash income of a Share held as part of the Trust Fund.
- (H) If notice is duly given by the Company to the Shareholders to convene a shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its discretion whether such Awarded Shares shall be vested in the Grantee and the time at which such Awarded Shares shall be vested. If the Board determines that any Awarded Shares shall be vested, it shall promptly notify the Grantee and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the Awarded Shares which are to become vested in such Grantee to such Grantee.

## **7 SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT**

- (A) Subject to Paragraphs 7(B) to 7(G),
  - (i) the Scheme Mandate Limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the Scheme and any other schemes of the Company, and shall not in aggregate exceed 10% of the total number of issued Shares as at the Adoption Date; and
  - (ii) the Service Provider Sublimit, being a sublimit under the Scheme Mandate Limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Provider under the Scheme and any other schemes of the

Company, and shall not in aggregate exceed two per cent (2%) of the total number of issued Shares as at the Adoption Date.

- (B) Options or awards lapsed in accordance with the rules of the Scheme and any other schemes of the Company will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Options or awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- (C) The maximum numbers set out in Paragraph 7(A) above shall be adjusted, in such manner as the Auditors shall certify in writing to the Board to be fair and reasonable in the event of any alteration to the capital structure of the Company in accordance with Paragraph 15 below whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company but shall not in any event exceed the limits imposed by the Listing Rules. Any such adjustment shall give the Grantees the same proportion of equity capital as they were previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors shall confirm to the Board in writing that the adjustments satisfy the requirement.
- (D) The Company may seek approval by the Shareholders in general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit after three (3) years from (i) the Adoption Date; or (ii) the date of the Shareholders' approval for the last refreshment (as the case may be).
- (E) Only insofar as and for so long as the Listing Rules require, any refreshment within any three (3)-year period shall be approved by the Shareholders, subject to the following provisions:
  - (i) the controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) shall be abstaining from voting in favour of the relevant resolution at the general meeting; and
  - (ii) the Company shall comply with the applicable requirements under the Listing Rules.
- (F) The total number of Shares which may be issued in respect of all options and awards to be granted under the Scheme and any other schemes of the Company under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of issued Shares as at the date of the Shareholders' approval for the refreshment. The Company shall send to the Shareholders a circular containing the details and information required under the Listing Rules, including the number of options and awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reasons for the refreshment.
- (G) The Company may seek separate approval from the Shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit, provided that the Awards in excess of the Scheme Mandate Limit are granted only to the Selected Participants specifically identified by the Company before such approval is sought. The Company shall issue a circular to the Shareholders containing the details and information required under the Listing Rules, including the name of each specified Selected Participant who may be granted such Awards, the number and terms of the Awards to be granted to each Selected Participant and the purpose of granting Awards to the specified Selected Participants with an explanation as to how the

terms of the Awards serve such purpose. The number and terms of such Awards must be fixed before Shareholders' approval.

## **8 VESTING PERIOD**

- (A) Subject to Paragraph 8(B), the vesting of any Awards shall be subject to a Vesting Period to be determined by the Board in its absolute discretion, which shall be specified in the Grant Notice.
- (B) Only insofar as and for so long as the Listing Rules require, the Vesting Period for an Award to all Eligible Participants under the Scheme shall not be less than twelve (12) months, unless the Board determines in its sole discretion that the Awards granted to Employee Participants may be less than twelve (12) months under the following specific circumstances:
- (i) grants of "make-whole" Awards to an Employee Participant who is a new director or employee of the Group to replace the share awards such person forfeited when leaving his previous employer(s);
  - (ii) grants of Awards to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
  - (iii) grants of Awards which are subject to the fulfilment of performance targets as conditions of the Awards;
  - (iv) grants of Awards made in batches during a year for administrative and compliance reasons;
  - (v) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months; and
  - (vi) grants of Awards with a total vesting and holding period of more than twelve (12) months.

## **9 PURCHASE PRICE**

Subject to the provisions of the Listing Rules, the Purchase Price (if any) in respect of any particular Award shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Award (and shall be stated in the Grant Notice) and taking into consideration factors such as prevailing closing price of the Shares, the purpose of the Scheme, the characteristics and profile of the relevant Selected Participant(s).

## **10 CANCELLATION OF AWARDS**

- (A) The Board shall be entitled for the following causes to cancel any Award in whole or in part by giving notice in writing to the Grantee stating that such Award is thereby cancelled with effect from the date specified in such notice (the "**Cancellation Date**"):
- (i) the Grantee commits or permits or attempts to commit or permit a breach of Paragraph 12 or any terms or conditions attached to the grant of the Award;
  - (ii) the Grantee makes a written request to the Board for the Award to be cancelled; or

- (iii) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or a subsidiary.
- (B) The Award shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Award which has not been vested as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.
- (C) Where the Company cancels Awards granted to a Selected Participant, and makes a new grant to the same Selected Participant, such new grant may only be made under the Scheme with available scheme limit approved by the Shareholders in the manner as set out in Paragraph 7.

## **11 MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

- (A) Subject to Paragraph 5.2(G)(ii) and (iii), where any grant of Awards to a Selected Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant, representing in aggregate over 1% of the total number of issued Shares, such grant of Awards shall be approved by the Shareholders in general meeting with such Selected Participant and his close associates (or associates if such Selected Participant is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders containing the details and information required under Paragraph 11(B) and the Listing Rules.
- (B) The circular shall disclose the identity of the Selected Participant, the number and terms of the Awards to be granted (and the options and awards previously granted to such Selected Participant in the 12-month period), the purpose of granting Awards to such Selected Participant and an explanation as to how the terms of the Awards serve such purpose. The number and terms of the Awards to be granted to such Selected Participant must be fixed before Shareholders' approval.

## **12 TRANSFERABILITY OF AWARDS**

An Award shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Award or attempt to do so, except for a transfer to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee for estate planning or tax planning as permitted by the Stock Exchange or under the Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Award or part thereof granted to such Grantee.

## **13 DISPUTES**

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board whose decision shall be final, conclusive and binding on all persons who may be affected thereby.

## **14 ALTERATION TO THE SCHEME**

- (A) Subject to Paragraph 14(B), the Scheme may be altered in any respect by a resolution of the Board.
- (B) The following shall not be carried out except with the prior approval of the Shareholders in general meeting by ordinary resolution:
- (i) any alterations to the terms and conditions of the Scheme which are material in nature or any alterations to the provisions of the Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants;
  - (ii) any change to the authority of the Board to alter the terms of the Scheme; and
  - (iii) any alteration to Paragraph 14,
- provided always that the amended terms of the Scheme or the Awards shall comply with the applicable requirements of Chapter 17 of the Listing Rules.
- (C) Any change to the terms of Awards granted to a Grantee shall be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the Remuneration Committee, 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 the Scheme.
- (D) Written notice of any amendment to the Scheme shall be given to the Trustee.

## **15 REORGANISATION OF CAPITAL STRUCTURE**

- (A) In the event of any alteration to the capital structure of the Company, whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (or any other actions which may have an impact on the share capital of the Company, other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), the Board may, if it considers the same to be appropriate, direct that adjustments be made to:
- (i) the maximum number of Shares subject to the Scheme; and/or
  - (ii) the aggregate number of Shares subject to the Awards so far as unvested; and/or
  - (iii) the Purchase Price (if any) of each unvested Awarded Share

provided that the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares immediately before and after such alteration to the capital structure of the Company shall be the same, rounded to the nearest whole share.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the Auditors appointed by the Company shall certify in writing to the Board that any such adjustments satisfy the requirement set out in the note to Rule 17.03(13) of the Listing Rules, provided that:

- (i) any such adjustments shall give a Selected Participant the same proportion of equity capital, rounded to the nearest whole share, as that to which that Eligible Participant was previously entitled to, but no such adjustments shall be made to the extent that a Share would be issued at less than its normal value (if any). In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors shall confirm to the Board in writing that the adjustments satisfy the requirement set out in this Paragraph (i);
- (ii) any such adjustments shall be made on the basis that the aggregate Purchase Price payable by the Grantee on the full vesting of any Award shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;
- (iii) any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and
- (iv) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

The capacity of the Auditors in Paragraph 15(A) is that of experts and not arbitrators and their certification shall be final and binding on the Company and the Grantees in the absence of manifest error. The costs of the Auditors shall be borne by the Company.

- (B) If there has been any alteration in the capital structure of the Company as referred to in this Paragraph 15, the Company shall, upon receipt of a notice from the Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the Auditors 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 to issue a certificate in that regard in accordance with Paragraph 15.

## **16 SHARE CAPITAL**

Subject to Paragraph 7(A), the Board shall at all times set aside for the purposes of the Scheme, out of the authorised but unissued share capital of the Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the vesting of Awarded Shares.

## **17 TERMINATION**

- (A) The Scheme shall terminate on the earlier of:
  - (i) the tenth (<sup>10</sup>th) anniversary date of the Adoption Date; and



- (ii) such date of early termination as determined by the Shareholders in general meeting provided that such termination shall not materially and adversely affect any subsisting rights of any Grantees.
- (B) Upon termination of the Scheme,
- (i) no further grant of Awarded Shares may be made under the Scheme;
  - (ii) all the Awarded Shares of the Grantees granted under the Scheme shall continue to be held by the Trustee and become vested in the Grantees according to the conditions of the Awards, subject to the receipt by the Trustee of the transfer documents, prescribed by the Trustee, where applicable, and duly executed by the Grantees;
  - (iii) upon the expiration of the Trust Period, all Shares remaining in the Trust Fund shall, at the election of the Board, be sold by the Trustee or transferred to any other trust(s) established for the purpose of any share scheme(s) of the Company in which Eligible Participants may participate (regardless of whether persons other than Eligible Persons may also participate), within twenty eight (28) Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine);
  - (iv) upon the expiration of the Trust Period all net proceeds of sale referred to in Paragraph 17(B)(iii) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to Paragraph 17(B)(iii)).
- (C) For the avoidance of doubt, the temporary suspension of the granting of any Award as determined by the Board shall not be construed as a decision to terminate the operation of the Scheme.

## **18 WITHHOLDING**

- (A) A Grantee shall bear all taxes and discharge all other liabilities to which he may become subject as a result of his participation in the Scheme or the vesting of any Awarded Shares.
- (B) The Company or any subsidiary shall be entitled to withhold, and any Grantee shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with Paragraph 18(A) .
- (C) The Board may establish appropriate procedures to provide for any such payment so as to ensure that the Company or any subsidiary receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the Company or such subsidiary any tax deduction resulting from the occurrence of such event.
- (D) The Company or any subsidiary may, by notice to the Grantee and subject to any rules as the Board may adopt, require that the Grantee pay at the time of the Award an amount estimated

by the Company or any subsidiary to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Award.

**19 MISCELLANEOUS**

- (A) The Scheme shall not form part of any existing contract between the Company or any subsidiary or any Related Entity and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office or employment or engagement shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.
- (B) The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Paragraph 19(D), expenses, stamp duty, transaction levies and normal registration fees incurred in the purchase of Shares by the Trustee and the transfer of Awarded Shares to Grantees on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any tax or expenses of such other nature payable on the part of any Grantee in respect of any sale, purchase, vesting or transfer of Shares.
- (C) In the event that any tax, duty, levy or social security contribution in any jurisdiction is payable by any Grantee in connection with the grant of any Awarded Shares or the vesting (or otherwise the transfer) of any Awarded Shares, such Grantee shall be responsible for the prompt payment of such tax, duty, levy or social security contribution (as the case may be) and shall indemnify the Company, any other member of the Group and the Trustee against any loss, damage, liability, costs and expenses arising from or in connection with any default or delay in the payment thereof.
- (D) Any notice or other communication between the Company and any Eligible Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its head office and principal place of business in Hong Kong SAR or such other address as notified to the Eligible Participant from time to time, and in the case of an Eligible Participant, his address as notified to the Company from time to time. Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post.
- (E) The Company, the Board, the Trust and the Trustee shall not be responsible for any failure by any Eligible Participant to obtain any consent or approval required for such Eligible Participant to participate in the Scheme as a Selected Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- (F) Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme, and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.

## **20**      **CONDITIONS PRECEDENT**

- (A)      The Scheme shall come into effect on the date on which the following conditions are fulfilled:
- (i)      the approval by the Shareholders for the adoption of the Scheme in general meeting; and
  - (ii)     the approval of the Stock Exchange for the listing of, and permission to deal in, the Shares (representing the initial Scheme Mandate Limit) to be allotted and issued in accordance with the terms and conditions of the Scheme.
- (B)      If the permission referred to in Paragraph 20(A)(ii) is not granted within two (2) calendar months after the Adoption Date:
- (i)      the Scheme will forthwith terminate;
  - (ii)     any Award granted or agreed to be granted pursuant to the Scheme and any offer of such a grant shall be of no effect;
  - (iii)    no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Scheme or any Awards; and
  - (iv)     the Board may devise another share award scheme for adoption by the Company.

## **21**      **GOVERNING LAW**

- (A)      The Scheme shall operate subject to the articles of association of the Company and any applicable law and regulations to which the Company is subject.
- (B)      The Scheme and all Awards granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.