

Cosmo Lady (China) Holdings Company Limited

**RULES RELATING TO
SHARE AWARD SCHEME**

(adopted on 28 June 2019 and amended on [••] June 2023)

1 DEFINITIONS AND INTERPRETATION

1.1 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 5.2.6 or 8.2.12, as the case may be;
“Adoption Date”	28 June 2019, being the date on which the Scheme is adopted by the Company;
“Amendment Date”	2 June 2023, being the date on which the Scheme is amended by the Company;
“Articles”	the articles of association of the Company from time to time;
“Award”	an award of Awarded Shares by the Board pursuant to Paragraph 5.2.1 or 8.2.1, as the case may be, to a Selected Participant;
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares awarded by the Board pursuant to Paragraph 5.2.1 or 8.2.1, as the case may be;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than Saturday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Cash Awards”	has the meaning ascribed to it in Paragraph 5.3.5 or 8.3.4, as the case may be;
“Cash Dividends”	has the meaning ascribed to it in Paragraph 5.3.5 or 8.3.4, as the case may be;
“Company”	Cosmo Lady (China) Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 02298);
“Connected Person”	has the meaning ascribed to such term in the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and such other person to the Trust as determined by the Company from time to time;

“Director”	directors of the Company;
“Employee Participant(s)”	Director(s) and employee(s) of the Company or any of its subsidiaries;
“Eligible Participant”	means: <ul style="list-style-type: none"> (a) Employee Participant(s); (b) Related Entity Participant(s); and (c) Service Provider(s), and for the purpose of this Scheme, the Award may be made to a vehicle (such as trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable);
“Excluded Person”	such person or category of persons determined by the Board from time to time who shall not be an Eligible Participant;
“Grant Notice”	has the meaning ascribed to it in Paragraphs 5.2.5 or 8.2.11, as the case may be;
“Group”	the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Non-Cash Distributions”	has the meaning ascribed to it in Paragraph 5.3.4 or 8.3.3, as the case may be;
“Related Entity Participants”	Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;

“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and; (iii) all interest or income derived from deposits of (i) and (ii) above maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares;
“Scheme”	the “Cosmo Lady 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 Rules”	the rules to the Scheme in its present or any amended form;
“Service Provider(s)”	person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“Selected Participant(s)”	Eligible Participant(s) selected by the Board pursuant to Paragraph 5.2.1 or 8.2.1, as the case may be, for participation in the Scheme;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of US\$0.01 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);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning ascribed to such term in the Listing Rules;

“Term”	has the meaning ascribed to it in Paragraph 3;
“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 Eligible Participants (other than the Excluded Persons), including without limitation:</p> <ul style="list-style-type: none"> (a) all Shares acquired directly or indirectly by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip Shares declared by the Company) derived from the Shares held upon the Trust; (b) any Cash Dividends and Residual Cash; (c) any Awarded Shares or other property to be vested or not vested with the Selected Participant under the terms of the Scheme; (d) all other properties from time to time representing (a), (b) and (c) above; and (e) all shares in company(ies) directly or indirectly holding Shares under (a) or (c) above;
“Trust Period”	shall have the meaning as set out in the Trust Deed;
“Trustee”	the trustee corporations(s) as may be appointed by the Company for the administration of the Share Award Scheme, 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 Selected Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected Participant in accordance with Paragraph 5.3.1 or 8.3.1, as the case may be, and other terms of the Scheme; and
“Vesting Notice”	has the meaning ascribed to it in Paragraph 5.3.2(a).

- 1.2 In these Scheme Rules, save where the context otherwise requires:
- 1.2.1 the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these Scheme Rules;
 - 1.2.2 references to Paragraphs and Schedules are references to paragraphs and schedules of these Scheme Rules;
 - 1.2.3 references to any statute, statutory provision, rule or regulation of any stock exchange shall be construed as references to such statute, statutory provision, rule or regulation of any stock exchange as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute, statutory provision rule or regulation of any stock exchange (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
 - 1.2.4 expressions in the singular shall include the plural and vice versa;
 - 1.2.5 expressions in any gender shall include other genders; and
 - 1.2.6 references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2 PURPOSES AND OBJECTIVES

- 2.1 The purpose of this Scheme is to enable the Board to grant Awards to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group. The basis of eligibility of any of the Eligible Participants to the grant of Awards shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution or potential contribution to the development and growth of the Group.. For the avoidance of doubt, this Scheme does not preclude the Group from providing incentives to any members of management of the Group by way of other benefits such as, including but not limited to, cash bonus in substitution for or in addition to any Award under this Scheme.
- 2.2 These Scheme Rules serve to set out the terms and conditions upon which the incentive arrangement for the Eligible Participants shall operate.
- 2.3 This Scheme serves to replace the Company Employee Option Plan established and approved by the Board on 31 October 2017.

3 DURATION

- 3.1 Subject to any early termination as may be determined by the Board pursuant to Paragraph 13, the Scheme shall be effective from the Adoption Date and shall continue in full force and effect for an initial term of ten (10) years commencing on the Adoption Date and, subject to full compliance of the Listing Rules and any other legislations, codes and/or guidelines applicable to the Company from time to time, shall be automatically renewed for a further term of ten (10) years on the same terms or such terms as the Board shall deem appropriate (the “**Term**”). Upon the renewal of the Scheme pursuant to the approval of the Board, all Trust Fund held by the Trustee shall continue to be held by the Trustee for implementation of the Scheme in accordance with the Scheme Rules.

4 ADMINISTRATION

- 4.1 The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules 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.
- 4.2 The Scheme comprises two sets of Scheme Rules, where Paragraphs 5 to 7 shall apply exclusively to all matters under the Scheme involving Awards funded by existing Shares of the Company, and Paragraphs 8 to 10 shall apply exclusively to all matters under the Scheme involving Awards of new Shares of the Company.
- 4.3 The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

AWARDS FUNDED BY EXISTING SHARES OF THE COMPANY

5 OPERATION OF SCHEME

5.1 Contribution of funds to the Trust

- 5.1.1 The Company may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or such other person as directed by the Company which shall constitute part of the Trust Fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

5.1.2 Subject to Paragraphs 5.5.2, 5.5.3 and 7.1, the Company may from time to time instruct the Trustee in writing to directly or indirectly purchase Shares (other than from any Connected Person of the Company). Once purchased, the Shares are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust on and subject to the terms and conditions of the Scheme Rules and the Trust Deed. On each occasion when the Company instructs the Trustee to directly or indirectly purchase Shares (other than from any Connected Person of the Company), it shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or, directly or indirectly, purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Company.

5.1.3 As soon as practicable after receiving the notice setting out the instructions from the Company under Paragraph 5.1.2 and during such period until being notified by the Company to suspend or cease the purchase, the Trustee shall apply such amount of Residual Cash towards the purchase, directly or indirectly of such maximum board lot of Shares according to the instructions set out in the notice. The Trustee shall also pay the related purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy, Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of the Shares out of the Residual Cash. For the avoidance of doubt, the Shares so purchased and the remaining balance of any Residual Cash shall continue to form part of the Trust Fund. The Trustee is not obliged to purchase any Shares unless it has received the necessary cleared funds from the Company or has sufficient funds in the Trust to undertake the purchase of such Shares.

5.2 Award of Awarded Shares to Selected Participants

5.2.1 Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs 5.5.2, 5.5.3 and 7, the Board may, from time to time, at its absolute discretion (i) select any Eligible Participant (other than any Excluded Person) for participation in the Scheme as a Selected Participant, and grant such number of Awarded Shares to any Selected Participant or his nominee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine; or (ii) grant such number of Awarded Shares to the trustee of any trust (including fixed or discretionary in nature) the beneficiaries of which include any one or more Eligible Participants and such grant shall be treated as being made to a Selected Participant.

5.2.2 In determining the number of Awarded Shares to be granted to any Selected Participant (excluding any Excluded Person), the Board shall take into consideration matters including, but without limitation to,

- (a) the historical, present contribution and expected contribution of the relevant Selected Participant to the financial performance of the Group;
- (b) the general financial conditions of the Group;
- (c) the Group's overall business objectives and future development plan;
and
- (d) any other matter which the Board considers relevant.

5.2.3 The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Participant, and shall inform the Trustee and such Selected Participant the relevant conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the Scheme, subject to applicable laws and regulations, the Board shall be at liberty to amend or waive any conditions, including vesting conditions, referred to in this Paragraph 5.2.3. Written notice of any amendment to or waiver of such conditions shall be given to the Selected Participant and the Trustee.

5.2.4 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.

5.2.5 After the Board has decided to make a grant of Awarded Shares to any Selected Participant, the Company shall send a notice in substantially the form set out in Schedule 1 (the "**Grant Notice**") to such Selected Participant with a copy thereof to the Trustee within ten (10) 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 are granted. The number of Awarded Shares specified in the Grant Notice shall, subject to acceptance by the relevant Selected Participant in accordance with Paragraph 5.2.6 constitute the definitive number of Awarded Shares being granted to him.

5.2.6 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 Company the acceptance form attached to the Grant Notice within ten (10) 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 Eligible Participant, the Company shall forward a copy thereof to the Trustee.

5.2.7 If the Eligible 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 Eligible Participant shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund. Such Eligible Participant 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 Shares or any right thereto or interest therein in any way. In such instance, the Company 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

5.3.1 Subject to the terms and condition of the Scheme and the fulfillment of all vesting conditions (if any) to the vesting of the Awarded Shares on such Selected Participant as specified in the Scheme Rules and the Grant Notice (as the case may be), the respective Awarded Shares held by the Trustee on behalf of the Selected Participant pursuant to the provision hereof shall vest in such Selected Participant in accordance with the vesting schedule as set out in the Grant Notice, and the Trustee shall cause the relevant Awarded Shares to be transferred to such Selected Participant (or his nominee in accordance with Paragraph 5.3.3) as soon as practicable on or after the Vesting Date and in any event not later than thirty (30) Business Days after the Vesting Date.

5.3.2 Upon the vesting of the Awarded Shares,

- (a) barring any unforeseen circumstances, unless otherwise agreed between the Company and the Trustee, at least ten (10) Business Days prior to the Vesting Date, the Company shall send to the relevant Selected Participant (with a copy to the Trustee) a vesting notice in substantially the form set out in Schedule 2 (the “**Vesting Notice**”) together with such prescribed transfer documents which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares;
- (b) upon receipt of the Vesting Notice, the Selected Participant (or his legal representative or lawful successor as the case may be) is required to return to the Company the reply slip attached to the Vesting Notice to confirm the securities account details, together with the relevant duly signed transfer documents. In the event that the Company does not receive the reply slip and the transfer form from the Selected Participant at least three (3) Business Days prior to the Vesting Date, the relevant Awarded Shares which would have otherwise vested in such Selected Participant shall be automatically forfeited and remain as part of the Trust Fund; and

- (c) subject to the receipt by the Trustee of (i) the reply slip to the Vesting Notice and transfer documents prescribed by the Trustee and duly signed by the Selected Participant within the period stipulated in the Vesting Notice referred to in Paragraph 5.3.2(b); and (ii) a confirmation from the Company that all vesting conditions (if any) having been fulfilled, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Participant as soon as practicable on or after the Vesting Date and in any event not later than thirty (30) Business Days after the Vesting Date.

5.3.3 Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award. Upon receiving a Vesting Notice from the Company, the Selected Participant may direct the Trustee to transfer the relevant Awarded Shares to a corporate partly- or wholly-owned by him as approved at the sole discretion by the Company, provided that such Selected Participant shall provide the Company and the Trustee with evidence of his ownership of such corporate satisfactory to the Trustee and the Company (including register of members or registered agents certificate of such corporate, and/or such other confirmation from the Selected Participant, as the Trustee and the Company may request).

5.3.4 During the period from the date of Award to the Vesting Date to a Selected Participant, if the Company declares any bonus Shares, scrip Shares or other non-cash distribution in respect of or derived from the Awarded Shares (the “**Non-Cash Distributions**”), the Company shall grant the Non-Cash Distributions out of the Trust Fund to the relevant Selected Participants (other than the Excluded Persons and those Selected Participants who cease to be an Eligible Participant under Paragraph 5.4.2 as at the record date in respect of the Non-Cash Distributions). In such case the Company shall deliver a Grant Notice to the Selected Participant and the Trustee specifying the Non-Cash Distributions to be granted to the Selected Participant. The Trustee shall transfer the specified Non-Cash Distributions, together with the Awarded Shares, to the Selected Participant on the Vesting Date in accordance with Paragraph 5.3.2(c).

5.3.5 If the Company declares any cash dividends, scrip dividends (for which the Trustee elects to receive cash dividends in accordance with the Scheme Rules) or other cash income in respect of or derived from the Awarded Shares (the “**Cash Dividends**”) before vesting of the Awarded shares, the Company shall in its sole discretion determine if cash awards are to be paid out of the Trust Fund representing the Cash Dividends to the Selected Participants (the “**Cash Awards**”). In such case the Company shall deliver a Grant Notice to the Selected Participant and the Trustee specifying the amount of the Cash Award. The Trustee shall transfer the Cash Awards to the relevant Selected Participants on the date determined by the Company. The Trustee is not obliged to transfer the Cash Awards to the relevant Selected Participants unless it has received the necessary cleared funds from the Company or has sufficient funds in the Trust to undertake the transfer of Cash Awards.

5.4 Disqualification of Selected Participant

5.4.1 In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Person or cease or is deemed to cease to be an Eligible Participant pursuant to Paragraph 5.4.2, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remained part of the Trust Fund. Such Selected Participant 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 Shares or any right thereto or interest therein anyway.

5.4.2 Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:

- (a) where such person has committed any act of fraud or dishonesty or misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (b) where such person 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;
- (c) where such person ceases to be engaged by the Group as an employee of a member of the Group;
- (d) where such person has been convicted of any criminal offence; or

- (e) where such person 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 or any other applicable laws or regulations in force from time to time.

5.4.3 In respect of a Selected Participant who died at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death.

5.4.4 Death of Selected Participant

- (a) In the event of the death of a Selected Participant, 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 Selected Participant 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 (i) two (2) years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time); or (ii) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Participant; or
- (b) If the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be remained part of the Trust Fund.

5.5 Other terms and conditions

5.5.1 For the avoidance of doubt,

- (a) prior to the Vesting Date, a Selected Participant shall not have any interest in the Awarded Shares (including the right to receive Non-Cash Distributions derived from such Awarded Shares);
- (b) subject to Paragraph 5.3.5, a Selected Participant shall have no rights in the Residual Cash or Shares or such other Trust Fund or property held by the Trust prior to the Vesting Date;
- (c) the Trustee shall not exercise the voting rights in respect of any Awarded Share;
- (d) unless otherwise waived by the Board, in the event that the vesting conditions specified in the Grant Notice (if any) 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 Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee;

- (e) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Participant is made within the period prescribed in Paragraph 5.4.4, and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Trustee; and
- (f) no Selected Participant shall dispute or otherwise challenge the exercise of the any powers, authority or discretion conferred on the Trustee in the purchase of the Shares in accordance with these Scheme Rules, including but not limited to the timing and/or price thereof.

5.5.2 No Award shall be made by the Board pursuant to Paragraph 5.2.1 and no instructions to acquire any Shares shall be given to the Trustee under the Scheme pursuant to Paragraph 5.1.2 where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time, including after inside information has come to the Company's knowledge until (and including) the trading day after it has announced the information. Without limiting the generality of the foregoing, the Company may not grant any award during the period commencing one month 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 Company'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 publish 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.

5.5.3 The Directors may not make any Award to an Eligible Participant who is a Director on any day on which the Company's financial results are published and:

- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

5.5.4 The Company may, at any time after it has instructed the Trustee to purchase any Shares in accordance with Paragraph 5.1.2, instruct the Trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice (without specifying any reasons therefor).

5.6 In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

6 TAKEOVER, RIGHT ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME

6.1 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 Trustee shall seek directions from the Company to determine whether such Awarded Shares shall vest in the Selected Participant and the time at which such Awarded Shares shall vest. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within ten (10) Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares to the Selected Participant in accordance with Paragraph 5.3.2 (c). For the purpose of this Paragraph 6.1, “**control**” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong from time to time.

6.2 In the event the Company undertakes a subdivision or consolidation of the Shares, such Selected Participant shall be entitled to those Awarded Shares as so subdivided or consolidated and the Company shall as soon as reasonably practicable after such subdivision or consolidation has been effected, notify each such Selected Participant of the number of Awarded Shares that he has become entitled to on vesting after such subdivision or consolidation (as the case may be).

6.3 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 seek directions from the Company on whether to subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek directions from the Company on whether to exercise such rights or sell such amount of the nil-paid rights allotted to it on the market as is appropriate and, subject to Paragraph 5.3.5, any net proceeds of sale of such rights conducted in accordance with the Scheme Rules shall be held as part of the Trust Fund.

6.4 In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall seek directions from the Company on whether to subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants or to sell the bonus warrants created and granted to it on the market. Subject to Paragraph 5.3.5, any net proceeds of sale of such bonus warrants conducted in accordance with the Scheme Rules shall be held as part of the Trust Fund.

- 6.5 In the event that the Company undertakes an issue of bonus Shares, the bonus Shares allotted with respect to any Awarded Shares shall be held by the Trustee as part of the Trust Fund and granted and vested to the relevant Selected Participant in accordance with Paragraph 5.3.4.
- 6.6 In the event the Company undertakes a scrip dividend scheme, the Trustee shall seek directions from the Company on whether to receive scrip Shares or cash dividends. Any scrip Shares allotted with respect to any Awarded Shares shall be held by the Trustee as part of the Trust Fund and granted and vested to the relevant Selected Participant in accordance with Paragraph 5.3.4.
- 6.7 In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held by the Trust, the Trustee shall seek the direction from the Company on the treatment of such distribution.
- 6.8 If notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (otherwise 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 Trustee shall seek directions from the Company to determine whether such Awarded Shares shall vest in the Selected Participant and the time at which such the Awarded Shares shall vest. If it is determined that any Awarded Shares shall vest, it shall promptly notify the Selected Participant 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 Selected Participant to such Selected Participant.

7 SCHEME LIMIT

- 7.1 The Board may from time to time determine the maximum number of Shares which may be purchased by the Trustee pursuant to Paragraph 5.1.2. Initially upon adoption of the Scheme, the maximum number of Shares which may be purchased by the Trustee is 10 per cent. of the issued share capital of the Company at the Amendment Date.
- 7.2 The maximum aggregate nominal value of Awarded Shares which may be awarded to a Selected Participant under the Scheme shall not exceed 1.0 per cent. of the issued share capital of the Company at the date of such Award.

AWARDS OF NEW SHARES OF THE COMPANY

8 OPERATION OF SCHEME

8.1 Appointment of Trustee

8.1.1 Subject to the terms of the Scheme, the Company may from time to time allot and issue Shares to the Trustee to be held by the Trustee pending the vesting of the Awarded Shares and which will be used to satisfy the Awards upon vesting.

8.1.2 The Trustee's role would be to, among other things, hold Shares on trust on behalf of the Selected Participants until such time as the relevant Awards vest or lapse. The terms on which a Trustee would be appointed shall be governed by a trust deed to be entered into between the Company and the Trustee.

8.2 Award of Awarded Shares to Selected Participants

8.2.1 Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs 8.5.2, 8.5.3 and 10, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Person) for participation in the Scheme as a Selected Participant, and grant such number of Awarded Shares to any Selected Participant at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid and the Listing Rules, there is no performance target needed to be achieved by the Selected Participant before the Awards shall vest.

8.2.2 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to the Eligible Participant's contribution to the development and growth of the Group. In assessing whether Awards are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought to the Group's business and development and whether granting Awards to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.

8.2.3 In assessing the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
- (b) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made to the growth of the Group; and
- (d) his/her educational and professional qualifications, and knowledge in the industry.

8.2.4 In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;
- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;
- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (f) the materiality and nature of the business relation of the holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies which may benefit the core business of the Group through a collaborative relationship.

8.2.5 Service Provider(s) include independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

Service Providers shall provide services to the Group in connection with the Group's principal business activities. Amongst the Service Providers eligible for the granting of Awards (i) distributors, contractors, suppliers and agents are to directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The work of distributors, contractors, suppliers and agents are closely connected with various areas of the Group's day-to-day operations, and their performances will contribute to the operating performance and financial results of the Group; and (ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their specialized skills and knowledge in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group.

8.2.6 In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) in respect of advisers and consultants:
 - (i) the expertise, professional qualifications and industry experience of the Service Provider;
 - (ii) the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - (iii) the prevailing market fees chargeable by other services providers;
 - (iv) the Group's period of engagement of or collaboration with the Service Provider; and
 - (v) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit;
- (b) in respect of agents, distributors, contractors and suppliers:
 - (vi) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;
 - (vii) the ability of the Service Provider to maintain the quality of services;

- (viii) the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
- (ix) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Provider's collaboration with the Group;
- (x) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and
- (xi) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

8.2.7 In determining the number of Awarded Shares to be granted to any Selected Participant (excluding any Excluded Person), the Board shall take into consideration matters including, but without limitation to,

- (a) such matters set out in Paragraphs 8.2.3–8.2.6;
- (b) the historical, present contribution and expected contribution of the relevant Selected Participant to the financial performance of the Group;
- (c) the general financial conditions of the Group;
- (d) the Group's overall business objectives and future development plan; and
- (e) any other matter which the Board considers relevant.

8.2.8 The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Participant, and shall inform such Selected Participant the relevant conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the Scheme, but subject always to applicable laws and regulations (including but not limited to Rule 17.03(6) of the Listing Rules) and the minimum vesting period as provided in Paragraph 8.2.9, the Board shall be at liberty to amend or waive any conditions, including vesting conditions, referred to in this Paragraph 8.2.8. Written notice of any amendment to or waiver of such conditions shall be given to the Selected Participant.

8.2.9 Notwithstanding Paragraph 8.2.8, the minimum vesting period for Awarded Shares as determined by the Board shall be subject to a minimum period of no less than 12 months (or such other period as the Listing Rules may prescribe or permit). Any shorter vesting period in respect of Awarded Shares granted to Employee Participants must be approved by the Board and/or the remuneration committee of the Company (for Awarded Shares granted to the Directors or senior managers) at the Directors' discretion, provided that such grantee(s) has been specifically identified by the Board before granting such approval. The specific circumstances giving rise to a shorter vesting period are as follows:

- (a) grants of "make whole" Awards to new Employee Participants to replace share awards such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards which are subject to the fulfilment of performance targets;
- (d) grants of Awards that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the Employee Participants and the Group are subject to and not connected with the performance of the relevant Employee Participant, which include Awards that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward Employee Participants in case of delays due to administrative or compliance requirements. In the event of any administrative or compliance requirements which give rise to a shorter vesting period of the Awards granted to any Employee Participant, the Company will make further announcement as and when appropriate;
- (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

8.2.10 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.

8.2.11 After the Board has decided to make a grant of Awarded Shares to any Selected Participant, the Company shall send a notice in substantially the form set out in Schedule 1 (the "**Grant Notice**") to such Selected Participant within ten (10) 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 are granted. The number of Awarded Shares specified in the Grant Notice shall, subject to acceptance by the relevant Selected Participant in accordance with Paragraph 8.2.6 constitute the definitive number of Awarded Shares being granted to him.

8.2.12 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 Company the acceptance form attached to the Grant Notice within ten (10) Business Days after the date of the Grant Notice (the "**Acceptance Period**") together with a remittance in favour of the Company of HK\$1.00 (receipt of which shall be deemed to be acknowledged by the Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the Selected Participant) by way of consideration for the grant thereof.

8.2.13 If the Eligible 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 Eligible Participant shall lapse forthwith. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group or the Board or with respect to those or any other Shares or any right thereto or interest therein in any way.

8.3 Vesting of Awarded Shares

8.3.1 Subject to the terms and condition of the Scheme and the fulfillment of all vesting conditions (if any) to the vesting of the Awarded Shares on such Selected Participant as specified in the Scheme Rules and the Grant Notice (as the case may be), the respective Awarded Shares shall vest in such Selected Participant in accordance with the vesting schedule as set out in the Grant Notice, and the Board may cause the Company to issue and allot new Shares to the Selected Participants at no consideration as soon as practicable on or after the Vesting Date and in any event not later than thirty (30) Business Days after the Vesting Date.

8.3.2 Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.

8.3.3 During the period from the date of Award to the Vesting Date to a Selected Participant, if the Company declares any bonus Shares, scrip Shares or other non-cash distribution in respect of or derived from the Awarded Shares (the “**Non-Cash Distributions**”), the Company may in its sole discretion grant the Non-Cash Distributions to the relevant Selected Participants (other than the Excluded Persons and those Selected Participants who cease to be an Eligible Participant under Paragraph 8.4.2 as at the record date in respect of the Non-Cash Distributions). In such case the Company shall deliver a Grant Notice to the Selected Participant specifying the Non-Cash Distributions to be granted to the Selected Participant. The Company shall transfer/issue the specified Non-Cash Distributions, together with the Awarded Shares, to the Selected Participant on the Vesting Date.

8.3.4 If the Company declares any cash dividends, scrip dividends or other cash income in respect of or derived from the Awarded Shares (the “**Cash Dividends**”) before vesting of the Awarded Shares, the Company shall in its sole discretion determine if cash awards representing the Cash Dividends are to be paid to the Selected Participants (the “**Cash Awards**”). In such case the Company shall deliver a Grant Notice to the Selected Participant specifying the amount of the Cash Award.

8.4 Disqualification of Selected Participant

8.4.1 In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Person or cease or is deemed to cease to be an Eligible Participant pursuant to Paragraph 8.4.2, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date. Such Selected Participant shall have no right or claim against the Company, any other member of the Group or the Board or with respect to those or any other Shares or any right thereto or interest therein anyway.

8.4.2 Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:

- (a) where such person has committed any act of fraud or dishonesty or misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;

- (b) where such person 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;
- (c) where such person ceases to be engaged by the Group as an employee of a member of the Group;
- (d) where such person has been convicted of any criminal offence; or
- (e) where such person 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 or any other applicable laws or regulations in force from time to time.

8.4.3 In respect of a Selected Participant who died at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death.

8.4.4 In the event of the death of a Selected Participant, the vested Awarded Shares (hereinafter referred to as “**Benefits**”) shall be issued to the legal personal representatives of the Selected Participant.

8.4.5 If the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable.

8.5 Other terms and conditions

8.5.1 For the avoidance of doubt,

- (a) prior to the Vesting Date, a Selected Participant shall not have any interest or right in the Awarded Shares (including the right to receive Non-Cash Distributions derived from such Awarded Shares) unless otherwise granted to the Selected Participant at the sole discretion of the Board in accordance with Paragraph 8.3.3 or 8.3.4;
- (b) unless otherwise waived by the Board, in the event that the vesting conditions specified in the Grant Notice (if any) 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 Selected Participant shall have no claims against the Company or the Board;

- (c) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Participant is made within two (2) months from the death of the Selected Participant (unless otherwise determined by the Board), and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Board.

8.5.2 No Award shall be made by the Board pursuant to Paragraph 8.2.1 where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time, including after inside information has come to the Company's knowledge until (and including) the trading day after it has announced the information. Without limiting the generality of the foregoing, the Company may not grant any award during the period commencing one month 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 Company'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 publish 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.

8.5.3 The Directors may not make any Award to an Eligible Participant who is a Director on any day on which the Company's financial results are published and:

- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

8.6 The Board may at any time cancel Awards previously granted to, but not yet exercised by a Selected Participant. Where the Company cancels Awards and grants Awards to the same Selected Participant, the grant of such new Awarded Shares may only be made with available Awarded Shares to the extent not yet granted (excluding the cancelled Awarded Shares) within the limit approved by the shareholders of the Company as mentioned in Paragraph 10 of this Scheme.

- 8.7 In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

9 TAKEOVER, CONSOLIDATION, SUB-DIVISION AND BONUS ISSUE

- 9.1 In the event of any alteration in the capital structure of the Company prior to the Vesting Date, and such event arises from a rights issue, consolidation or subdivision of the Shares, or reduction of the share capital of the Company or otherwise howsoever but shall not in any event exceed the limits imposed by the Listing Rules, then, in any such case the Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment to the Awarded Shares, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Selected Participant, to an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that any such adjustment shall give the Selected Participant the same proportion of the issued Shares of the Company, rounded to the nearest whole share, for which such Selected Participant would have been entitled to immediately prior to such adjustment.
- 9.2 In the event that the Company undertakes an issue of bonus Shares, the bonus Shares allotted with respect to any Awarded Shares shall be deemed to be an accretion to such Awarded Shares and all the provisions hereof in relation to the original Awarded Shares shall apply to such additional Shares.

10 SCHEME LIMIT

- 10.1 The total number of Shares which may be allotted and issued as Awarded Shares and upon exercise of all share options or share awards to be granted under Paragraphs 8 to 10 of this Scheme and any other share option scheme(s) or share award scheme(s) of the Company (and for the purpose of this Paragraph 10 share option schemes or share award schemes refer to such schemes to which Rules 17.02 to 17.11 of the Listing Rules are applicable) must not in aggregate exceed 10% of the total number of Shares in issue as at the Amendment Date (the “**Scheme Limit**”). Share options which have lapsed shall not be counted in calculating the Scheme Limit.
- 10.2 Subject to Paragraph 10.1, the total number of Shares which may be allotted and issued in respect of all Awarded Shares or share options or share awards to be granted to Service Providers under this Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 2% of the total number of Shares in issue as at the Amendment Date (the “**Service Provider Sublimit**”).

- 10.3 For the avoidance of doubt, the Shares underlying any share options granted under any share option schemes or share award schemes of the Company which have been cancelled will be counted for the purpose of calculating the Scheme Limit and Service Provider Sublimit. Where the Company has reissued such cancelled share options, the Shares underlying both the cancelled share options and the reissued share options will be counted as part of the total number of Shares subject to Paragraphs 10.1 and 10.2. The share options or share awards lapsed in accordance with the terms of any share option schemes or share award schemes of the Company will, however, not be regarded as utilized for the purpose of calculating the Scheme Limit and Service Provider Sublimit.
- 10.4 If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all share options or share awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 10.5 The Scheme Limit (and the Service Provider Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from Amendment Date or the date of Shareholders' approval for the last refreshment provided that:
- (a) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit as refreshed (the "**New Scheme Limit**") must not exceed 10% and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 2% of the Shares in issue at the date of the Shareholders' approval of such New Scheme Limit (and New Service Provider Sublimit). Share options or share awards previously granted under any share option scheme(s) or share award scheme(s) of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of any share option scheme(s) or share award scheme(s) of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit, and the reason for the refreshment.
 - (b) any refreshment to the Scheme Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, where any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules.

- (c) the requirements under Paragraph 10.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.

10.6 Without prejudice to Paragraph 10.5, the Company may seek separate Shareholders' approval in general meeting to grant share options and shares awards under any share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Limit (or the Service Provider Sublimit) or, if applicable, the extended limits referred to in Paragraph 10.5, provided the share options or share awards in excess of the Scheme Limit (or the Service Provider Sublimit) are granted only to Eligible Participants 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 Participant who may be granted such share options or share awards, the number and terms of the share options or share awards to be granted to each Eligible Participant, and the purpose of granting options or awards to the specified Eligible Participants with an explanation as to how the terms of the share options or share awards serve such purpose. The number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before Shareholders' approval.

10.7 Subject to Paragraph 10.8, the total number of Shares issued and which may fall to be issued upon exercise of the share options and share awards granted under the any share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding share options) to each Eligible Participant in any 12-month period shall not exceed 1% of the total number of Shares in issue. The Company may further grant share options or share awards to an Eligible Participant that would result in the Shares issued and to be issued upon exercise of all share options or share awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding share options but excluding any share options and share awards lapsed in accordance with the terms of the scheme) under any share option scheme(s) or share award scheme(s) of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, provided that:

- (a) such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a Connected person) abstaining from voting;

- (b) the Company has first sent a circular to Shareholders disclosing the identity of the Eligible Participant, the number and terms of the share options or share awards to be granted (and share options or share awards previously granted to such Eligible Participant in the aforesaid 12-month period), the purpose of granting the share options or share awards to the Eligible Participant and an explanation as to how the terms of the share options or share awards serve such purpose; and
- (c) the number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before the Shareholders' approval.

10.8 Each grant of Awarded Shares to a Director, chief executive of the Company or substantial shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the proposed grantee of Awarded Shares).

10.9 Where any Award to an independent non-executive Director or a substantial shareholder (or any of their respective associates) would result in the Shares issued and to be issued in respect of all share options or share awards granted (excluding any share options or share awards lapsed in accordance with any share option scheme(s) or share award 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 Shares in issue, such further grant of Awarded Shares shall be subject to:

- (a) the issue of a circular by the Company to the Shareholders; and
- (b) the approval by the Shareholders in general meeting at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour of the relevant resolution at such general meeting, and that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the shareholders in connection therewith. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case the Company shall, 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 10 Business Days before the date originally scheduled for the general meeting, the meeting shall be adjourned before considering the relevant resolution to a date that is at least 10 Business Days from the date of despatch of the circular or publication of the announcement by the chairman.

10.10 The circular to be issued by the Company to the Shareholders pursuant to Paragraph 10.9(a) must contain the following information:

- (a) details of the number and terms of the Award to each Eligible Participant, which must be fixed before the Shareholders' meeting;
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awarded Shares as to whether the terms of the grant are fair and reasonable and whether such Award is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and
- (c) other information required under the Listing Rules.

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

11 DISPUTES

11.1 Any dispute arising in connection with the Scheme shall be referred to the decision of the Board whose decision shall be final and binding. No Selected Participant shall bring, make or commence any action or claim of whatever nature for loss or otherwise against the Company, its employees, agents or designated representative, and the Board (and the members thereof from time to time) in relation to any exercise of powers or discretion pursuant to the Scheme Rules.

12 ALTERATION TO THE SCHEME

12.1 The Scheme may be amended in any respect by the Company, except that:

- (a) any alteration to the provisions of the Scheme which are of a material nature; and
- (b) any alteration to the provisions of the Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of Selected Participants,

must be approved by a resolution of the Shareholders in general meeting.

12.2 Written notice of any amendment to the Scheme shall be given to all Selected Participants.

- 12.3 Any change to the terms of Awards granted to an Eligible 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 Award 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), unless the alterations take effect automatically under the existing terms of the Scheme.
- 12.4 Any change to the authority of the Directors or the administrators of the Scheme to alter the terms of the Scheme must be approved by the Shareholders in general meeting.
- 12.5 The amended terms of the Scheme and/or any Award pursuant to this Paragraph 12 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

13 TERMINATION

- 13.1 The Scheme shall terminate on the earlier of:

13.1.1 the expiration of the Term; and

13.1.2 such date of early termination of the Scheme as determined by the Board by a resolution of the Board and as approved by shareholders of the Company in a general meeting,

provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

- 13.2 Upon termination of the Scheme:

13.2.1 no further grant of Awarded Shares may be made under the Scheme;

13.2.2 all the Awarded Shares of the Selected Participants granted under the Scheme shall, as applicable, (i) continue to be held by the Trustee and become vested in the Selected Participants according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Participant; or (ii) become vested in the Selected Participants according to the conditions of the Award (if satisfied), subject to the receipt by the Board of any prescribed subscription and/or transfer documents (where applicable and as may be required by the Board) duly executed by the Selected Participant;

13.2.3 (if applicable) upon the expiration of the Trust Period, all Shares (except for any Awarded Shares subject to vesting on the Selected Participants) remaining in the Trust Fund shall be sold by the Trustee within sixty (60) Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Board may otherwise determine); and

13.2.4 (if applicable) upon the expiration of the Trust Period, all net proceeds of sale referred to in Paragraph 13.2.3 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 13.2.3).

13.3 For the avoidance of doubt, any temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

14 WITHHOLDING

14.1.1 The Company or any Subsidiary shall be entitled to withhold, and any Selected Participant shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant or vesting of the Awarded Shares.

14.1.2 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.

14.1.3 The Company or any Subsidiary may, by notice to the Selected Participant and subject to any rules as the Board may adopt, require that the Selected Participant 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.

15 MISCELLANEOUS

15.1.1 The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office or employment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

15.1.2 The Company shall bear (not out of the cash, property or income of the Trust but out of its own resources) all the fees, costs and expenses of establishing, administering and maintaining the Scheme and the Trust, including, for the avoidance of doubt, costs arising from communication as referred to in Paragraph 15.1.4, 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 Selected Participants 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 Eligible Participant or the Trustee in respect of any sale, purchase, vesting or transfer of Shares or arising from the receipt by any Eligible Participant from the Trustee of any net sale proceeds of the Awarded Shares vested on him, including but not limited to salary tax and capital gain tax.

15.1.3 In the event that any tax, duty, levy or social security contribution in any jurisdiction is payable by any Selected Participant in connection with the grant of any Awarded Shares or the vesting (or otherwise the transfer) of any Awarded Shares, such Selected Participant 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 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.

15.1.4 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 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.

15.1.5 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 to as a result of his participation in the Scheme.

15.1.6 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 the Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.

16 GOVERNING LAW

16.1.1 The Scheme shall operate subject to the Articles and any applicable law and regulations to which the Company is subject.

16.1.2 The Scheme is governed by and shall be construed in accordance with the laws of Hong Kong.

Schedule 1

GRANT NOTICE

[Letterhead of Cosmo Lady (China) Holdings Company Limited]

PRIVATE AND CONFIDENTIAL

[Date]

[Name and address of Eligible Participant]

Dear Sir,

Share Award Scheme adopted on 28 June 2019 as amended on 2 June 2023

Grant Notice

We refer to the share award scheme adopted by the Company on 28 June 2019 as amended on 2 June 2023 (the “**Share Award Scheme**”). Except as otherwise defined, capitalised terms used herein shall have the same meaning as defined in the rules of the Share Award Scheme (the “**Scheme Rules**”).

We are pleased to inform you that [the board of directors of the Company (the “**Board**”)/the Company] decided on [•••] to grant you [[•••] Awarded Shares/cash award in an amount of [•••] (“**Cash Award**”)/[•••] (“**Non-Cash Distributions**”)] under the Share Award Scheme. These Awarded Shares/Cash Award/Non-Cash Distributions are being granted to you on and subject to the terms and conditions of the Share Award Scheme, including, without limitation, Paragraphs [5.3.2 and 5.4/8.4] of the Scheme Rules [and the vesting conditions set out below], which provide that the Awarded Shares/Cash Award/Non-Cash Distributions being granted to you will, subject to your acceptance, become vested in you in the proportion and on the dates as follows:

[insert vesting schedule from scheme rules or as determined by the Board (if any)]

[The grant is also being made subject to the following conditions:

[Insert any vesting conditions]]

The grant of the Awarded Shares/Cash Award/Non-Cash Distributions to you referred to above will only be effective if you sign and return the attached acceptance form to us within [ten (10)] Business Days after the date of this notice. If you fail to do this, the grant of the Awarded Shares/Cash Award/Non-Cash Distributions to you referred to above will lapse and you will not have any 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/Cash Award/Non-Cash Distributions or any right thereto or interest therein in any way.

Yours faithfully
For and on behalf of
Cosmo Lady (China) Holdings Company Limited

Name:
Position:

Copy: The Trustee

To: Cosmo Lady (China) Holdings Company Limited
Copy: The Trustee

Acceptance Form

I, _____ (holder of *[insert description of identity document]* numbered *[insert number]*), confirm my acceptance of the Awarded Shares/Cash Award/Non-Cash Distributions being granted to me by [the Board on behalf of the Company/the Company]. I agree and accept that such Awarded Shares/Cash Award/Non-Cash Distributions are being granted to me on and subject to the terms and conditions of the Scheme and the Grant Notice and I agree to be bound by those terms and conditions and the Scheme Rules.

Date:

Schedule 2

VESTING NOTICE

[Letterhead of Cosmo Lady (China) Holdings Company Limited]

PRIVATE AND CONFIDENTIAL

[Date]

[Name and address of Selected Participant]

Dear Sirs,

Share Award Scheme adopted on 28 June 2019 as amended on 2 June 2023

Vesting Notice

We refer to the share award scheme adopted by the Company on 28 June 2019 as amended on 2 June 2023 (the “**Share Award Scheme**”). Except as otherwise defined, capitalised terms used herein shall have the same meaning as defined in the rules of the Share Award Scheme (the “**Scheme Rules**”).

In accordance with [the vesting conditions set out in] the Grant Notice, *[insert number]* Awarded Shares together with the Non-Cash Distributions, if any, (the “**Vesting Shares**”) granted to and accepted by you and currently being held by the Trustee under the Trust will become vested in you on *[insert date]* (the “**Vesting Date**”), subject to you remaining as an Employee on such date and all of the other vesting conditions (if any) set out in the Grant Notice being satisfied.

The Vesting Shares will only vest in you if you complete, sign and return the attached reply slip to us not later than [••] (being three (3) Business Days before the Vesting Date). If you fail to do this, the Vesting Shares will be forfeited in accordance with the terms of the Scheme Rules and you will not have any right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those Vesting Shares or any right thereto or interest therein in any way.

Yours faithfully
For and on behalf of
Cosmo Lady (China) Holdings Company Limited

Name:
Position:

Copy: The Trustee

To: Cosmo Lady (China) Holdings Company Limited
Copy: The Trustee

Reply Slip

I, _____ (holder of *[insert description of identity document]* numbered *[insert number]*), hereby authorise you to instruct the Trustee to procure the transfer of the Vesting Shares referred to in the above Vesting Notice to [me/a corporate partly/wholly-owned by me*] by depositing them into the following securities account/bank account on the Vesting Date:

For Vesting Shares

Name of custodian/broker:

CCASS No. of custodian/broker: __ Contact Person of custodian/broker:

Telephone number of custodian/broker:

Account Name:

(Note: The Account must be in the sole name of the Selected Participant or a corporate entity partly- or wholly-owned by such Selected Participant as approved by the Company.)

Account Number:

Signed by the Selected Participant

Selected Participant's Signature
verified by the Company

Name:

Name:
Authorized Signatory of the Company

* delete as appropriate