

[••] June 2023

Cosmo Lady (China) Holdings Company Limited

SHARE OPTION SCHEME

1 DEFINITIONS AND INTERPRETATION

1.1 In this Scheme, save where the context requires, the following expressions have the respective meanings set opposite them:

“Adoption Date” 2 June 2023, being the date on which the Scheme is conditionally approved and adopted by a resolution of the shareholders of the Company;

“Board” the board of directors of the Company or a duly authorised committee thereof;

“Business Day(s)” any day (excluding Saturday) on which banks in Hong Kong generally are open for business and the Stock Exchange is open for the business of dealing in securities;

“chief executive” has the meaning ascribed to it under the Listing Rules;

“close associates” has the meaning ascribed to it under the Listing Rules;

“Company” Cosmo Lady (China) Holdings Company Limited, a company incorporated in the Cayman Islands;

“Director” any director (including executive director, non-executive director and independent non-executive director);

“Eligible Participant(s)” means:

(a) Employee Participant(s);

(b) Related Entity Participant(s); and

(c) Service Provider(s),

and for the purposes of this Scheme, the Offer may be made to a vehicle (such as a 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);

“Employee Participant(s)” Director(s) and employee(s) of the Company or any of its subsidiaries;

“Exercise Price” the price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option;

“Grantee”	any Eligible Participant(s) who accept(s) the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in the Scheme) his/her personal representative(s);
“Group”	means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor;
“HK\$”	Hong Kong dollars, 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 of Hong Kong Limited (as amended from time to time);
“New Scheme Limit”	has the meaning ascribed to it under paragraph 9.5;
“New Service Provider Sublimit”	has the meaning ascribed to it under paragraph 9.5;
“Offer”	means an offer for the grant of a Share Option made in accordance with this Scheme;
“Offer Date”	means the date on which the Board resolves to make an Offer of a Share Option to an Eligible Participant, which must be a Business Day;
“Option Period”	means, in respect of any Share Option, a period during which such Share Option can be exercised, being the period to be determined and notified by the Directors to the Grantee thereof, save that such period shall not be more than ten (10) years from the Offer Date;
“Related Entity Participant(s)”	Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;

“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;
“Service Provider Sublimit”	has the meaning ascribed to it under paragraph 9.2;
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof or as required by the Listing Rules;
“Scheme Limit”	has the meaning ascribed to it under paragraph 9.1;
“Share Option(s)”	a right granted to subscribe for the Shares pursuant to this Scheme;
“Share Registrar”	the Hong Kong branch share registrar of the Company from time to time;
“Shares”	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);
“Shareholder(s)”	the holder(s) of Share(s) in issue;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning given to it by the Listing Rules;
“Substantial Shareholder”	any substantial shareholder of the Company; and “substantial shareholder” shall have the meaning ascribed to it under the Listing Rules; and
“US\$”	United States dollars, the lawful currency of the United States of America.

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

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to paragraphs are references to paragraphs of this Scheme;
- (c) 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;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises and branches.

2 PURPOSE AND ELIGIBLE PARTICIPANTS

2.1 The purpose of this Scheme is to enable the Board to grant Share Options 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 Share Options 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.

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 Share Options 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 Share Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.

- (a) In assessing the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities;

- (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
 - (iii) his/her contribution made or expected to be made to the growth of the Group; and
 - (iv) his/her educational and professional qualifications, and knowledge in the industry.
- (b) In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
- (i) 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;
 - (ii) the period of engagement or employment of the Related Entity Participant by the Group;
 - (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved;
 - (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
 - (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
 - (vi) 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.
- (c) 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 Share Options (i) distributors, contractors, suppliers and agents are those 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.

- (d) In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:
- (i) in respect of advisers and consultants:
 - A. the expertise, professional qualifications and industry experience of the Service Provider;
 - B. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - C. the prevailing market fees chargeable by other services providers;
 - D. the Group's period of engagement of or collaboration with the Service Provider; and
 - E. 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;
 - (ii) in respect of agents, distributors, contractors and suppliers:
 - A. the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;
 - B. the ability of the Service Provider to maintain the quality of services;

- C. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;
- D. 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;
- E. 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
- F. the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

2.3 Subject to the rules of this Scheme, the Board may, at any time and from time to time during the Option Period on a Business Day, at its absolute discretion and on and subject to such terms, conditions, restrictions or limitations as it may think fit in writing offer to grant Share Options to Eligible Participants to subscribe at the Exercise Price for such number of Shares as the Board may determine.

3 CONDITIONS

3.1 This Scheme or the grant of any Share Option is conditional on:

- (a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of this Scheme and to authorise the Board to grant Share Options under this Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and
- (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any Share Options which may be granted under this Scheme.

3.2 If the condition as set out in paragraph 3.1 is not satisfied within six (6) calendar months after the Adoption Date:

- (a) this Scheme shall forthwith determine;
- (b) any Share Option granted or agreed to be granted pursuant to this Scheme and any Offer shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of this Scheme or any Share Option.

4 DURATION

- 4.1 This Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period, no further Share Options will be granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of this Scheme may continue to be exercisable in accordance with their terms of grant.
- 4.2 This Scheme shall be subject to the administration of the Board or a committee of the Board and the decision of the Board or such committee shall be final and binding on all parties. The Board (or such committee) shall have the right (i) to interpret and construe the provisions of the Scheme, (ii) to determine the persons who will be awarded Share Options under this Scheme, and the number and Exercise Price of Share Options awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Share Options granted under this Scheme as it deems necessary and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.
- 4.3 No member of the Board or committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board or committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each Employee or Director of the Company to whom any duty or power relating to the administration or interpretation of the Scheme may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own fraud or bad faith.

5 OFFER AND GRANT OF SHARE OPTIONS

- 5.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time during the life of the Scheme to make an Offer to any Eligible Participant as the Board may in its absolute discretion select to take up Share Options in respect of such number of Shares as the Board may determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof) at the Exercise Price. Subject to the provisions of the Listing Rules, Share Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by any member of the Group, the Grantee or any group of Eligible Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of this Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) and the Listing Rules, there is no minimum period for which a Share Option must be held before it can be exercised and no performance target need to be achieved by the Grantee before the Share Options can be exercised.

5.2 Notwithstanding paragraph 5.1, the minimum vesting period for Share Options granted under this Scheme 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 Share Options granted to Employee Participants must be approved by the Board and/or the remuneration committee of the Company (for Share Options 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" Share Options to new Employee Participants to replace share options 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 Share Options which are subject to the fulfilment of performance targets;
- (d) grants of Share Options 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 Share Options 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 Share Options 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 Share Options granted to any Employee Participant, the Company will make further announcement as and when appropriate;
- (e) grants of Share Options with a mixed vesting schedule such that the Share Options vest evenly over a period of 12 months; or
- (f) grants of Share Options with a total vesting and holding period of more than 12 months.

- 5.3 Share Options shall entitle the Grantee to subscribe for the Shares on the terms set out in this Scheme save that if, at the time the Grantee wishes to exercise a Share Option, the exercise of the Share Option, the issue of the Shares to the Grantee pursuant to the Scheme, the registration of the Grantee as the holder of such shares, the exercise and enjoyment of the rights attaching to such Shares or the performance of the obligations of the Company or the Grantee under this Scheme is not permitted by any applicable laws or regulations, the Share Options shall not entitle the Grantee to subscribe for the Shares.
- 5.4 An Offer shall be made to a Eligible Participant by letter in such form as the Board may from time to time determine requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant to whom an Offer is made for a period of 28 days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof.
- 5.5 An Offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Offer is duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, 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 Grantee) by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable.
- 5.6 Any Offer may be accepted in respect of less than the number of Shares to which the offered Option relates provided that it is accepted in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days in the manner indicated in paragraph 5.5, it will be deemed to have been irrevocably declined.
- 5.7 No Offer shall be made and no Share Option shall be granted by the Company to any Eligible Participant in circumstances prohibited by the Listing Rules at a time when the Eligible Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law, including after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, the Company may not grant any Share Options 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 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.

5.8 The Directors may not make any Offer 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.

6 EXERCISE PRICE

6.1 The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 10, be at the discretion of the Directors, provided that it must be at least the highest of:

- (a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date;
- (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date;

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

7 EXERCISE OF SHARE OPTIONS

7.1 A Share Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Share Option.

- 7.2 A Grantee (or where permitted under paragraph 7.3(b), his or her legal personal representative(s)) may exercise his or her Option in whole or in part (but, if in part, only in respect of a board lot or any integral multiple thereof) in the manner as set out in paragraph 7.3 by giving notice in writing to the Company stating that the Share Option is thereby exercised and specifying the number of Shares to be subscribed. Each notice exercising a Share Option must be accompanied by a remittance for the aggregate amount of the Exercise Price multiplied by the number of Shares in respect of which the notice is given. Within 28 days after receipt of the notice and remittance and, where appropriate, receipt of the financial advisors' or the auditors' certificate pursuant to paragraph 10, the Company shall allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his or her personal representatives) credited as fully paid and issue to the Grantee (or his or her personal representatives) a share certificate in respect of the Shares so allotted.
- 7.3 Subject as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Share Option may be exercised by the Grantee at any time during the Option Period, provided that:
- (a) (i) in the event a Grantee (being an Employee or a Director of any member of the Group) ceases to be an Employee or a Director for any reason other than (i) his or her death, (ii) his or her retirement, or (iii) on one or more of the grounds of termination of employment, appointment or directorship specified in paragraph 8.1(f), the Grantee may exercise the Share Option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) on the date of such cessation which date shall be the last actual working day with the Group whether salary is paid in lieu of notice or not (provided that such exercise is during the relevant Option Period), failing which it will lapse;
 - (ii) in the case where the Grantee is an Employee or a Director and where the Grantee ceases to be an Employee or a Director of the Group by reason of the termination of his or her employment, appointment or directorships on the grounds that he or she has become insolvent or has made any arrangements or compositions with his or her creditors generally or by reason of actual financial difficulties, the Grantee shall only be entitled to exercise the Share Options during the relevant Option Period up to the entitlement of such Grantee as at the date on which such Grantee ceased to be an Employee or a Director of the Group (to the extent not already exercised) on the date of such cessation (provided that such exercise is during the relevant Option Period), failing which it will lapse;

- (b) in the event the Grantee dies before exercising the Share Option in full and none of the events for termination of employment or engagement under paragraph 8.3(f) then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of six months from the date of death (provided that such exercise is during the relevant Option Period) to exercise the Share Option up to the entitlement of such Grantee as at the date of death (to the extent not already exercised), failing which it will lapse;
- (c) in the event the date of retirement of a Grantee falls before the date of the Grantee exercising the Share Option in full and none of the events for termination of employment or engagement under paragraph 8.3(f) then exists with respect to such Grantee, the Grantee shall be entitled within a period of six months from the date of retirement (provided that such exercise is during the relevant Option period) to exercise the Share Option up to the entitlement of such Grantee as at the date of retirement (to the extent not already exercised), failing which it will lapse;
- (d) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 7.3(e) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Share Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company;
- (e) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Share Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company;
- (f) in the event a notice is given by the Company to its shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Share Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option; and

- (g) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 7.3(e) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Share Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

Upon the occurrence of any of the events referred to in paragraphs 7.3(d) to 7.3(g), the Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice that any Share Option shall be exercised in part only, the balance of the Share Option shall lapse.

- 7.4 The Shares to be allotted and issued upon the exercise of a Share Option will be subject to the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of exercise of the Share Option and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Share Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Share Option, provided always that when the date of exercise of the Share Option falls on a date upon which the register of members of the Company is closed then the exercise of the Share Option shall become effective on the first Business Day in Hong Kong on which the register of members of the Company is re-opened.
- 7.5 The Board may at any time cancel Share Options previously granted to, but not yet exercised by a Grantee. Where the Company cancels Share Options and offers Share Options to the same Grantee, the offer of such new Share Options may only be made with available Share Options to the extent not yet granted (excluding the cancelled Share Options) within the limit approved by the shareholders of the Company as mentioned in paragraphs 9.1 and 9.2 of this Scheme.

8 LAPSE OF SHARE OPTION

8.1 A Share Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to paragraph 4.1);
- (b) the expiry of the periods for exercising the Share Option as referred to in paragraphs 7.3(a)(b)(c)(d) or (g);
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period for exercising the Share Option referred to in paragraph 7.3(e);
- (d) subject to paragraph 7.3(f), the date of commencement of the winding up of the Company;
- (e) the date on which the Grantee commits a breach of paragraph 7.1;
- (f) the date on which the Grantee (being an Employee or a Director of any member of the Group) ceases to be an Employee or a Director by reason of the termination of his or her employment, appointment or directorship on the grounds that he or she has been guilty of serious misconduct or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily, provided that whether any one or more of the events specified in the above occur in relation to a Grantee shall in the reasonable opinion of the Board be solely and conclusively determined by the Board;
- (g) where the Grantee is an Employee or Director of a member of the Group (other than the Company), the date on which such member ceases to be a member of the Group;
- (h) in respect of a Grantee other than an Employee or Director of the Group, the date on which the Board shall at their absolute discretion determine that:
 - (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (ii) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
- (i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 7.3, the date the Grantee ceases to be an Eligible Participant (as determined by a Board resolution) for any reason; and

- (j) the date on which the Share Option is cancelled by the Board as provided in sub-paragraph 7.5.

A Share Option granted but not yet vested with the Grantee shall also lapse automatically in the event that the Grantee being an Employee or Director ceases to be an Employee or Director, as the case may be, for whatever reason.

9 MAXIMUM NUMBER OF SHARES SUBJECT TO OPTION

- 9.1 The total number of Shares which may be allotted and issued upon exercise of all Share Options or share options or share awards to be granted under this Scheme and any other share option scheme(s) or share award scheme(s) of the Company (and for the purpose of this paragraph 9 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 Adoption Date (the “**Scheme Limit**”). Share Options which have lapsed shall not be counted in calculating the Scheme Limit.
- 9.2 Subject to paragraph 9.1, the total number of Shares which may be allotted and issued in respect of all Share Options 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 Adoption Date (the “**Service Provider Sublimit**”).
- 9.3 For the avoidance of doubt, the Shares underlying any Share Options granted under this Scheme or any other 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 re-issued Share Options will be counted as part of the total number of Shares subject to paragraphs 9.1 and 9.2. The Share Options, share options or share awards lapsed in accordance with the terms of this Scheme or (as the case may be) any other 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.
- 9.4 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.

9.5 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 Adoption 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, share options or share awards previously granted under this Scheme or any other 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 this Scheme or any other 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, 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 9.5(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.

- 9.6 Without prejudice to paragraph 9.5, the Company may seek separate Shareholders' approval in general meeting to grant Share Options, share options and shares awards under this Scheme or other 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 9.5, 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.
- 9.7 Subject to paragraph 9.8, the total number of Shares issued and which may fall to be issued upon exercise of the Share Options and the share options and share awards granted under this Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding Share Options) to each Grantee in any 12-month period shall not exceed 1% of the total number of Shares in issue. The Company may further grant Share Options, 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, 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 this Scheme and any other 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, share options or share awards to be granted (and Share Options, share options or share awards previously granted to such Eligible Participant in the aforesaid 12-month period), the purpose of granting the Share Options, share options or share awards to the Eligible Participant and an explanation as to how the terms of the Share Options, share options or share awards serve such purpose; and

- (c) the number and terms of Share Options, share options or share awards to be granted to such Eligible Participant must be fixed before the Shareholders' approval.
- 9.8 Without prejudice to paragraph 5.3, each grant of Share Options 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 a Share Option).
- 9.9 Where any grant of Share Options 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, share options or share awards granted (excluding any Share Options, share options or share awards lapsed in accordance with this Scheme or other 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 Share Options 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.
- 9.10 The circular to be issued by the Company to the Shareholders pursuant to paragraph 9.9(a) must contain the following information:
 - (a) details of the number and terms of the Share Options to be granted 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 Share Options) as to whether the terms of the grant are fair and reasonable and whether such grant 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.

9.11 Any change in the terms of Share Options 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 Share Options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).

10 ADJUSTMENTS TO THE EXERCISE PRICE

10.1 In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalization issue, 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, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal value of Shares to which the Share Option Scheme or any Share Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Exercise Price of any Share Option; and/or
- (c) the number of Shares consisted in a Share Option or which remains consisted in a Share Option,

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

- (i) any such adjustment shall give the Grantee the same proportion of the issued Shares of the Company, rounded to the nearest whole share, for which such Grantee would have been entitled to subscribe had he exercised all the Share Options held by him immediately prior to such adjustment;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

10.2 In respect of any adjustment referred to in paragraph 10.1 above other than any adjustment made on a capitalization issue, the auditors or such independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange.

11 SHARE CAPITAL

11.1 The exercise of any Share Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

12 ALTERATION OF THIS SCHEME

12.1 Subject to paragraphs 12.2 to 12.4, this Scheme may be altered in any respect by a resolution of the Directors except that:

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

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

12.2 Any change to the terms of Share Options 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 Share Options 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 this Scheme.

12.3 Any change to the authority of the Directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in general meeting.

12.4 The amended terms of this Scheme and/or any Share Options pursuant to this paragraph 12 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

13 TERMINATION OF THIS SCHEME

13.1 The Company by resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Options (to the extent not already exercised) granted or any Share Options exercised but remaining outstanding prior thereto or otherwise as may be required in accordance with the provisions of this Scheme, and Share Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under this Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

14 MISCELLANEOUS

14.1 This Scheme shall not form part of any contract of employment or engagement of services between the Group and any Participant and the rights and obligations of any Eligible Participant under the terms of his or her office, employment or engagement in services shall not be affected by the participation of the Eligible Participants in this Scheme or any right which he or she may have to participate in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office, employment or engagement for any reason.

14.2 This Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Share Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

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

14.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares generally.

14.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his or her address in Hong Kong or such other address as notified to the Company from time to time.

- 14.6 Any notice or other communication served by post:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 14.7 All allotments and issues of the Shares will be subject to all necessary consents under any relevant legislation for the time being in force in Hong Kong and the Cayman Islands, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Share Option. The Company shall not be responsible for any failure by a Grantee to obtain, any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Scheme.
- 14.8 This Scheme and all Share Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.