

Jinhai International Group Holdings Limited

今海國際集團控股有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 2225)

SHARE OPTION SCHEME

Approved pursuant to an ordinary resolution
passed by the Shareholders of the Company in a general meeting held on [•] 2023

SHARE OPTION SCHEME

1. DEFINITIONS

1.1. In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings ascribed to them below:–

“1% Individual Limit”	has the meaning given to that term under paragraph 9.6;
“Adoption Date”	[•], being the date on which the last condition set out in paragraph 2.1 is fulfilled;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	the auditors of the Company for the time being;
“award”	Shares granted or to be granted under a share award scheme of the Company;
“Board”	the board of directors of the Company or a committee thereof appointed for the purpose of administering this Scheme;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Jinhai International Group Holdings Limited 今海國際集團控股有限公司, a company incorporated in the Cayman Islands with members’ limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2225);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Date of Grant”	the date, which must be a Business Day, on which the Offer is made to the Eligible Participant;
“Director(s)”	the director(s) of the Company;

“Eligible Participants”	means any of the following categories of persons:	17.01A 17.03(2) 17.03A(1)
	(a) the Employee Participants;	
	(b) the Service Providers; or	
	(c) the Related Entity Participants;	
“Employee Participant(s)”	means director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted Options, share options or awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries);	17.03A(1)(a)
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of this Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;	
“Group”	the Company and its Subsidiaries;	
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;	
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;	
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);	
“New Scheme Mandate Limit”	has the meaning given to that term under paragraph 9.4(a);	
“New Service Provider Sublimit”	has the meaning given to that term under paragraph 9.4(a);	
“Offer”	the offer of the grant of an Option made in accordance with paragraph 5.1;	
“Option(s)”	right granted for the subscription of Shares pursuant to this Scheme;	
“Option Period”	in respect of any particular Option, a period within which the Option may be exercised by the Grantee, which shall be notified by the Board to each Grantee at the time of making an Offer but in any event shall not be more than ten years from the Date of Grant;	17.03(5)

“Related Entity Participant(s)”	directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;	17.03A(1)(b)
“Remuneration Committee”	the Remuneration Committee of the Board;	
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;	
“Scheme Mandate Limit”	has the meaning given to that term under paragraph 9.1;	
“Service Provider(s)”	person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work(s) for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support 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;	17.03A(1)(c)
“Service Provider Sublimit”	has the meaning given to that term under paragraph 9.2;	
“Share Registrar”	the share registrar of the Company from time to time;	
“Shareholder(s)”	holder(s) of Shares;	
“Share(s)”	ordinary shares in the capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such sub-division, reduction, consolidation, reclassification or reconstruction;	
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;	
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in paragraph 6;	
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;	

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

- (a) the headings are inserted for convenience of inference only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to paragraphs are references to paragraphs of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender or the neuter shall include other genders and the neuter; and
- (f) references to persons shall include individuals, bodies corporate or unincorporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal identity.

2. CONDITIONS

2.1. This Scheme shall take effect subject to and is conditional upon:

- (a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of the Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company pursuant to the exercise of any Option which may be granted under the Scheme in accordance with the terms and conditions of the Scheme.

3. PURPOSE, DURATION AND ADMINISTRATION

3.1. The purpose of this Scheme is to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, as well as to motivate Eligible Participants to contribute to the success of the Group’s operations. This Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants. ^{17.03(1)}

- 3.2. Subject to paragraphs 2 and 13, this Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. After the expiry of the ten-year period, no further Options shall be offered or granted, but in all other respects the provisions of this Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of issue after the end of the ten-year period. ^{17.03(11)}
- 3.3. This Scheme shall be subject to the administration of the Board, and the decision of the Board shall be final and binding on all parties who may be affected thereby. The Board shall have the right to (i) interpret and construe the provisions of this Scheme; (ii) determine the persons who will be offered Options under this Scheme, the number of Shares and the Subscription Price, subject to paragraph 6, in relation to such Options; (iii) subject to paragraphs 10 and 12, make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it shall deem necessary; and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.
- 3.4. No member of the Board 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 for any mistake of judgment made in good faith for the purposes of this Scheme, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own fraud or bad faith.

4. ELIGIBLE PARTICIPANTS

- 4.1. 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 or potential contribution to the success of the Group's operations and enhancing the value of the Company and its Shares.
- 4.2. In assessing whether 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 or potential contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing or future development of the Group, the value which such Eligible Participant has brought to the Group's business and development and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to contribute towards the success of the Group's operations. ^{17.03(2)}
^{17.03A(2)}
- 4.3. In determining the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among other things:
- (a) his/her skills, knowledge, experience, expertise relevant to the operations of the Group and in enhancing the value of the Company and its Shares;

- (b) his/her performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made towards the success of the Group's operations or enhancing the value of the Company and its Shares; and
- (d) his/her educational and professional qualifications, and knowledge in the industry in which the Group is currently having operations or the industry in which the Group is going to develop.

4.4. In assessing the eligibility of the Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among other things:

- (a) the responsibility taken up or to be taken up by the Related Entity Participant(s) towards the success of the Group's operations or enhancing the value of the Company and its Shares;
- (b) the positive impacts brought by, or expected to be brought by, the Related Entity Participant on the Group's business development in terms of financial performance or financial position;
- (c) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships;
- (d) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (e) the materiality and nature of the business relations of 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 of the Group which may benefit the principal businesses of the Group through a collaborative relationship.

4.5. In assessing the eligibility of the Service Provider(s), the Service Provider(s) shall be person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business from time to time 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, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees.

4.6. Amongst the Service Providers eligible for the granting of Options, (i) contractors, suppliers and agents and entities providing research, development or other technological support 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 contractors, suppliers and agents and entities providing research, development or other technological support are connected with various areas of the Group's day-to-day operations, including sales and marketing, provision of services and raw materials, procurement and research and development or other technological support 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 skills, experience, knowledge and expertise in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers, possessing industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group, would provide advisory, consultancy, technology, and client referral services to the Group on areas relating to the Group's principal business activities. 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. In assessing the eligibility of the Service Provider(s), the Board will consider all relevant factors as appropriate, including, among other things:

- (a) in respect of contractors, suppliers and agents and entities providing research, development or other technological support:
 - (i) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him/her/it;
 - (ii) the ability of the Service Provider to maintain the quality of services;
 - (iii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - (iv) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the financial return attributable to the Service Provider's collaboration with the Group;
 - (v) 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
 - (vi) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

- (b) 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 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 length 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 revenue or profit.

5. GRANT OF OPTION

- 5.1. On and subject to the terms of this Scheme and the requirements of the Listing Rules, the Board shall be entitled, but shall not be bound, at any time within ten years commencing on the Adoption Date to make an Offer to any Eligible Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Eligible Participant may, during the Option Period, subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) at the Subscription Price as the Board may determine.
- 5.2. The Offer shall specify the terms on which the Option is to be granted and the Board may at its discretion specify any condition in the Offer which must be satisfied before the Option may be exercised.
- 5.3. The Offer shall state the following:
 - (a) the name, address and position of the Eligible Participant and the category to which the Eligible Participant belongs;
 - (b) the number of Shares in respect of which the Offer is made and the Subscription Price;
 - (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 last date by which the Offer must be accepted (which must not be later than 21 days from the date on which the letter containing the Offer is delivered to that Eligible Participant);
 - (e) a minimum period for which the Options must be held before it is vested and exercisable, in accordance with paragraphs 5.4 and 5.5;
 - (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) the clawback mechanism for the Company to recover or withhold any Option granted to any Eligible Participants (if any) as provided in paragraph 13.2;
- (i) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the Scheme; and
- (j) a statement requiring the Eligible Participant to undertake to hold the Options on the terms on which it is to be granted and to be bound by the provisions of the Scheme.

5.4. The vesting period for the Options shall be determined by the Board, and save for the circumstances prescribed in paragraph 5.5, shall not be less than 12 months after the Date of Grant. 17.03(6)

5.5. A shorter vesting period may be granted to the Employee Participants at the discretion of the Board (or the Remuneration Committee where the arrangements relate to grant of Options to Directors and/or senior managers of the Group) only in any of the following circumstances: 17.03F

- (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out-of-control event;
- (c) 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;
- (d) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria,

each of which is considered appropriate and serves the purpose of this Scheme to provide flexibility to grant Options (i) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (a) and (d)); (ii) to reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (b) and (c)); (iii) to reward exceptional performers with accelerated vesting (sub-paragraph (d)); (iv) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (e)); and (v) in exceptional circumstances where justified (sub-paragraphs (a) to (e)).

5.6. In the circumstances contemplated in paragraph 7.3, the Board shall determine in its absolute discretion whether such Options shall vest and the period within which such Options shall vest, subject to the requirements of the Listing Rules and the terms of the Scheme (including the requirements on vesting period as set out in paragraphs 5.4 and 5.5). For the avoidance of doubt, vesting period of Options granted to Eligible Participants who are not Employee Participants will not be less than 12 months in any event.

5.7. The Board may determine and set any performance targets, which shall be stated in the Offer ^{17.03(7)} to the Grantee, to be attained before the exercise of an Option granted to the Grantee as the Board may think fit. Such performance targets may include:

- (a) any measurable performance benchmark, including financial and management targets, which the Board considers relevant to the Grantee, such as key performance indicators of respective department(s) and/or business unit(s) that the Grantee belongs, individual position, annual appraisal result and performance of the Grantee determined under the Company's employee performance evaluation system;
- (b) the Grantee's fulfilment of milestones with respect to, including but not limited to, business development of the Group;
- (c) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and/or
- (d) any other performance targets as the Board determines as appropriate.

5.8. Any grant of Options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee of the grant of Options).

5.9. No Offer shall be made and no Option shall be granted to any Eligible Participant after ^{17.05} inside information has come to the Company's knowledge until (and including) the trading day after it has announced the information. In particular, the Company shall not grant any Option during the period commencing one month immediately before the earlier of:-

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of 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 an announcement of, its results for any year or half-year in accordance with 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 where an option is granted to a Director:

- (a) no Options shall be granted 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.

For the avoidance of doubt, the period during which no Option shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

- 5.10. An Offer shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the Date of Grant. An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Offer 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 by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable in any circumstances. ^{17.03(8)}
- 5.11. Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate of the offer letter comprising acceptance of the Offer in the manner as set out in paragraph 5.10. To the extent that the Offer is not accepted within 21 days from the Date of Grant in the manner indicated in paragraph 5.10, it shall be deemed to have been irrevocably declined.
- 5.12. The Option Period of an Option shall not be more than ten years from the Date of Grant of that Option. ^{17.03(5)}

6. SUBSCRIPTION PRICE

- 6.1. The Subscription Price in respect of any Option shall, subject to the adjustments referred to in paragraph 10, be such price determined by the Board at its absolute discretion and notified to the Eligible Participant in the Offer at the time of the Offer and shall be at least the highest of:– ^{17.03(9)}
^{17.03E}
- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
 - (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant; and
 - (c) the nominal value of the Shares on the Date of Grant.

7. EXERCISE OF OPTIONS

- 7.1. An Option and an Offer 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 create any interest (legal or beneficial) in favour of any other person over or in relation to any Option held by him or any Offer made to him or attempt to do so, except where applicable under the Listing Rules, when the Stock Exchange has granted a waiver to the Grantee to transfer his/her Options to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of this Scheme and comply with other requirements under the Listing Rules or for the transmission of an Option on the death of the Grantee to his personal representative(s) on terms of this Scheme. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company. ^{17.03}
(17)
- 7.2. An Option may, subject to the terms and conditions upon which such Option is granted, be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, in the manner as set out in paragraph 7.3, by the Grantee 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 exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 15 Business Days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or the relevant independent financial advisor's (retained for such purpose) certificate pursuant to paragraph 10, the Company shall allot and issue, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.
- 7.3. Subject to the terms and conditions upon which such Option was granted and paragraphs 5.4 and 5.5, an Option may be exercised by the Grantee at any time during the Option Period, provided that:–
- (a) in the event the Grantee (being an Employee Participant) ceases to be an Employee Participant for any reason other than (i) his death or (ii) on one or more of the grounds of termination of employment specified in paragraph 8.1(f), the Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines (such as by reason of disability, ill-health or retirement in accordance with the relevant contract of employment) in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of the Group) shall be the last actual working day on which the Grantee was physically at work with the Company or the relevant Subsidiary of the Company, whether salary is paid in lieu of notice or not;

- (b) in the event the Grantee ceases to be an Employee Participant for reason of his death before exercising the Option in full and none of the events for termination of employment under paragraph 8.1(f) then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death;
- (c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 7.3(d) 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 Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b) at any time within such period as shall be notified by the Company;
- (d) 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 Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b);
- (e) 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 Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b), and the Company shall as soon as possible and in any event no later than two Business 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
- (f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 7.3(d), 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 compromise or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b), and the Company shall as soon as possible and in any event no later than two Business 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.

7.4. For the purpose of this paragraph 7:–

- (a) any references to exercising an Option shall refer to exercising that Option to the extent not already exercised, notwithstanding that the Option Period has not come into effect;
- (b) pursuant to paragraphs 7.3(c), 7.3(d), 7.3(e) and 7.3(f), the Company may in its discretion notwithstanding the terms of the relevant Option, at the same time as giving the notice provided for under each of those paragraphs, also give notice to a Grantee that his 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; and
- (c) if the Company gives notice under paragraph 7.4(b) that an Option can be exercised in part only, the balance of the Option shall lapse.

7.5. The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the articles of association of the Company for the time being in force and shall rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company, 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 of the Company (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 shall be before the Exercise Date. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company), in respect of the Shares to be issued upon the exercise of the Option. ^{17.03(10)}
^{17.03(15)}

7.6. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee provided such new Options are granted within the limits prescribed by paragraph 9 and otherwise comply with the terms of this Scheme. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit. ^{17.03(14)}

8. LAPSE OF OPTION

8.1. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:– ^{17.03(12)}

- (a) the expiry of the Option Period;
- (b) the expiry of the periods for exercising the Option as referred to in paragraph 7.3;
- (c) subject to the scheme of arrangement (referred to in paragraph 7.3(d)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 7.3(d);

- (d) subject to the voluntary winding-up of the Company (referred to in paragraph 7.3(e)), the expiry of the period for exercising the Option as referred to in paragraph 7.3(e);
- (e) the date on which the Grantee commits a breach of paragraph 7.1;
- (f) the date on which the Grantee (being an Employee Participant) ceases to be an Employee Participant by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment summarily;
- (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (h) where the Grantee is a Related Entity Participant or a Service Provider, the date on which the Board shall at its absolute discretion determine that: (a) the Grantee has committed any breach of any contract entered into between the Grantee, his/her/its associate and/or the relevant related entity and/or the service provider on the one part and any member of the Group on the other part; (b) 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 its creditors generally; or (c) the Grantee and/or the relevant related entity and the service provider which the Grantee served 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;
- (i) where the Grantee is an Employee Participant, a Related Entity Participant or a Service Provider of a member of the Group (other than the Company), the date on which such member ceases to be a Subsidiary of the Company; and
- (j) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 7.3(a) or 7.3(b), the date the Grantee ceases to be an Eligible Participant (as determined by a Board resolution) for any reason.

8.2. Transfer of employment, engagement or relationship from one member of the Group to another member of the Group shall not be considered as a cessation of employment, engagement or relationship.

9. MAXIMUM NUMBER OF SHARES SUBJECT TO OPTIONS

- 9.1. The total number of Shares which may be issued in respect of all Options, share options and awards to be granted under this Scheme and any other share option scheme(s) of the Company or share award scheme(s) of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (the “**Scheme Mandate Limit**”) shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of this Scheme shall not be regarded utilised for the purpose of calculating the Scheme Mandate Limit. 17.03(3)
17.03B(1)
- 9.2. Subject to paragraph 9.1, the total number of Shares which may be issued in respect of all Options, share options and awards to be granted to the Service Providers under this Scheme and any other share option scheme(s) of the Company or share award scheme(s) of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”). 17.03(3)
17.03B(2)
- 9.3. Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit. 17.03(14)
Note
- 9.4. The Company may refresh the Scheme Mandate Limit (and the Service Provider Sublimit) at any time by obtaining approval of the Shareholders in general meeting after three years from the Adoption Date or the date of the Shareholders’ approval for the last refreshment, provided that: 17.03C(1)
- (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 Mandate Limit as refreshed (the “**New Scheme Mandate Limit**”) shall not exceed 10% (and the Service Provider Sublimit as refreshed (the “**New Service Provider Sublimit**”) shall not exceed 1%) of the Shares in issue at the date of the Shareholders’ approval of such New Scheme Mandate Limit and New Service Provider Sublimit. Options or share options or awards previously granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company lapsed in accordance with the terms of the scheme will not be regarded as utilised for the purpose of calculating the New Scheme Mandate Limit (and the New Service Provider Sublimit, if any). The Company must send a circular to its Shareholders containing the number of Options, share options and share awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment. 17.03C(2)
- (b) any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, subject to: (i) 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 (ii) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.

- (c) the requirements under paragraph 9.4(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 Mandate Limit (as a percentage of the total number 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.

- 9.5. The Company may also seek separate Shareholders' approval in general meeting for granting Options, share options and shares awards under this Scheme or other share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Mandate Limit, provided the share options or share awards in excess of the Scheme Mandate Limit 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 awards, the number and terms of the share options or 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 awards serve such purpose. The number and terms of share options or awards to be granted to such Eligible Participant must be fixed before Shareholders' approval. In respect of any share 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. 17.03C(3)
- 9.6. The total number of Shares issued and to be issued in respect of all Options, share options or awards granted to each Eligible Participant (including both exercised or outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) in any 12-month period up to and including the date of such grant shall not exceed 1% of the Shares in issue (the "**1% Individual Limit**"). Any further grant of Options, share options or awards granted to an Eligible Participant which would result in the Shares issued and to be issued upon exercise of all Options, share options or awards granted and to be granted to such Eligible Participant (including both exercised or outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit shall be subject to Shareholders' approval in general meeting in advance with such Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders. The number and terms of the share options to be further granted to such Grantee must be fixed before Shareholders' approval. In respect of any share options to be further granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. 17.03(4)
17.03D(1)

9.7. Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the respective terms of the scheme) to such person in the 12-month period up to and including the Date of Grant (or such other period as may from time to time be specified by the Stock Exchange) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue on the Date of Grant, such grant of Options shall be subject to prior approval by the Shareholders in general meeting (voting by way of poll). The Grantee, his associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour at such general meeting and the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. ^{17.04(3)} ^{17.04(4)}

9.8. The maximum number of Shares referred to in paragraph 9 shall be adjusted, in such manner as the Auditors or the independent financial advisor of the Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 10 whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company, but in any event shall not exceed the Scheme Mandate Limit prescribed in paragraph 9.1.

10. REORGANISATION OF CAPITAL STRUCTURE AND SPECIAL DIVIDENDS

10.1. In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to:– ^{17.03(13)}

- (i) the number or nominal amount of Shares comprised in each Option so far as unvested;
- (ii) the number or nominal amount of Shares comprised in each Option so far as vested but unexercised; and/or
- (iii) the Subscription Price.

as the Auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). The capacity of the Auditors or independent financial advisor (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or independent financial advisor (as the case may be) in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme shall be borne by the Company.

- 10.2. In respect of any adjustment referred to in paragraph 10.1, other than any adjustment made on a capitalisation issue, the Auditors or independent financial advisor (as the case may be) must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.
- 10.3. If there has been any alteration in the capital structure of the Company as referred to in paragraph 10.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 7.2, 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 10.1.

11. SHARE CAPITAL

- 11.1. The exercise of any 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 allot the Shares for the exercise of any Option.

12. ALTERATION OF THIS SCHEME

- 12.1. Subject to paragraphs 12.2 to 12.5, the Board may amend any of the provisions of this Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of this Scheme, which are not restricted under Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date). 17.03(18)
- 12.2. Any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by Shareholders in general meeting. 17.03(18)
Note 1
- 12.3. Any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of this Scheme. 17.03(18)
Note 2
- 12.4. 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. 17.03(18)
Note 4
- 12.5. The amended terms of this Scheme and/or any Options pursuant to this paragraph 12 must comply with the relevant requirements of Chapter 17 of the Listing Rules. 17.03(18)
Note 3

13. TERMINATION AND CLAWBACK MECHANISM

13.1. The Company may by ordinary resolution in general meeting terminate the operation of this Scheme and in such event no further Options shall be offered or granted but in all other respects the provisions of this Scheme shall remain in full force and effect. Options which are not exercised and outstanding immediately prior to the termination of the operation of this Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of this Scheme. ^{17.03(16)}

13.2. Unless the Board otherwise determined and provided in the Offer, where there has been an occurrence of misconduct during the Option Period such as: ^{17.03(19)}

- (a) any material misstatements or omissions in the Company's financial statements by a Grantee;
- (b) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information;
- (c) any termination of employment contracts by a Grantee without notice or payment in lieu of notice;
- (d) any conviction of any criminal offence by a Grantee involving integrity or honesty; or
- (e) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group,

the Options may be subject to clawback as considered and recommended by the Remuneration Committee and determined and approved by the Board where appropriate. The clawback of Options granted to the Directors and senior management of the Group, and any grants of Options to the Directors and senior management of the Group without clawback, shall be further subject to the approval of the Remuneration Committee and satisfaction of any other requirements under the Listing Rules. The Options that are clawed back pursuant to this paragraph shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the New Scheme Mandate Limit, as the case may be).

14. MISCELLANEOUS

14.1. This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Grantee, and the rights and obligations of any such Grantee under the terms of his office or employment or engagement shall not be affected by his participation in this Scheme and this Scheme shall afford such Grantee no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.

- 14.2. This Scheme shall not confer on any person any legal or equitable rights (other than those rights 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 or any Subsidiary.
- 14.3. The Company shall bear the costs of establishing and administering this Scheme.
- 14.4. A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders generally at the same time or within a reasonable time of any such notices or documents being sent.
- 14.5. Any notice or other communication between the Company and a Grantee shall be in writing and may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.
- 14.6. Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 14.7. Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one day after the date of posting, if sent by post; and
 - (b) when delivered, if delivered by hand.
- 14.8. All allotments and issues of Shares pursuant to this Scheme shall be subject to all necessary consents under any relevant legislation for the time being in force in Hong Kong to which the Company is subject to. A Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant, holding or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme.
- 14.9. Each Grantee shall pay all taxes 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.
- 14.10. The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme and all applicable requirements of the Listing Rules. The Board shall also have the power to delegate its powers to grant Options to Eligible Participants and to determine the Subscription Price, to the Company's chief executive officer or managing director from time to time subject to compliance with the Listing Rules.
- 14.11. The Company shall maintain all necessary books of account and records relating to this Scheme.

14.12. A Grantee who is a member of the Board may, subject to and in accordance with the articles of association of the Company, provisions of this Scheme and the requirements under the Listing Rules, notwithstanding his interest, vote on any Board resolution concerning this Scheme (other than in respect of his own participation therein) and may retain any benefit under this Scheme.

15. GOVERNING LAW

This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.