# KFM 金德控股有限公司

# KFM KINGDOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

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# AMENDED AND RESTATED SHARE OPTION SCHEME

Adopted by an ordinary resolution

passed by the shareholders of the Company

at the annual general meeting held on 23 August 2023

(as amended and approved by the shareholders of the Company on 23 August 2023)

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#### KFM KINGDOM HOLDINGS LIMITED

#### RULES OF THE SHARE OPTION SCHEME

### 1. Definitions

1.1. In this Scheme, unless the context otherwise requires, each of the following words and expressions has the meaning respectively shown opposite to it:

"1% Individual Limit"	In respect of an Eligible Participant, the number of Share issued or failing to be issued
	to that Eligible Participant under all the
	Grants made to him over any 12-month
	period up to and including the date of the
	proposed Grant, must not, unless specially
	approved by shareholders in general meeting
	in accordance with the Listing Rules, exceed
	1% of the total number of Shares in issue and
	shall bear the meaning as defined in

paragraph 8.3

"Adoption Date" 23 August 2022, being the date on which the

Board approved the adoption of the Scheme in

the annual general meeting

"Articles" the articles of association of the Company, as

amended from time to time

"associates" has the same meaning as defined under the

Listing Rules

"Auditors" the auditors for the time being of the Company

"Award" Shares granted or to be granted under any Share

Award Scheme to be adopted by the Company

**"Board"** the board of Directors

"business day" any day on which the Stock Exchange is open

for the business of dealing in securities

"close associates" shall bear the meaning as defined in the

"Company" KFM Kingdom Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange "connected person" shall bear the meaning as defined in the Listing Rules "core connected shall bear the meaning as defined in the Listing Rules person" "Date of Grant" the date on which an Offer is offered to an Eligible Participant "Director(s)" director(s) of the Company the person who may be invited by the Directors to take "Eligible Participants" up Options as referred to in paragraph 4.1, and "Eligible Participant" shall be construed accordingly "Employee any employee (whether full-time or part-time, including Participant" any executive director but excluding any independent non-executive director) of the Company or any of its Subsidiaries (including persons who are granted options or awards under this Scheme as an inducement to enter into employment contracts with these companies) "Grant" including "offer", "issue" and "grant" of Options under this Scheme "Grantee" any Eligible Participant(s) who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 6.4(a)) his Personal Representative) "Group" the Company and the Subsidiaries and "member(s) of the Group" shall be construed accordingly "HK\$" Hong Kong dollars, the lawful currency of Hong Kong the Hong Kong Special Administrative Region of the "Hong Kong" PRC "INED" independent non-executive director(s) of the Company from time to time "Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange

"Scheme" this share option scheme (involving the grant of options

over Shares) in its present or any amended form from

time to time in accordance with the provisions hereof

"Offer" the offer of the grant of an Option

"Offer Date" the date, which must be a business day, on which an

Offer is made to an Eligible Participant

"Option(s)" an option to subscribe for Shares granted under the

Scheme

"Option Period" for the purpose of any Option, a period (which may not

> be later than ten (10) years from the Offer Date of that Option) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraph 7; and (ii) 10 years from the

Offer Date of that Option

"Participant(s) Vehicle"

shall bear the meaning as defined in paragraph 6.1(b)

"Personal

the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Representative(s)"

> Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the

extent not already exercised)

"Remuneration Committee"

the remuneration committee established by the Board

from time to time

"Scheme Mandate

Limit"

shall bear the meaning as defined in paragraph 8.1

"Senior Management" a member of the senior management of the Company as

> disclosed in the Company's annual report as required under paragraph 12 of Appendix 16 of the Listing Rules

(as may be amended from time to time)

"Share(s)" ordinary share(s) of HK\$0.1 each in the share capital of

the Company

"Share Award

Scheme"

any scheme adopted or to be adopted by the Company, involving the grant of new Shares by the Company

"Share Schemes" including this Scheme and any Share Award Scheme(s)

"Shareholder(s)" holder(s) of Share(s)

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"Subscription Price" the price per Share at which a Grantee may subscribe

for the Shares on the exercise of an Option, as

determined in accordance with paragraph 5.1

"Subsidiaries" the companies which are for the time being and from

time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the British Virgin Islands, the People's Republic of China or elsewhere, and "Subsidiary" shall be

construed accordingly

"Termination Date" close of business of the Company on the date which falls

ten (10) years after the Adoption Date

"Vesting Date" in relation to any Grantee, the earliest date on which

the Option (or a tranche thereof) granted to him may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for

pursuant to the terms of such Option

"Vesting Period" in relation to any Grantee, the period commencing on

the date on which the Grantee accepts the Option granted to him and ending on the Vesting Date (both

dates inclusive)

"%" per cent

#### 1.2. In this Scheme:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

### 2. Purpose, duration and administration

- 2.1 The purpose of this Scheme are to (i) enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote sustainable development of the Group; and (iii) to align the interest of the Grantees with those of the Shareholders to promote long-term financial and business performance of the Company.
- 2.2 This Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 4.2 which shall be approved in the manner referred to therein, or save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

- 2.3 Subject to paragraphs 3 and 14, this Scheme shall be valid and effective from the Commencement Date until the Termination Date, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the vesting and exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.
- 2.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the vesting, holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are and will be valid and will comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant to produce such evidence as they may reasonably require for such purpose.

## 3. Conditions

- 3.1 This Scheme is conditional upon:
  - (a) the passing of the necessary resolution(s) to approve and adopt this Scheme in general meeting or by way of written resolution(s) of all Shareholders (the "Shareholders' Resolution"); and
  - (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares representing the Scheme Mandate Limit (as defined in paragraph 8.1) to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme.
- 3.2 If the conditions referred to in paragraph 3.1 are not satisfied on or before the date falling 30 days after the date of the Shareholders' Resolution, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 3.3 Reference in paragraph 3.1(b) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.
- 3.4 A certificate of a Director that the conditions set out in paragraph 3.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

## 4. Grant of Options

- 4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall at their absolute discretion, subject to paragraph 9, invite:
  - (a) any Employee Participant; and
  - (b) any non-executive directors (excluding independent non-executive Directors) of the Company or any Subsidiary;

For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under this Scheme.

- 4.2 Without prejudice to paragraph 8.4 below, the making of an Offer to any Director, chief executive or substantial Shareholder, or any of their respective associates must be approved by the INEDs. The requirements for the Grant to a Director or chief executive of the Company set out in this paragraph 4.2 do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of the Company.
- 4.3 The eligibility of any of the above classes of Eligible Participants to the Grant of any Option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group. Save specific performance target(s) and clawback mechanism may be attached to any Option being granted to any of the Grantee under this Scheme as an inducement to enter into employment contracts with the Company or any of its Subsidiaries, no performance target(s) should be attached to any Option being granted to any of the Grantees under this Scheme.

- 4.4 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares, the Option Period and the Vesting Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.
- 4.5 An Offer shall state, in addition to the matters specified in paragraph 4.4, the following:
  - (a) the name, address and position of the Eligible Participant;
  - (b) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
  - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer:
  - (d) the earliest Vesting Date (and other subsequent Vesting Date(s), if any) on which the Grantee may exercise the Option granted to him and subscribed for Shares (or, as the case may be, separate tranches of Shares) comprised in the Offer;
  - (e) the last date by which the Offer must be accepted (which may not be later than 21 days from the Offer Date);
  - (f) the procedure for acceptance;
  - (g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
  - (h) such other terms and conditions of the Offer as may be imposed by the Directors (or (i) in respect of Employee Participants, by the Remuneration Committee, or (ii) in respect of particular Eligible Participant as provided in this Scheme, by the INEDs) which shall not be inconsistent with the terms of this Scheme); and
  - (i) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme including, without limitation, the conditions specified in paragraphs 2.4, 6.1 and 15.9, inclusive.

- 4.6 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed and dated by the Eligible Participant together with a remittance in favour of the Company of \$1.00 by way of consideration for the Grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.6 or 4.7, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 4.6 or 4.7, it will be deemed to have been irrevocably declined.
- 4.9 The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.
- 4.10 The Vesting Period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:
  - (a) an Employee Participant who is a Director or a member of the Senior Management specifically identified by the Company, the Remuneration Committee shall, or

- (b) an Employee Participant who is not a Director nor a member of the Senior Management specifically identified by the Company, the Directors shall have the authority to determine a shorter Vesting Period in the following circumstances:
  - (i) grants of "make-whole" Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
  - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
  - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted; or
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months.
- 4.11 Options will not be listed or dealt in on the Stock Exchange.

#### 4.12 No Offer shall be made:

- (a) after inside information (has the meaning defined in the Securities and Futures Ordinance as amended from time to time) has come to the Company's knowledge until (and including) the trading day after the Company has announced the information in accordance with the Listing Rules; or
- (b) during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with 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 (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, and for the avoidance of doubt, no Offer may be made during any period of delay in publishing a results announcement; or

(c) to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

## 5. Subscription Price

- 5.1 The Subscription Price for any Option to subscribe for the Shares under this Scheme shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Board, but shall not be less than the highest of:
  - (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date, which must be a business day; and
  - (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date.

A nominal consideration of HK\$1.00 is payable on acceptance of the Grant of an Option.

## 6. Exercise of Options

- 6.1 (a) Subject to paragraph 6.1(b) below, an Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do.
  - (b) Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a vehicle (such as a trust or a private company, "Participant Vehicle") for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of this Scheme and comply with the requirements of Chapter 17 of the Listing Rules. In connection with the application for the above consent from the Directors and the above waiver from the Stock Exchange, the Grantee shall (b-1) provide information on the beneficiaries or discretionary objects of the trust or the ultimate beneficial owners of the transferee vehicle, as well as such other information as may be required by the Directors or the Stock Exchange, and (b-2) consent to the disclosure of such information in the

- announcement, circular and/or report to be published by the Company. The Participant Vehicle shall comply with paragraph 6.1(a) and other provisions of this Scheme shall apply, mutatis mutandis, to the Participant Vehicle.
- (c) Any breach of the provisions under paragraph 6.1(b) by a Grantee shall entitle the Company to cancel all unvested Options granted to such Grantee and to cancel any vested Option granted to such Grantee to the extent not already exercised.
- 6.2 An Option may be exercised in accordance with the terms of this Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence from the date of the Offer is made, but shall end in any event not later than ten (10) years from the Date of Grant of the Option subject to the provisions for early termination thereof. Subject to paragraph 4.3, and unless otherwise determined by the Directors and stated in the Offer to a Grantee, (i) a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him; and (ii) any Option granted is not subject to any clawback mechanism.
- 6.3 Subject to paragraphs 2.4 and 15.9 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 6.4(e)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.

- 6.4 Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during the Option Period provided that:
  - (a) if the Grantee is an Employee Participant and in the event of the Grantee ceasing to be an Employee Participant by reason of his death, ill-health, injury, disability or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s), or, as appropriate, the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.4(e) or 6.4(f) occur during such period. For the avoidance of doubt, save as provided in the foregoing, all unvested Option shall be forfeited and cancelled on the date of cessation of employment;
  - (b) if the Grantee is an Employee Participant and in the event of the Grantee ceasing to be an Employee Participant for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in paragraph 6.4(c) below before exercising his Option in full, the Option (to the extent vested and not already exercised) shall lapse on the date of cessation or termination and shall not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.4(e) or 6.4(f) occur during such period, exercise the Option pursuant to paragraph 6.4(e) or 6.4(f) respectively, the date of cessation or termination as aforesaid shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not. For the avoidance of doubt, save as provided in the foregoing, all unvested Option shall be forfeited and cancelled on the date of cessation of employment;

- (c) if the Grantee is an Employee Participant and in the event that the Grantee ceasing to be an Employee Participant by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of the Group into disrepute), his Option (to the extent not already exercised) will lapse automatically and the Option Period of such Option shall automatically terminate on the date of cessation to be an Employee Participant;
- (d) in respect of a Grantee other than an Employee Participant, if the Directors shall at their absolute discretion determine that (aa) (1) 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 (2) that 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 (3) 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 other reason whatsoever; and (bb) the Option granted to the Grantee under this Scheme shall lapse as a result of any event specified in sub-paragraphs (1), (2) or (3) above in this paragraph, his Option will lapse automatically and the Option Period of such Option shall automatically terminate on the date on which the Directors have so determined:

- (e) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, a Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise his Option (to the extent vested and not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his Option in accordance with the provisions of paragraph 6.3 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, the revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be; and
- (f) in the event that a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the Grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up of the Company; and

- (g) if the Grantee is a Participant Vehicle:
  - (i) the provisions of paragraphs 6.4(a)–(d) shall apply to the Grantee and to the Options granted to such Grantee, mutatis mutandis, as if such Options had been granted to the relevant individual Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 6.4(a)–(d) shall occur with respect to the relevant individual Eligible Participant; and
  - (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant individual Eligible Participant(s) (or, where the Grantee is originally a trust of which the relevant individual Eligible Participant is a beneficiary or discretionary object, on the date the relevant individual Eligible Participant ceases to be a beneficiary or discretionary object) provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.
- 6.5 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor for shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

#### 7. Lapse of Options

- 7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:
  - (a) the expiry of the Option Period;
  - (b) the expiry of any of the periods referred to in paragraph 6.4(a) to (g);
  - (c) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Option; and

- (d) in respect of a Grantee who is a perspective employee of the Group being offered an Option as an inducement to enter into employment contracts with the Company, the date on which the Board shall at their absolute discretion determine that the Grantee no longer has interest to join the Group as an employee or the termination date of the employment offer specified in the offer to the Grantee (if any).
- 7.2 Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered cessation of employment. It shall not be considered cessation of employment if a Grantee who is an Employee Participant is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.
- 7.3 A resolution of the Directors to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in paragraph 6.4(c) or that any event referred to in paragraph 6.4(d)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.

#### 8. Maximum number of Shares available for subscription

8.1 Without prejudice to paragraph 8.2, the maximum number of Shares which may be allotted and issued in respect of all Options and Awards to be granted under this Scheme and any other Share Schemes ("Scheme Mandate Limit") shall not exceed.

10% of the number of Shares in issue as at the date of approval of this Scheme. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no Option or Award may be granted under this Scheme or any other Share Scheme if the grant of such Option or Award will result in the limit referred to in this paragraph 8.1 being exceeded.

- 8.2 Subject to paragraph 8.1 above but without prejudice to:
  - (a) paragraph 8.2(b) below, the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit under this Scheme, provided that:
    - (i) the total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under this Scheme and any Share Scheme must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, Options or Awards lapsed in accordance with the terms of this Scheme and any other Share Scheme will not be regarded as utilised.

- (ii) where the refreshment of the Scheme Mandate Limit is sought:
  - (A) within three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme):
    - (A1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding INEDs) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and
    - (A2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this paragraph 8.2(a)(ii)(A) do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share; and

- (B) after three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme), the requirements under paragraph 8.2(a)(ii)(A) shall not be applicable;
- (b) paragraph 8.2(a) above, the Company may seek separate Shareholders' approval in general meeting to grant Options under this Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in paragraph 8.2(a) above to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options to be granted to such participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such Grant should be taken as the date of Grant for the purpose of calculating the Subscription Price under paragraph 5.1. In such event, the Company must send a circular to the Shareholders containing the name of each specified Participant who may be granted

such Options, the number and terms of Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose.

- 8.3 Subject to paragraph 8.4, where any Grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all Options or Awards Granted and proposed to be Granted to such person (excluding any Options and Awards lapsed in accordance with the terms of this Scheme or the other Share Scheme) under this Scheme and any other Share Scheme in the 12-month period up to and including the date of such further Grant representing in aggregate over 1% of the total number of Shares in issue ("1% Individual Limit"), such further Grant must be separately approved by the Shareholders in general meeting of the Company with such Grantee and his close associates (or his associates if the Grantee is a connected person of the Company) abstaining from voting. The number and terms (including the Subscription Price) of the Options or Awards to be granted to such participants must be fixed before Shareholders' meeting. The date of the Board meeting for proposing such Grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price under paragraph 5.1.
- 8.4 Without prejudice to paragraph 4.2, where any Grant of Options or Awards to a an INED or a substantial Shareholder or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of this Scheme or the relevant Share Scheme) to such person in the 12-month period up to and including the date of such Grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further Grant of Options or Awards must be approved by Shareholders in general meeting (with such Grantee, his associates and all core connected persons of the Company abstaining from voting in favour) in accordance with Rule 17.04(4) of the Listing Rules. In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).
- 8.5 Any change in the terms of Options or Awards granted to a Grantee who is a Director, chief executive or substantial Shareholder, or any of their respective associates, must be approved by the Shareholders in general meeting in the manner as set out in paragraph 8.3, if the initial grant of the Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- 8.6 The requirements for the Grant to a Director or chief executive of the Company set out in paragraph 8.2 and 8.5 above do not apply where the Eligible Participant is only a proposed Director or a proposed chief executive of the Company.

8.7 For the purpose of seeking the approval of the Shareholders under paragraphs 8.2, 8.3, 8.4 and 8.5, the Company must send a circular to the Shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting. The circular sent by the Company to the Shareholders shall contain, among others, the information required under Rule 2.17 of the Listing Rules, the information required under Rules 17.02(2)(c) and (d) of the Listing Rules, the disclaimer required under Rule 17.02(4) of the Listing Rules and a recommendation from the INED.

# 9. Adjustments to the Subscription Price

- 9.1 In the event of any alteration in the capital structure of the Company, whether by way of capitalisation issue, rights issue, subdivision, consolidation of Shares or reduction of share capital of the Company while any Option remains exercisable, such corresponding alterations (if any) certified in writing by the Auditors or an independent financial adviser to the Company as fair and reasonable to be made either generally or as regards any particular Grantee, shall be made to:
  - (a) the number of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
  - (b) the Subscription Price of any Option; and/or
  - (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,
    - and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:
    - (i) any such adjustments shall give a Grantee the same proportion of the issued Share capital of the Company (rounded to the nearest whole Share) for which he would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
    - (ii) 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;
    - (iii) no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value; and

(iv) any such adjustment shall be made in compliance with the Listing Rules and other applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any such adjustments referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the Auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.3, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3 In giving any certificate under this paragraph 9, the Auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

#### 10. Cancellation of Options

- 10.1 Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2 Where the Company cancels any unvested Option granted to a Grantee or any vested but not exercised Option, and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available Scheme Mandate Limit or the limits approved by the Shareholders pursuant to paragraph 8.2(a) or 8.2(b).

#### 11. Share capital

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

## 12. Disputes

12.1 Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under paragraph 9.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

#### 13. Alteration of this Scheme

- 13.1 Subject to paragraphs 13.2 and 13.4, this Scheme may be altered in any respect by a resolution of the Directors except that:
  - (a) the provisions of this Scheme as to the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date" in paragraph 1.1;
  - (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles for the time being for a variation of the rights attached to the Shares.

- 13.2 Subject to paragraph 13.3, any change to the terms of any Option granted to a Grantee shall be approved by the Directors, the Remuneration Committee, the INEDs and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Option was approved by the Directors in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules. The foregoing provisions of this paragraph 13.2 shall not apply where the alterations take effect automatically under the existing terms of this Scheme.
- 13.3 Any change to the authority of the Directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in general meeting.
- 13.4The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements under Chapter 17 of the Listing Rules.

13.5 Where the terms of this Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Participants all details relating to changes in the terms of this Scheme during the life of this Scheme.

#### 14. Termination

14.1 The Company by resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and (subject to vesting in accordance with the terms of the Offer) exercisable in accordance with this Scheme.

#### 15. Miscellaneous

- 15.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary and any Employee Participant and the rights and obligations of any Employee Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Employee Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.
- 15.4A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.
- 15.5 The Company must comply with Chapter 14A of the Listing Rules for providing financial assistance (if any) to any Grantee who is a connected person for purpose of facilitating such Grantee's subscription of Shares under the Option.

- 15.6 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 15.7 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.8 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
  - (a) one (1) day after the date of posting, if sent by mail; and
  - (b) when delivered, if delivered by hand.
- 15.9 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.10A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 15.11By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.12This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.