
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should obtain independent professional advice or consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Cosmo Lady (China) Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy and, if applicable, the annual report to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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Cosmo Lady (China) Holdings Company Limited

都市麗人(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2298)

PROPOSALS FOR

(1) GENERAL MANDATES TO ISSUE AND TO BUY BACK SHARES

(2) RE-ELECTION OF RETIRING DIRECTORS

**(3) ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF
EXISTING SHARE OPTION SCHEME**

(4) PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

(5) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Cosmo Lady (China) Holdings Company Limited to be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 2 June 2023 at 4:00 p.m. is set out on pages 47 to 50 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution to be passed by the Shareholders at the Annual General Meeting;
“Amendment Date”	the date on which the Proposed Amendments are approved by an ordinary resolution to be passed by the Shareholders at the Annual General Meeting;
“Annual General Meeting”	the annual general meeting of the Company to be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 2 June 2023 at 4:00 p.m., notice of which is set out on pages 47 to 50 of this circular, and any adjournment thereof;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Director(s);
“Business Day”	means a day on which 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 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Employee Participant(s)”	Director(s) and employee(s) of the Company or any of its subsidiaries;
“Eligible Participant(s)”	means: <ul style="list-style-type: none">(a) Employee Participant(s);(b) Related Entity Participant(s); and(c) Service Provider(s), and for the purposes of the New Share Option Scheme and the Share Award Scheme, the Offer or award 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);
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 9 June 2014;
“Exercise Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option;

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“Grantee(s)”	any Eligible Participant(s) who accept(s) the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits and as referred to in the New Share Option Scheme) his/her personal representative(s);
“Group”	the Company and its subsidiaries from time to time;
“Harmonious Composition”	Harmonious Composition Investment Holdings Limited, a company incorporated on 23 January 2014 under the laws of the British Virgin Islands;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	21 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Memorandum and Articles of Association”	the Memorandum and Articles of Association of the Company currently in force and effect;
“New Share Option Scheme”	the New Share Option Scheme proposed to be adopted by an ordinary resolution to be passed by the Shareholders at the Annual General Meeting, a summary of the principal terms of which is set out in the Appendix to this circular;
“Offer”	means an offer for the grant of a Share Option made in accordance with the New Share Option 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;
“Proposed Amendments”	the proposed amendments to the Share Award Scheme as set out in this circular;
“Proposed Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Director(s) to exercise all powers of the Company to buy back the Share(s) not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution at the Annual General Meeting;
“Proposed Extension Mandate”	a general and unconditional mandate proposed to be granted to the Director(s) to the effect that any Share(s) bought back under the Proposed Buy-back Mandate will be added to the total number of Share(s) which may be allotted and issued under the Proposed General Mandate;

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“Proposed General Mandate”	a general and unconditional mandate proposed to be granted to the Director(s) to exercise all powers of the Company to allot, issue or otherwise deal with new Share(s) for up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution at the Annual General Meeting;
“Related Entity Participant(s)”	Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Scheme Limit”	has the meaning ascribed to it under the New Share Option Scheme and the Share Award Scheme (as revised by the Proposed Amendments), as set out in Appendix III and IV to this circular;
“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 the New Share Option Scheme and the Share Award Scheme (as revised by the Proposed Amendments), as set out in Appendix III and IV to this circular;
“Share Award Scheme”	the share award scheme adopted by the Company on 28 June 2019;
“Share Option(s)”	option(s) to subscribe for Share(s) pursuant to the New Share Option Scheme;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Share(s)”	share(s) of US\$0.01 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s) in issue;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	any substantial shareholder of the Company; and “substantial shareholder” shall have the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended from time to time;
“Yao Li”	Yao Li Investment Holdings Limited, a company incorporated on 19 November 2018 under the laws of the British Virgin Islands. It is wholly owned by TMF (Cayman) Limited in its capacity as the trustee, for the benefit of, among others, Mr. Zheng Yaonan; and
“%”	per cent.

LETTER FROM THE BOARD



Cosmo Lady (China) Holdings Company Limited

都市麗人(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2298)

Executive Directors:

Mr. Zheng Yaonan (*Chairman and Chief Executive Officer*)
Mr. Zhang Shengfeng (*Deputy Chairman and Vice President*)
Ms. Wu Xiaoli (*Vice President*)

Non-executive Directors:

Mr. Lin Zonghong
Mr. Wen Baoma
Ms. Kong Xiangying

Independent Non-executive Directors:

Mr. Yau Chi Ming
Dr. Dai Yiyi
Mr. Chen Zhigang
Dr. Lu Hong Te

Registered office:

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal place of business in Hong Kong:

Unit 909, 9/F.
China Merchants Tower, Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

28 April 2023

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR
(1) GENERAL MANDATES TO ISSUE AND TO BUY BACK SHARES
(2) RE-ELECTION OF RETIRING DIRECTORS
(3) ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF
EXISTING SHARE OPTION SCHEME
(4) PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME
(5) NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purposes of this circular are to give you the notice of the Annual General Meeting, and to provide information on certain matters to be dealt with at the Annual General Meeting, which include among other things, (i) the granting of general mandates to issue and to buy back Shares; (ii) the re-election of retiring Directors; (iii) the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme; and (iv) the Proposed Amendments to the Share Award Scheme.

GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant the Proposed General Mandate to the Directors to exercise all powers of the Company to allot, issue and deal with new Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution in relation to such general mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised 2,249,457,213 Shares. On the basis that no further Shares are issued or bought back before the Annual General Meeting, the maximum number of Shares that can be allotted and issued by the Company under the Proposed General Mandate is 449,891,442 Shares.

LETTER FROM THE BOARD

GENERAL MANDATE TO BUY BACK SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to approve the grant of the Proposed Buy-back Mandate to the Directors to exercise the powers of the Company to buy back Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company as at the date of passing of the resolution in relation to such general mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised 2,249,457,213 Shares. On the basis that no further Shares are issued or bought back before the Annual General Meeting, the Company will be allowed to buy back a maximum of 224,945,721 Shares which are fully paid-up.

An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Buy-back Mandate is set out in Appendix 1 to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

PROPOSED EXTENSION MANDATE

In addition, subject to approval of the ordinary resolutions in relation to the Proposed General Mandate and the Proposed Buy-back Mandate, an ordinary resolution will be proposed to grant the Proposed Extension Mandate to the Directors to the effect that the number of Shares bought back by the Company under the Proposed Buy-back Mandate will also be added to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted under the Proposed General Mandate.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently comprises ten Directors, of which three are executive Directors, namely Mr. Zheng Yaonan, Mr. Zhang Shengfeng and Ms. Wu Xiaoli, three are non-executive Directors, namely Mr. Lin Zonghong, Mr. Wen Baoma and Ms. Kong Xiangying; and four are independent non-executive Directors, namely Mr. Yau Chi Ming, Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te.

According to Article 108 of the Company's Memorandum and Articles of Association, at every annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Accordingly, Mr. Zheng Yaonan, Mr. Lin Zonghong, Mr. Wen Baoma and Mr. Chen Zhigang, will retire by rotation at the Annual General Meeting and, among which Mr. Zheng Yaonan, Mr. Lin Zonghong and Mr. Chen Zhigang, being eligible, will offer themselves for re-election. Mr. Wen Baoma shall retire from office with effect from the conclusion of the Annual General Meeting and will not offer himself for re-election.

According to Article 112 of the Company's Memorandum and Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Ms. Kong Xiangying, who was appointed as a non-executive Director on 31 December 2022, will therefore retire at the forthcoming Annual General Meeting and, being eligible, will offer herself for re-election.

Mr. Chen Zhigang has served in the Company for more than nine years as an independent non-executive Director. Code Provision B.2.3 of the CG Code provides that serving more than nine years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be elected.

In recommending Mr. Chen Zhigang to stand for re-election as an independent non-executive Director, the nomination committee of the Company and the Board have followed the nomination policy and board diversity policy of the Company. In reviewing the structure of the Board, the nomination committee of the Company and the Board will consider the Board diversity from a number of aspect, including but not limited to gender, age, cultural and educational background, skills, knowledge, professional experience, expertise and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against such criteria including talents, skills and experience as may be necessary for the operation of the Board as a whole, with the objective of maintaining a balance of skills, knowledge, experience and diversity of perspectives on the Board which are appropriate to the requirements of the Company's business.

LETTER FROM THE BOARD

Mr. Chen Zhigang is currently a Chinese Certified Public Accountant. He is a partner in an accounting firm and is engaged in accounting related work. The nomination committee of the Company and the Board consider that Mr. Chen Zhigang has extensive experience in accounting field. The nomination committee of the Company and the Board also consider that Mr. Chen Zhigang is able to devote sufficient time and attention to perform the duties as an independent non-executive Director. The election of Mr. Chen Zhigang as an independent non-executive Director will continue to further replenish the professional accounting knowledge of the Board and enhance the accounting standard of the Company. The nomination committee of the Company also assessed and reviewed the annual confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules of Mr. Chen Zhigang, and re-affirmed the independency of Mr. Chen Zhigang.

As such, the nomination committee of the Company proposed the re-appointment of Mr. Chen Zhigang to the Board for the latter to recommend to the Shareholders of the Company for re-election at the Annual General Meeting. The Board believes his re-election is in the best interests of the Company and its Shareholders as a whole and therefore he should be re-elected.

Ordinary resolutions to re-elect Mr. Zheng Yaonan, Mr. Lin Zonghong, Mr. Chen Zhigang and Ms. Kong Xiangying as Directors will therefore be proposed at the Annual General Meeting and their biographical details are set out in Appendix II to this circular. The re-election of each retiring Directors will be individually and separately voted on by the Shareholder.

ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME AND PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

Termination of the Existing Share Option Scheme

The Existing Share Option Scheme adopted by the Company on 9 June 2014 will expire on 8 June 2024. The Existing Share Option Scheme is the only share option scheme adopted by the Company as at the Latest Practicable Date.

For illustration purpose, the maximum number of Shares which may be issued upon exercise of all options to be granted under the existing scheme mandate limit of the Existing Share Option Scheme is 190,645,700 Shares.

As at the Latest Practicable Date, there was no outstanding option granted under the Existing Share Option Scheme. The Company has no intention to grant any additional options under the Existing Share Option Scheme from the Latest Practicable Date to the date of the Annual General Meeting.

Pursuant to the terms of the Existing Share Option Scheme, the Company by ordinary resolution of the Shareholders, or the Board, may at any time terminate the operation of the Existing Share Option Scheme and in such event no further options will be offered or granted, but in all other respects the provisions of the Existing Share Option Scheme shall remain in force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Existing Share Option Scheme.

The Board is of the view that it is appropriate to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme as (i) the Existing Share Option Scheme will expire soon and (ii) the New Share Option Scheme will comply with the latest amendments to Chapter 17 of the Listing Rules. The Board considers that the New Share Option Scheme, which is in compliance with the Chapter 17 of the Listing Rules, will enable the Company to offer meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group. In addition, for the ease of administration, the Board also considers it unnecessary to keep two share option schemes that serve similar purposes at the same time. Therefore, at the Annual General Meeting, ordinary resolutions will be proposed to the Shareholders to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme.

Proposed Adoption of the New Share Option Scheme

As the Existing Share Option Scheme will expire soon, the Board proposes to adopt the New Share Option Scheme in accordance with Chapter 17 of the Listing Rules.

The purpose of the New Share Option 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. A summary of the principal rules of the New Share Option Scheme is set out in the Appendix to this circular. The Directors believe that the provisions as well as such other terms as may be determined by the Board, will serve to protect the value of the Company as well as to achieve the purpose of the New Share Option Scheme.

For other details on the New Share Option Scheme, please refer to the paragraph headed "Adoption of New Share Option Scheme and Termination of Existing Share Option Scheme and Proposed Amendments to the Share Award Scheme – Other Details of the New Share Option Scheme and the Share Award Scheme" - in this circular.

LETTER FROM THE BOARD

The Directors consider that it is inappropriate and impractical to state the value of the Share Options that may be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date, given that a number of variables which are necessary for the calculation of the value of the Share Options cannot be ascertained at this stage. Such variables include the exercise price, exercise period, interest rate, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the Share Options as of the Latest Practicable Date based on a number of speculative assumptions would not be meaningful to the Shareholders.

The New Share Option Scheme or the grant of any Share Option thereunder is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting to approve the adoption of the New Share Option Scheme and to authorise the Board to grant Share Options under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and
- (ii) 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 Option which may be granted under the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares, representing a maximum of 10% of the Company's issued share capital as at the Adoption Date, which may fall to be issued pursuant to the exercise of the Share Options to be granted under the New Share Option Scheme.

No trustee has been appointed under the New Share Option Scheme. None of the Directors is and will be a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustees of the New Share Option Scheme (if any).

The Board has no present intention to grant Share Options to any of the Eligible Participants under the New Share Option Scheme after its adoption.

The New Share Option Scheme will constitute a share scheme under Chapter 17 of the Listing Rules.

Proposed Amendments to the Share Award Scheme

The Company adopted the Share Award Scheme on 28 June 2019. Under the current rules of the Share Award Scheme, the purpose of the Share Award Scheme is to recognize and motivate the contribution of the employees of the Group and to help the Group in retaining its existing members of management. The Share Award Scheme currently provide for awards funded by existing Shares of the Company. Details of the Share Award Scheme relating to awards funded by existing Shares of the Company are set out in the announcement of the Company dated 28 June 2019.

Pursuant to the current rules of the Share Award Scheme, the maximum number of Shares which may be purchased by the trustee appointed by the Company for the administration of the Share Award Scheme (the "**Trustee**") is 3% of the issued share capital of the Company at the date of adoption of the Share Award Scheme, i.e., 67,483,716 Shares (the "**Current Limit**").

As at the Latest Practicable Date, the Trustee has purchased 62,894,000 Shares, and the Company has granted, 57,505,400 Shares under the Share Award Scheme, of which 7,985,400 Shares have been vested and 49,520,000 Shares remain unvested. The unvested Shares will vest on the grantees subject to the satisfaction of the performance targets of each relevant grantee for the financial years ending 2023 to 2025.

The Directors propose to seek approval from the Shareholders at the Annual General Meeting (i) to amend and refresh the Current Limit to 10% of the Shares in issue as at the Amendment Date in order to provide the Company with greater flexibility in offering incentives and rewards to under the existing rules of the Share Award Scheme; and (ii) for certain amendments to be made to the Share Award Scheme to, among other matters, introduce rules under the Share Award Scheme for the award of new Shares of the Company, include Employee Participants, Related Entity Participants and Service Providers as Eligible Participants for an award under the Share Award Scheme, introduce the Scheme Limit for the award of new Shares and bring the Share Award Scheme in alignment with Chapter 17 of the Listing Rules. The Board proposes that the Proposed Amendments shall, where applicable, apply to the awards granted and to be granted under the Share Award Scheme with effect from the date of the Annual General Meeting.

The Board believes that the Proposed Amendments would allow the Company to achieve the new purpose under the Share Award Scheme 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 Proposed Amendments to the Share Award Scheme will be subject to approval by the Shareholders at the Annual General Meeting. Accordingly, an ordinary resolution will be proposed at the Annual General Meeting as set out in the notice of Annual General Meeting in this circular to give effect to the proposals as described above.

LETTER FROM THE BOARD

Details of the Proposed Amendments to the Share Award Scheme is set out in Appendix IV to this circular. The Board considers that the Proposed Amendments are in compliance with the requirements under Chapter 17 of the Listing Rules.

For other details on the Share Award Scheme, please refer to the paragraph headed “Adoption of New Share Option Scheme and Termination of Existing Share Option Scheme and Proposed Amendments to the Share Award Scheme – Other Details of the New Share Option Scheme and the Share Award Scheme” - in this circular.

The Company will apply to the Stock Exchange for a grant of approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to any award of new Shares which may be granted under the Share Award Scheme as revised by the Proposed Amendments.

No trustee has been appointed in respect of the rules under the Proposed Amendments to the Share Award Scheme relating to award of new Shares. None of the Directors is and will be a trustee of the Share Award Scheme nor has a direct or indirect interest in the trustees of the Share Award Scheme (if any).

The Share Award Scheme will constitute a share scheme under Chapter 17 of the Listing Rules.

Other Details of the New Share Option Scheme and the Share Award Scheme

Scope of Eligible Participants

The rules of the New Share Option Scheme and the revised Share Award Scheme enable the Company to grant Share Option(s) and share awards to Eligible Participants including Employee Participants, Service Providers and Related Entity Participants. The Directors are of the view that the adoption of the New Share Option Scheme and the Proposed Amendments to the Share Award Scheme aligns with the market practice of providing incentives to Employee Participants to work towards enhancing the enterprise value and achieving the long-term objectives for the benefit of the Group as a whole. The Directors also consider that it is beneficial to include Service Providers and Related Entity Participants since a sustainable and stable relationship with them is essential to the business development of the Group. The Board may determine the Employee Participants' eligibility in its sole discretion by considering all relevant factors as appropriate and take into account criteria based on the nature of the contributions made by Service Providers and Related Entity Participants before granting Share Options or share awards to them. The Board in determining whether the Service Providers are eligible to participate in the New Share Option Scheme and the revised Share Award Scheme will consider whether such services are in line with the Company's business need and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, having regard to the Group's key business and market focuses from time to time.

More specifically, the Directors (including the independent non-executive Directors) are of the view that, although the Existing Share Option Scheme and the Share Award Scheme under the existing rules do not include Related Entity Participants and Services Providers as categories of participants, it is beneficial to include such categories as Eligible Participants in the New Share Option Scheme and under the Proposed Amendments as:

- (i) the Group may from time to time enlist assistance and support from Related Entity Participants in projects or other business engagements relating to or having connections with the Group's businesses, given their close corporate and collaborative relationships with the Group. As such, the Company is of the view that it is important to recognise the contribution or future contribution of the Related Entity Participants by giving them incentive through their participation in the New Share Option Scheme and the revised Share Award Scheme. In particular, for those Related Entities Participants in which the Group has significant interest, their growth and development would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of these companies. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the New Share Option Scheme and the revised Share Award Scheme to include the Related Entity Participants, whom the Company can incentivize with the grant of Share Options and share awards in order to strengthen their loyalty with the Group even though they may not be directly employed by the Group, and to in turn facilitate a higher degree of collaboration and closer business relationships and ties between the Related Entities Participants and the Group; and
- (ii) the Group may from time to time collaborate with independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) and the Group believes that they could play significant roles in the Group's business development by contributing their specialized skills in relation to the Group's operations. In particular, Service Providers such as franchisees of the Group may also assist the Group by introducing business opportunities and connections to the Group to help with the Group's market expansion in different areas in the PRC. The Board is of the view that such Service Providers provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group.

LETTER FROM THE BOARD

Recognising the contribution of Related Entity Participants and Service Providers may enhance their performance and further contribution to the Company which are essential to the sustainable and successful development of the Company, hence, the Directors (including the independent non-executive Directors) are of the view that the inclusion of Related Entity Participants and Service Providers as Eligible Participants is fair and reasonable and aligns with the purpose of the New Share Option Scheme and the revised Share Award Scheme.

Performance target and clawback mechanism

The rules of the New Share Option Scheme and the revised Share Award Scheme will not prescribe specific performance targets that must be met before a Share Option can be exercised or any share award can be granted or the clawback mechanism to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances. However, the rules of the New Share Option Scheme and the revised Share Award Scheme will give the Board discretion to impose such conditions on the Share Options or the share awards or prescribe such clawback mechanism where appropriate. The Directors consider that it may not always be appropriate to impose such conditions or prescribe such clawback mechanism particularly when the purpose of granting the Share Options and the share awards is to remunerate or compensate Eligible Participants for past contributions. The Directors consider it more beneficial to the Company to retain the flexibility to determine whether such conditions or clawback mechanism are appropriate in light of the particular circumstances of each grant.

While the performance targets, if any, will be imposed on a case-by-case basis to ensure the Share Options or share awards vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) annual results and performance of the Group; (ii) key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs; and (iii) individual position, annual appraisal result and other factors relevant to the grantee.

Exercise Price of Share Options

The Exercise Price in respect of any particular Share Option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Share Option but in any event the Exercise Price shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date; or (ii) the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Shares on the Offer Date.

Vesting period

The vesting period of Share Options granted under the New Share Option Scheme and the new Shares awarded under Share Award Scheme as revised by the Proposed Amendments shall be determined by the Board subject to a minimum period of no less than 12 months. Notwithstanding so, to ensure the practicability in fully attaining the purpose of the New Share Option Scheme and the Share Award Scheme, the Board and the remuneration committee of the Company are of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the holders of the Share Options and Awards; (b) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain individuals to provide services to the Group, to provide for succession planning and the effective transition of employee responsibilities and to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

Therefore, the Board and the remuneration committee of the Company are of the view that a shorter vesting period is in line with the market practice and is appropriate and aligns with the purpose of the New Share Option Scheme and the Share Award Scheme.

Scheme Limit and Service Provider Sublimit

The maximum total number of new Shares (for the avoidance of doubt, excluding awards funded by existing Shares of the Company) which may be issued upon exercise of all Share Options to be granted under the New Share Option Scheme and as awarded shares under the revised Share Award Scheme and other share options and awards must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date and the Amendment Date (or the relevant date of approval of the refreshment of the Scheme Limit). As at the Latest Practicable Date, there were an aggregate of 2,249,457,213 Shares in issue. Assuming there is no issue or repurchase of Shares from the Latest Practicable Date to the date of the Annual General Meeting on which the New Share Option Scheme and the Proposed Amendments are expected to be conditionally approved and adopted by the Shareholders, the maximum number of Shares that can be issued upon exercise of the Share Options and as awarded shares under the revised Share Award Scheme and other share options and awards is 224,945,721 Shares, representing 10% of the Shares in issue.

LETTER FROM THE BOARD

The Board has also set the Service Provider Sublimit in respect of the total number of new Shares (for the avoidance of doubt, excluding awards funded by existing Shares of the Company) which may be allotted and issued in respect of all Share Options and all share awards to be granted to Service Providers under the New Share Option Scheme and the revised Share Award Scheme and other share options and awards, being 2% of the total number of Shares in issue on the Adoption Date and the Amendment Date (or the relevant date of approval of the refreshment of the Service Provider Sublimit). Assuming there is no issue or repurchase of Shares from the Latest Practicable Date to the date of the Annual General Meeting on which the New Share Option Scheme and the Proposed Amendments are expected to be conditionally approved and adopted by the Shareholders, the maximum number of Shares that can be issued under the Service Provider Sublimit upon exercise of the Share Options and as awarded shares under the revised Share Award Scheme and other share options and awards is 44,989,144 Shares, representing 2% of the Shares in issue.

The basis for determining the Service Provider Sublimit (namely, 2% of the total number of Shares in issue on the Adoption Date and the Amendment Date or the relevant date of approval of the refreshment of the Service Provider Sublimit) includes (i) the potential dilution effect arising from grants to the Service Providers, (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and the Share Award Scheme and protecting the Shareholders from the dilution effect from granting a substantial amount of Share Options and awarded shares to the Service Providers, (iii) the extent of use of Service Provider in the Group's businesses, the current payment and/or settlement arrangement with the Service Providers, (iv) the expected contribution to the development and growth of the Company attributable to the Service Providers and (v) the fact that the Company expects that a majority of Share Options and awarded shares will be granted to the Employee Participants and as such there is a need to reserve a larger portion of the Scheme Limit for grants to the Employee Participants. Given the above, the Board considers that a Service Provider Sublimit of 2% would not lead to an excessive dilution of shareholding of the existing Shareholders.

Considering that there are no other share schemes over new Shares other than the New Share Option Scheme and the revised Share Award Scheme after the termination of the Existing Share Option Scheme, the Group's hiring practice and organizational structures and that the Service Providers have contributed to the long-term growth of the Company's businesses, the Board is of the view that, despite the Company did not grant any share options or awarded shares to its Service Providers in the past, the Service Provider Sublimit is appropriate and reasonable given the Group's business needs and the nature of the Group's business model in relying on service providers for market expansion, and such limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have been able to provide valuable services to the Group, which is in line with the purpose of the New Share Option Scheme and the revised Share Award Scheme.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting.

DOCUMENT ON DISPLAY

A copy of the rules of the New Share Option Scheme and the rules of the revised Share Award Scheme will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (<http://www.cosmo-lady.com.hk>) for display for a period of not less than 14 days before the date of the Annual General Meeting and will be made available for inspection at the Annual General Meeting.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 47 to 50 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting and the annual report of the Company for 2022 are being sent to the Shareholders together with this circular. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the enclosed form of proxy to the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the adoption of the New Share

LETTER FROM THE BOARD

Option Scheme and the Proposed Amendments to the Share Award Scheme. As such, no Shareholder is required to abstain from voting under the Listing Rules on the relevant resolutions to be proposed at the Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

For determining Shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no transfer of Shares will be effected.

In order to be eligible to attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information relating to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board considers that the proposed resolutions for the grant to the Directors of the Proposed General Mandate, the Proposed Buy-back Mandate and the Proposed Extension Mandate, the re-election of the retiring Directors, the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and the Proposed Amendments to the Share Award Scheme are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that all of the Shareholders vote in favour of all of the resolutions which are to be proposed at the Annual General Meeting.

Yours faithfully
For and on behalf of the Board of
Cosmo Lady (China) Holdings Company Limited
Zheng Yaonan
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders for their consideration of the Proposed Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,249,457,213 Shares which are fully paid. Subject to the passing of resolution numbered 6 regarding the Proposed Buy-back Mandate as set out in the notice of Annual General Meeting and on the basis that no further Shares will be issued or bought back prior to the Annual General Meeting, the Company would be allowed under the Proposed Buy-back Mandate to buy back a maximum of 224,945,721 Shares until (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by its current the Memorandum and Articles of Association or the applicable laws to be held; or (iii) the revocation or variation by an ordinary resolution of the Shareholders in general meeting, whichever is the earlier.

2. REASONS FOR BUY-BACKS

Buy-backs of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such buy-backs will be to the benefit of the Company and its Shareholders as a whole.

3. FUNDING OF BUY-BACKS

In buying back the Shares, the Company may only apply funds legally available for such purpose in accordance with its current Memorandum and Articles of Association and the laws of Cayman Islands.

It is envisaged that if the Proposed Buy-back Mandate is exercised in full, there might be a material adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in the audited financial statements for the year ended 31 December 2022 (being the date to which the latest published audited financial statements of the Company have been made up). However, the Directors do not propose to exercise the Proposed Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. UNDERTAKING AND INTENTION OF CONNECTED PARTIES

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make buy-backs pursuant to the Proposed Buy-back Mandate in accordance with the Listing Rules, the Company's current Memorandum and Articles of Association and all applicable laws of Cayman Islands.

None of the Directors nor, to the best of the knowledge of the Directors having made all reasonable enquiries, any of their close associates presently intend to sell the Shares to the Company under the Proposed Buy-back Mandate in the event that the Proposed Buy-back Mandate is approved by Shareholders.

The Company has not been notified by any core connected persons (as defined under the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Proposed Buy-back Mandate is approved by the Shareholders.

5. EFFECT OF TAKEOVERS CODE

If as a result of a buy-back of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Harmonious Composition was interested in 735,018,732 Shares, representing approximately 32.68% of the total issued share capital of the Company.

Harmonious Composition is wholly owned by Great Brilliant Investment Holdings Limited, which is in turn wholly owned by Yao Li. Mr. Zheng Yaonan is deemed to be interested in 793,650,944 Shares, representing approximately 35.28% of the total issued share capital of the Company.

Based on the said interest of Harmonious Composition and Mr. Zheng Yaonan as at the Latest Practicable Date, in the event that the Directors exercise in full their power under the Proposed Buy-back Mandate to buy back Shares, the interest of Harmonious Composition and Mr. Zheng Yaonan would be increased to approximately 36.31% and 39.20% respectively, of the total issued share capital of the Company. Such increase may give rise to

an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the Proposed Buy-back Mandate to such an extent as would result in takeover obligations under the Takeovers Code.

6. MARKET PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest price <i>(HK\$)</i>	Lowest price <i>(HK\$)</i>
2022		
April	0.42	0.34
May	0.41	0.35
June	0.395	0.34
July	0.345	0.29
August	0.3	0.198
September	0.26	0.191
October	0.24	0.17
November	0.218	0.16
December	0.213	0.196
2023		
January	0.208	0.198
February	0.46	0.203
March	0.43	0.3
April (up to the Latest Practicable Date)	0.41	0.375

7. BUY-BACKS OF SHARES MADE BY THE COMPANY

No buy-back of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

The information of the four retiring Directors proposed to be re-elected at the Annual General Meeting is set out as follows:

- (1) **Mr. Zheng Yaonan**, aged 47, is the chairman of the Board, an executive Director, the chairman of the nomination committee of the Company. He is the chief executive officer of the Company from 30 November 2021 onwards. He holds positions as the executive directors and concurrently as the general manager of a number of the Company's subsidiaries, and is also one of the founders of the Group. From 30 January 2014 to 19 August 2019, Mr. Zheng was the chief executive officer of the Company as well. With approximately 23 years of experience in the intimate wear manufacturing and sales industry, Mr. Zheng has been the key driver of the business strategies and achievements to date of the Group. He is primarily responsible for the strategic planning, business development, corporate management and overall performance of the Group. Mr. Zheng has been serving the Group since September 2009.

Mr. Zheng is currently a member of Chinese People's Political Consultative Conference Dongguan Committee, an executive council member of China Youth Entrepreneur Association, a vice chairman of Guangdong Youth Association, an executive vice chairman of World Dongguan Entrepreneurs, a vice chairman of Dongguan Federation of Industry and Commerce and the chairman of the supervisory committee of Fujian Chamber of Commerce in Shenzhen. He was a committee member of Ningde City of Fujian Provincial Committee of Chinese People's Political Consultative Conference from January 2017 to January 2022.

Mr. Zheng completed the China CEO Program and obtained an executive education program certificate from Cheung Kong Graduate School of Business, Beijing in 2013, and completed an EMBA course in Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University and an EMBA course at the School of Management of Xiamen University, Xiamen, Fujian Province in 2016 and 2017 respectively. In addition, he is also studying a DBA course at Tsinghua University.

Mr. Zheng is the husband of Ms. Wu Xiaoli, an executive Director and a vice president of the Company.

Pursuant to Part XV of the SFO, Mr. Zheng was interested and taken to be interested in a total of 793,650,944 Shares as at the Latest Practicable Date.

Mr. Zheng has entered into a service contract with the Company, pursuant to which he was appointed for an initial term of three years commencing from 30 January 2014, which is renewable upon expiry of the initial term if successfully re-elected and will continue thereafter until terminated by no less than three months' notice in writing served by either party on the other. His directorship is subject to retirement by rotation and re-election in accordance with the Company's current Memorandum and Articles of Association. For the year ended 31 December 2022, Mr. Zheng is entitled to a total remuneration of RMB342,000 as emoluments for his services in his capacity as an executive Director. Such emolument has been reviewed by the remuneration committee and was determined by the Board with reference to the prevailing market conditions, and the qualifications, experience, duties and responsibilities of Mr. Zheng with the Company. Mr. Zheng's remuneration is subject to annual review and determination by the Board on recommendation of the remuneration committee of the Board.

- (2) **Mr. Lin Zonghong**, aged 54, is a non-executive Director from 19 August 2019. He was a deputy chairman of the Board and an executive Director from 30 January 2014 to 19 August 2019. Mr. Lin is one of the founders of the Group and he is primarily responsible for giving strategic advice and making recommendations on the operations and management of the Group. Mr. Lin has been serving the Group since September 2009.

Mr. Lin is currently studying for an EMBA course at the School of Management of Xiamen University, Xiamen, Fujian Province, and graduated from China Europe International Business School, Shanghai, upon finishing the study of the Advanced Management Program in 2013.

Pursuant to Part XV of the SFO, Mr. Lin was interested and taken to be interested in a total of 106,290,277 Shares as at the Latest Practicable Date.

Mr. Lin has entered into a service contract with the Company, pursuant to which he was appointed for an initial term of three years commencing from 30 January 2014, which is renewable upon expiry of the initial term if successfully re-elected and will continue thereafter until terminated by no less than three months' notice in writing served by either party on the other. His directorship is subject to retirement by rotation and re-election in accordance with the Company's current Memorandum and Articles of Association. For the year ended 31 December 2022, Mr. Lin is entitled to a total service fee

of RMB176,000 for his appointment as a non-executive Director. The emolument of the non-executive Director is determined by reference to the duties and responsibilities of directors towards the Company and prevailing market conditions.

- (3) **Mr. Chen Zhigang**, aged 50, is an independent non-executive Director, the chairman of the risk management committee of the Company and a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. Chen is mainly responsible for giving strategic advice and making recommendations on the operations and management of the Group. He has been serving the Group since 2014.

Mr. Chen has been a partner and the department head of the Vocation International Certified Public Accountants Co., Ltd. since 2004. He is also a Chinese Certified Public Accountant, certified by The Chinese Institute of Certified Public Accountants in September 2000 and a Certified Public Accountant with Securities and Futures Practice Qualification, certified by the China Securities Regulatory Commission in January 2004.

Mr. Chen served as an independent non-executive director of SZ Reach Tech Co., Ltd. from November 2011 to June 2018, and served as an independent non-executive director of Guangdong Chaohua Technology Co., Ltd. from September 2010 to October 2011.

As at the Latest Practicable Date, Mr. Chen did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Chen has entered into a letter of appointment with the Company, pursuant to which he was appointed for an initial term of three years commencing from 9 June 2014, which is renewable automatically for one year and by mutual consent for each successive year, and may be terminated by no less than one month's notice in writing served by either party on the other. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. For the year ended 31 December 2022, Mr. Chen is entitled to a total service fee of RMB120,000 for his appointment as an independent non-executive Director. The emolument of the independent non-executive Director is determined by reference to the duties and responsibilities of directors towards the Company and prevailing market conditions and practice.

- (4) **Ms. Kong Xiangying**, aged 36, is a non-executive Director. Ms. Kong is mainly responsible for giving strategic advice and making recommendations on the operations and management of the Group. She has been serving the Group since December 2022.

Ms. Kong is currently a vice president of JD.com, Inc. ("**JD.com**"), a company listed on the Main Board of the Stock Exchange (stock code: 9618) and the Nasdaq Stock Market (NASDAQ: JD). Ms. Kong is also the head of JD Retails Fashion Business Department. Ms. Kong joined JD.com in July 2012, and served as the head of the JD Retail Platform Ecosystem Department. She has rich business experience and platform ecosystem construction experience.

Ms. Kong graduated from Harbin Institute of Technology in July 2012 with a master's degree in Enterprise Management.

As at the Latest Practicable Date, Ms. Kong did not have any interests in the Shares within the meaning of Part XV of the SFO.

Ms. Kong has entered into a letter of appointment with the Company, pursuant to which she was appointed for an initial term of three years commencing from 31 December 2022, and may be terminated by no less than one month's notice in writing served by either party on the other. Her directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Ms. Kong will not receive any director's fee in her capacity as a non-executive director of the Company but she is entitled to the reimbursement of all reasonable expenses properly and reasonably incurred in the performance of her duties as a non-executive director of the Company.

Save for the aforesaid disclosure, as at the Latest Practicable Date, all the aforesaid retiring Directors neither held any directorship in public companies the securities of which were listed on any securities market in Hong Kong or overseas over the last three years nor had any relationship with any Directors, senior management or substantial or Controlling Shareholders.

Save as disclosed herein, there is neither other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules nor is there other matter that needs to be brought to the attention of the Shareholders.

The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the Annual General Meeting. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme.

1 PURPOSE AND ELIGIBLE PARTICIPANTS

- 1.1 The purpose of the New Share Option 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.
- 1.2 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 who 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.

- 1.3 Subject to the rules of the New Share Option 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.

2 CONDITIONS

- 2.1 The New Share Option 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 the New Share Option Scheme and to authorise the Board to grant Share Options under the New Share Option 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 the New Share Option Scheme.
- 2.2 If the condition as set out in paragraph 2.1 is not satisfied within six (6) calendar months after the Adoption Date:
- (a) the New Share Option Scheme shall forthwith determine;
 - (b) any Share Option granted or agreed to be granted pursuant to the New Share Option 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 the New Share Option Scheme or any Share Option.

3 DURATION

- 3.1 The New Share Option 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 the New Share Option Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of grant.
- 3.2 The New Share Option 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 New Share Option Scheme, (ii) to determine the persons who will be awarded Share Options under the New Share Option 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 the New Share Option Scheme as it deems necessary and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the New Share Option Scheme.
- 3.3 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 New Share Option 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 the New Share Option Scheme unless arising out of such person's own fraud or bad faith.

4 OFFER AND GRANT OF SHARE OPTIONS

- 4.1 On and subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time during the life of the New Share Option 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 the New Share Option 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.

- 4.2 Notwithstanding paragraph 4.1, the minimum vesting period for Share Options granted under the New Share Option 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.
- 4.3 Share Options shall entitle the Grantee to subscribe for the Shares on the terms set out in the New Share Option 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 New Share Option 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 the New Share Option Scheme is not permitted by any applicable laws or regulations, the Share Options shall not entitle the Grantee to subscribe for the Shares.
- 4.4 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 the New Share Option 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 the New Share Option Scheme has been terminated in accordance with the provisions hereof.
- 4.5 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.
- 4.6 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 4.5, it will be deemed to have been irrevocably declined.
- 4.7 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 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.

4.8 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.

5 EXERCISE PRICE

5.1 The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 9, 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.

6 EXERCISE OF SHARE OPTIONS

6.1 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.

6.2 A Grantee (or where permitted under paragraph 6.3(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 6.3 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 9, 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.

6.3 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 7.1(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 7.1(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 7.1(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 6.3(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 6.3(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 6.3(d) to 6.3(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.

- 6.4 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 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.
- 6.5 The Board may at any time cancel Options previously granted to, but not yet exercised by a Grantee. Where the Company cancels Options and offers Options to the same Grantee, the offer of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in paragraphs 8.1 and 8.2 of the New Share Option Scheme.

7 LAPSE OF SHARE OPTION

- 7.1 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 3.1);
 - (b) the expiry of the periods for exercising the Share Option as referred to in paragraphs 6.3(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 6.3(e);
 - (d) subject to paragraph 6.3(f), the date of commencement of the winding up of the Company;
 - (e) the date on which the Grantee commits a breach of paragraph 6.1;
 - (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 6.3, 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 6.5.

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.

8 MAXIMUM NUMBER OF SHARES SUBJECT TO OPTION

- 8.1 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 the New Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company (and for the purpose of this paragraph 8 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.
- 8.2 Subject to paragraph 8.1, 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 the New Share Option 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**”).
- 8.3 For the avoidance of doubt, the Shares underlying any Share Options granted under the New Share Option 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 8.1 and 8.2. The Share Options, share options or share awards lapsed in accordance with the terms of the New Share Option 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.
- 8.4 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.
- 8.5 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 the New Share Option 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 the New Share Option 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 8.5(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.
- 8.6 Without prejudice to paragraph 8.5, the Company may seek separate Shareholders' approval in general meeting to grant Share Options, share options and share awards under the New Share Option 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 8.5, 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.
- 8.7 Subject to paragraph 8.8, 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 the New Share Option 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 the New Share Option 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.
- 8.8 Without prejudice to paragraph 4.3, 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).
- 8.9 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 the New Share Option 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.

- 8.10 The circular to be issued by the Company to the Shareholders pursuant to paragraph 8.9(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.
- 8.11 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 the New Share Option Scheme).

9 ADJUSTMENTS TO THE EXERCISE PRICE

- 9.1 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.

- 9.2 In respect of any adjustment referred to in paragraph 9.1 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.

10 SHARE CAPITAL

- 10.1 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.

11 ALTERATION OF THE NEW SHARE OPTION SCHEME

- 11.1 Subject to paragraphs 11.2 to 11.4, the New Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) any alteration to the provisions of the New Share Option Scheme which are of a material nature; and
- (b) any alteration to the provisions of the New Share Option 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.

- 11.2 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 the New Share Option Scheme.
- 11.3 Any change to the authority of the Directors or the administrators of the New Share Option Scheme to alter the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.
- 11.4 The amended terms of the New Share Option Scheme and/or any Share Options pursuant to this paragraph 11 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

12 TERMINATION OF THE NEW SHARE OPTION SCHEME

- 12.1 The Company by resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of the New Share Option 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 the New Share Option 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 the New Share Option Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under the New Share Option 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.

The following is a summary of the Proposed Amendments of the principal terms of the Share Award Scheme proposed to be approved and adopted by an ordinary resolution of the Shareholders at the Annual General Meeting.

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; <u>or 8.2.12, as the case may be;</u>
“Adoption Date”	28 June 2019, being the date on which the Scheme is adopted by the Company;
“Amendment Date”	<u>2 June 2023, being the date on which the Scheme is amended by the Company;</u>
“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 <u>or 8.2.1, as the case may be;</u>
“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; <u>or 8.3.4, as the case may be;</u>
“Cash Dividends”	has the meaning ascribed to it in Paragraph 5.3.5; <u>or 8.3.4, as the case may be;</u>
“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)”	<u>Director(s) and employee(s) of the Company or any of its subsidiaries;</u>

“Eligible Participant”	<p><u>member of management (管理幹部) of any member of the Group; means:</u></p> <p>(a) <u>Employee Participant(s);</u></p> <p>(b) <u>Related Entity Participant(s); and</u></p> <p>(c) <u>Service Provider(s),</u></p> <p><u>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);</u></p>
“Excluded Person”	<p>any director of the Company at the relevant time and such person or category of persons determined by the Board from time to time who shall not be an Eligible Participant;</p>
“Grant Notice”	<p>has the meaning ascribed to it in Paragraphs 5.2.5 <u>or 8.2.11, as the case may be;</u></p>
“Group”	<p>the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;</p>
“HK\$”	<p>Hong Kong dollar, the lawful currency of Hong Kong;</p>
“Hong Kong”	<p>the Hong Kong Special Administrative Region of the People’s Republic of China;</p>
“Listing Rules”	<p>The Rules Governing the Listing of Securities on the Stock Exchange;</p>
“Non-Cash Distributions”	<p>has the meaning ascribed to it in Paragraph 5.3.4 <u>or 8.3.3, as the case may be;</u></p>
“ <u>Related Entity Participants</u> ”	<p><u>Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;</u></p>
“Residual Cash”	<p>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;</p>
“Scheme”	<p>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;</p>
“Scheme Rules”	<p>the rules to the Scheme in its present or any amended form;</p>

“Service Provider(s)”	<u>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;</u>
“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”	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: <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 recognise and motivate the contribution of the employees of the Group and to help the Group in retaining its existing members of management.~~ 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 ~~10~~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.

4.24.3 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 310 per cent. of the issued share capital of the Company at the ~~Adoption~~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 0+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; his/her contribution made or expected to be made to the growth of the Group; and
 - (c) 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 8.2.12 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 re-issued 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).

811 DISPUTES

~~8.11.1~~ 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.

912 ALTERATION TO THE SCHEME

~~9.12.1~~ 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 and the Trustee.

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.

~~9.212.5~~ 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.

1013 TERMINATION

~~10.13.1~~ The Scheme shall terminate on the earlier of:

~~10.1.13.1.1~~ the expiration of the Term; and

~~10.1.213.1.2~~ 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.

~~10.213.2~~ Upon termination of the Scheme:

- ~~10.2.1~~13.2.1 no further grant of Awarded Shares may be made under the Scheme;
- ~~10.2.2~~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;
- ~~10.2.3~~13.2.3 ~~and~~(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
- ~~10.2.4~~ and 13.2.4 (if applicable) upon the expiration of the Trust Period, all net proceeds of sale referred to in Paragraph ~~10.2.3~~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 ~~10.2.3~~13.2.3).
- ~~10.3~~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.

~~11.14~~ **WITHHOLDING**

- ~~11.1.1~~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.
- ~~11.1.2~~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.
- ~~11.1.3~~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.

~~12.15~~ **MISCELLANEOUS**

- ~~12.1.1~~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.
- ~~12.1.2~~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 ~~12.1.4~~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.

- ~~12.1.3~~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.
- ~~12.1.4~~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.
- ~~12.1.5~~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.
- ~~12.1.6~~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.

~~13.1~~16 GOVERNING LAW

- ~~13.1.1~~16.1.1 The Scheme shall operate subject to the Articles and any applicable law and regulations to which the Company is subject.
- ~~13.1.2~~16.1.2 The Scheme is governed by and shall be construed in accordance with the laws of Hong Kong.

NOTICE OF ANNUAL GENERAL MEETING



Cosmo Lady (China) Holdings Company Limited

都市麗人(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2298)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cosmo Lady (China) Holdings Company Limited (the “**Company**”) will be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 2 June 2023 at 4:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 together with the reports of the directors and the auditor of the Company;
2. To re-elect the following retiring directors of the Company:
 - (i) Mr. Zheng Yaonan;
 - (ii) Mr. Lin Zonghong;
 - (iii) Mr. Chen Zhigang who has served more than nine years as an independent non-executive director; and
 - (iv) Ms. Kong Xiangying.
3. To authorize the board of the directors of the Company to fix the remuneration of the directors of the Company;
4. To re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the board of directors of the Company to fix its remuneration;
5. As special business, to consider and, if thought fit, pass (with or without amendments) the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options (including warrants to subscribe for Shares or any securities which are convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the board of Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants to subscribe for Shares or any securities which are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by the Company or any securities which are exchangeable into Shares; (iii) the exercise of the subscription rights under options granted under any option scheme or similar arrangement adopted by the Company; or (iv) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the memorandum and articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the memorandum and articles of association of the Company or the applicable laws of the Cayman Islands; and
- (iii) the revocation or variation of approval granted under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares, warrants or other securities which are attached with rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”;

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares of the Company or any other rights to subscribe shares in the capital of the Company in each case on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which the Directors are authorised to buy back pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the memorandum and articles of association of the Company or the applicable laws of the Cayman Islands; and
 - (iii) the revocation or variation of the approval granted under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”;

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolutions numbered 5 and 6 above, the general mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 5 above be and is hereby extended by the addition to the aggregate nominal amount of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company bought back or agreed to be bought back by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

NOTICE OF ANNUAL GENERAL MEETING

8. **“THAT:**
- (a) subject to and conditional upon the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be allotted and issued pursuant to the exercise of the share options which may be granted under the share option scheme of the Company (the **“New Share Option Scheme”**), a copy of which is tabled at the Annual General Meeting marked “A” and signed by the chairman of the Annual General Meeting for the purpose of identification, the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such acts and enter into all such transactions, arrangements and agreements as they may consider necessary or expedient to implement or give full effect to the New Share Option Scheme;
 - (b) the Scheme Limit (as defined in the New Share Option Scheme in relation to new Shares that may be issued in respect of all share options or share awards to be granted) of 10% of the number of Shares in issue as at the date of passing of this resolution be and is hereby approved and adopted; and
 - (c) conditional upon the New Share Option Scheme becoming effective, the existing share option scheme of the Company as adopted on 9 June 2014 (the **“Existing Share Option Scheme”**) be and is hereby terminated upon the New Share Option Scheme coming into effect (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date of the passing of this resolution).”;
9. **“THAT:**
- (a) subject to and conditional upon the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be allotted and issued pursuant to the grant of share awards which may be granted under the Share Award Scheme revised by the Proposed Amendments, the Proposed Amendments set out in Appendix IV to the circular of the Company dated 28 April 2023 and contained in the revised Share Award Scheme, a copy of which is tabled at the Annual General Meeting marked “B” and signed by the chairman of the Annual General Meeting for the purpose of identification, are hereby approved, authorised and confirmed and the directors of the Company be and are hereby authorised to grant awards and to allot, issue and deal with the Shares pursuant to the awards granted thereunder and to take all such acts and enter into all such transactions, arrangements and agreements as they may consider necessary or expedient to implement or give full effect to the Proposed Amendments and the revised Share Award Scheme; and
 - (b) the Scheme Limit (as defined in the revised Share Award Scheme in relation to new Shares that may be issued in respect of all share options or share awards to be granted) of 10% of the number of Shares in issue as at the date of passing of this resolution be and is hereby approved and adopted.”; and
10. **“THAT,** the Service Provider Sublimit (as defined in the Share Award Scheme and the New Share Option Scheme) on the total number of Shares that may be issued in respect of all share options or share awards to be granted to Service Providers (as defined in the Share Award Scheme and the New Share Option Scheme) under the Share Award Scheme, the New Share Option Scheme or all other share option schemes or share award schemes of the Company (i.e. 2% of the shares of the Company in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

By Order of the Board
Cosmo Lady (China) Holdings Company Limited
Zheng Yaonan
Chairman

Hong Kong, 28 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must attend the Annual General Meeting in person to present the member
2. Where there are joint registered holders of any Share, any one of such persons may vote at the Annual General Meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the Annual General Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of such power or authority, must be lodged for registration with share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
4. For determining shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 29 May 2023 for registration.
5.
 - (a) If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is in force at any time between 2:00 p.m. and 4:00 p.m. on the day of the Annual General Meeting, the Annual General Meeting may be postponed to a later date and/or time as determined by the Company.
 - (b) If postponed, the Company will, as soon as practicable, post an announcement on its website and on the website of the Stock Exchange to notify shareholders of the Company that the meeting has been postponed. When the date, time and venue of the rescheduled meeting has been fixed, the Company will post a further announcement on its website and on the website of the Stock Exchange to notify shareholders of the Company of the date, time and venue of the rescheduled meeting. At least seven clear days' notice shall be given of the rescheduled meeting.
 - (c) The Annual General Meeting will be held as scheduled when an amber or red rainstorm warning signal is in force. After considering their own situations, members should decide on their own whether or not they would attend the Annual General Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.