

# **HORIZON CONSTRUCTION DEVELOPMENT LIMITED**

**宏信建設發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

## **Share Option Scheme Rules**

Approved and adopted by resolutions passed by the  
Shareholders of the Company on [4 June] 2024

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### Share Option Scheme Rules

#### 1. DEFINITIONS

1.1 Unless the context otherwise requires, the following expressions shall be defined as follows in the Scheme:

“Acceptance Date”	the date on which the Offer of any Share Option shall be accepted by a Participant, namely a date within 14 days after the Date of Grant;
“Administration Committee”	the committee formed by the members of the remuneration committee and two executive Directors of the Company, which has been authorized by the Board to manage the Scheme;
“Adoption Date”	the date on which the Scheme is approved and adopted by the Shareholders of the Company;
“Articles of Association”	the third amended and restated articles of association of the Company adopted by a special resolution on 11 April 2023, as amended from time to time;
“associate(s)” and “close associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Auditors”	the auditors of the Company for the time being;
“Board”	the current board of directors of the Company or a duly authorized committee thereof;
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business;

“Company”	Horizon Construction Development Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9930);
“connected person(s)” and “core connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Date of Grant”	in relation to any Share Option, the business day on which the Board resolves to grant Share Options to a Participant;
“Director(s)”	director(s) of the Company;
“Exercise Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of a Share Option under Clause 5 of the Scheme;
“Grantee(s)”	any Participant(s) who accepts the Offer of any Share Option in accordance with the terms of the Scheme;
“Grant”, “Offer” or “Offer of Share Option(s)”	the grant of any Share Option under Clause 4 of the Scheme;
“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Individual Limit”	has the meaning as set out in Clause 10.2;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Participant(s)”	any Participant who meets the conditions of participation as set out in the Listing Rules and Clause 3.5 of the Scheme;

“Placing Date”	the date on which the relevant Shares are placed to a Grantee after the granted Share Options are exercised under the Scheme;
“PRC”	the People’s Republic of China;
“Scheme Mandate Limit”	has the meaning as set out in Clause 10.1 of the Scheme;
“Scheme”	this share option scheme, as amended from time to time;
“Share Option(s)”	any Share Option(s) currently in force to subscribe for the Shares under the Scheme;
“Share(s)”	the ordinary share(s) of the Company, or if there has been a subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the shares of the Company, the share(s) forming part of the ordinary shares of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	a subsidiary (as defined in the Listing Rules) owned by the Company for the time being and from time to time, whether incorporated in the Cayman Islands or in any other regions;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Termination of Employment for Cause”	has the meaning under Clause 6.2.3.1; and
“Share Option Period”	the period during which any Share Option is exercisable as determined by the Board or the Administration Committee and notified to the Grantee thereof at the time of the Grant of the Share Option, which shall end no later than ten years after the Date of Grant. <sup>17.03(5)</sup> <sup>17.03(2)</sup>

1.2 Unless the context otherwise requires, in the Scheme:

- (a) the headings of the clauses are inserted for convenience only and shall not affect the interpretation of the Scheme;
- (b) references to “clauses” refer to the clauses of the Scheme;
- (c) the singular number shall also include the plural and vice versa, and the masculine gender shall also include the feminine gender and vice versa;
- (d) references to a person shall include references to a legal entity or an unincorporated entity;
- (e) references to any document refer to a document as amended, consolidated, supplemented, updated or replaced from time to time; and
- (f) references (express or implied) to regulations, laws and regulatory requirements and the Listing Rules shall refer to the regulations, laws and regulatory requirements and the Listing Rules as amended or re-enacted or as the effect of which has been otherwise modified from time to time, whether before or after the Scheme, and shall include any re-enacted requirements, whether or not amended, and any decrees, ordinances, documents, other subordinate legislations or application guidelines issued under the relevant regulations, laws and regulatory requirements and the Listing Rules.

1.3 In construing the Scheme:

- (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

## **2. CONDITION PRECEDENT**

In addition to obtaining the approval of the Shareholders of the Company for the Scheme to become effective, the listing of, and permission to deal in, the Shares issued pursuant to the exercise of the Share Options under the Scheme shall also be conditional upon obtaining the approval of the Stock Exchange (subject to the Scheme Mandate Limit). <sup>17.02(1)(a)</sup>

## **3. PURPOSE, MANAGEMENT, PERIOD AND PARTICIPANTS**

### **Purpose**

3.1 The purpose of the Scheme is to reward the Participants for their contribution to the Group and to encourage the Participants to continue their efforts towards enhancing the value of the Company and its Shares in the interests of the Company and all its Shareholders. <sup>17.03(1)</sup>

## Management

- 3.2 The Board is responsible for the interpretation of the Scheme. The decisions of the Board shall be final and binding on the parties in respect of all matters relating to the Scheme or its interpretation or effect. The Board has the right to (a) interpret and construe the clauses of the Scheme; (b) determine the persons who shall be offered Share Options under the Scheme, and the number of Share Options to be granted and the Exercise Price under Clauses 4 and 5; (c) subject to Clause 14, make such adjustments to the terms of the Grant of Share Options under the Scheme to the relevant Grantee as the Board may deem necessary, and shall notify the relevant Grantee of such adjustment in writing; and (d) make such decisions or determinations as the Board may deem appropriate in relation to the Offers and/or the management of the Scheme, provided that the same shall not be inconsistent with the Scheme and the Listing Rules.
- 3.3 The Administration Committee of the Company is responsible for the day-to-day management and administration of the Scheme, and, subject to the total amount of each Grant of Share Options approved by the Board, has the right to (a) determine the persons who shall be offered Share Options under the Scheme, and the number of Share Options to be granted and the Exercise Price under and subject to Clauses 4 and 5; (b) subject to Clause 14, make such adjustments to the terms of the Grant of Share Options under the Scheme to the relevant Grantee as the Administration Committee may deem necessary, and shall notify the relevant Grantee of such adjustment in writing; and (c) make such decisions or determinations as the Administration Committee may deem appropriate in relation to the Offers and/or the management of the Scheme, provided that the same shall not be inconsistent with the Scheme, the Listing Rules and the decisions or determinations of the Board. In connection with the day-to-day management and administration of the Scheme, the Company will comply with all applicable laws, regulations, and rules, including the Listing Rules and relevant guidelines.

## Period

- 3.4 Subject to Clause 15, the Scheme shall be in effect for a period of 10 years from the Adoption Date. No Share Option may be offered or granted thereafter, but the terms of the Scheme shall remain in full effect in all other respects. Upon expiry of the above 10-year period, Share Options granted during the term of the Scheme may continue to be exercised in accordance with the terms in effect at the time of Grant. <sup>17.03(11)</sup>

## Participants

- 3.5 Participants of the Scheme include Employee Participants who meet the conditions of participation as set out in the Listing Rules and the Scheme, specifically, including the directors, senior management, middle management and other key employees of the Company and/or subsidiary of the Company who meet the conditions of participation as set out in the Listing Rules and the Scheme. In determining the basis of eligibility of Participants, their employment status with the Group, such as for how long they have been an employee, the managerial or key positions held and the corresponding functions assumed, individual expertise, skills or experience, contribution to the operation and management of the Group, and such other factors as may be deemed appropriate by the Board or the Administration Committee in its sole discretion will be taken in consideration. <sup>17.03(2) and note (2)  
17.03A</sup>

#### **4. GRANT OF SHARE OPTIONS**

4.1 Subject to the terms of the Scheme, the Board or the Administration Committee is entitled to grant Share Options to Participants selected by it in its sole discretion at any time during the 10-year period after the Adoption Date, which permit them to subscribe for such number of Shares as determined by the Board or the Administration Committee at the Exercise Price, except for the following circumstances:

- (a) no Share Option may be granted under the Scheme following the termination of the Scheme in accordance with Clause 15;
- (b) no Share Option may be granted if the Company is required to publish a prospectus or other offering document for the Grant of such Share Option in compliance with relevant laws or regulations applicable to the Company;
- (c) no Share Option may be granted if the Grant of such Share Option would result in a breach of relevant laws or regulations (including laws or regulations relating to securities) by the Company or its Directors; and
- (d) no Shares in respect of any Share Option may be reissued under the Scheme once issued.

4.2 The Board or the Administration Committee may, in its sole discretion, when offering a Share Option, impose any conditions, restrictions or limitations in relation thereto in addition to those set out in the Scheme, as it may deem appropriate (as set out in the letter containing the Grant of the Offer of Share Options), including (without prejudice to the aforesaid general principle) the performance, operating or financial indicators to be achieved by the Company, the Company's subsidiary(ies) and/or the Grantee, certain conditions or obligations or performance targets to be met or satisfactorily performed by the Grantee who is granted a Share Option (including, as the case may be, his/her expertise, skills or experience, contribution to the Group, performance and synergies at work, achievement of performance indicators or annual appraisal results, key performance indicators of respective department(s) that the Grantee belongs to), and the vesting time for the Grantee to exercise all or part of his/her Share Options, provided that the terms and conditions shall not be inconsistent with any other terms of the Scheme. The Board or the Administration Committee will conduct assessment by comparing the actual performance, operating or financial results of the Company, the Company's subsidiary(ies) and the actual performance of the Grantee with the pre-determined targets or individual performance indicators to determine whether or to what extent the performance targets have been met. Such pre-determined targets or individual performance indicators may be set by the Board or the Administration Committee on a case by case basis with reference to factors including the specific position and role of the relevant Grantee, and the overall business plan, strategy and the expected financial performance of the Group in the relevant period. The performance targets will be deemed to be met when the actual level achieved reaches or exceeds the level of the pre-determined targets or individual performance indicators.

17.03(7)

4.3 Any Grant of Share Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates under the Scheme shall be subject to prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed Grantee of the Share Options in question). Where any Grant of Share Options to a substantial shareholder or an independent non-executive Director of the Company, or any of his/her respective associates, which would result in the total number of Shares issued and to be issued upon the exercise of Share Options and awards already granted and to be granted (excluding any share options and awards lapsed in accordance with the terms of the scheme) to such person within the 12-month period up to and inclusive of the Date of Grant in excess of 0.1% of the issued Shares as at the date of the aforesaid Grant, such further Grant of Share Options shall be subject to prior approval of the Shareholders of the Company, and the Grantee, his/her associates and all core connected persons of the Company shall abstain from voting and a circular shall be despatched to the Shareholders under the Listing Rules. 17.04(1)  
17.04(3)  
17.04(4)

4.4 A circular to be sent to the Shareholders under Clause 4.3 shall contain the following information:

- (a) details of the number and terms of the Share Options to be granted to each Participant, which must be fixed before the general meeting. The date of the Board meeting for proposing such further Grant shall be regarded as the Date of Grant for the purpose of fixing the Exercise Price of the Share Options; 17.04(5)(a)
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Share Options in question) as to whether the terms of the Grant are fair and reasonable and whether such Grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; 17.04(5)(b)
- (c) the information required under Rule 17.02(2)(c) of the Listing Rules; and 17.04(5)(c)
- (d) the information required to be disclosed under Rule 2.17 of the Listing Rules. 17.04(5)(d)

4.5 The Company may not grant any Share Options after inside information has come to its knowledge until (and including) the trading day after the inside information is announced. In particular, it may not grant any Share Options during the period commencing one month immediately before the earlier of: 17.05 and note

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange by the Company in accordance with 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 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 of the Company. For the avoidance of ambiguity, no Share Option may be granted during any period of delay in publishing a results announcement, if any.

- 4.6 The Company may not offer and grant any Share Option to a Participant who is prohibited to deal in the Shares by the Listing Rules or any other rules, regulations or laws.
- 4.7 If any Participant is prohibited to deal in the Shares by the Listing Rules or any other rules, regulations or laws, the relevant Participant may not accept the Share Options offered by the Company, or obtain the Shares by exercising his/her Share Options. In particular, the relevant persons may not accept or exercise any Share Option or sell the Shares obtained by exercising any Share Option during the following period:
- (a) in respect of any Participant when he/she is in possession of inside information until such inside information has been announced;
  - (b) in respect of the Directors or relevant employees (as defined in the Listing Rules), on any day on which the financial results are published by the listed issuer and:
    - (i) 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 (ii) 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.
- 4.8 If the Board or the Administration Committee decides to offer a Share Option to a Participant under Clause 4.1, the Board or the Administration Committee shall issue to such Participant a Share Option Offer Letter, which shall set out:
- (a) the name, address and position/capacity of the Participant;
  - (b) the Date of Grant;
  - (c) the Acceptance Date;
  - (d) the number of Shares to which the Share Option to be granted relates;
  - (e) the Exercise Price and the payment method;
  - (f) the determination of the Share Option Period;
  - (g) the method of acceptance of the Share Option granted shall, unless otherwise determined by the Board or the Administration Committee, be that referred to in Clause 4.9;
  - (h) the method of exercise of the Share Option granted shall, unless otherwise determined by the Board or the Administration Committee, be that referred to in Clause 7.2; and
  - (i) such other terms and conditions, if any, as the Board or the Administration Committee may deem reasonable and fair, provided that such terms and conditions shall not be inconsistent with the standards and procedures as set out in the Scheme.

At the same time, the Share Option Offer Letter shall require the Participant to undertake to hold the Share Option in accordance with the terms of the Grant of the Share Option and to undertake to comply with the terms of the Scheme and any adjustments made from time to time in accordance with the terms of the Scheme.

- 4.9 The aforesaid Participant to whom a Share Option has been granted shall decide whether or not to accept the Offer of the Share Option within 14 days after the Date of Grant, except in the case of the expiry of the Scheme as referred to in Clause 3.4. If the Company receives from such Participant within the Acceptance Date a duly signed Share Option Offer Letter specifying the number of Shares in respect of offered Share Option accepted by the Participant and at the same time receives from such Participant a remittance of the consideration for the Grant of the Share Option of HK\$1.00 (nominal only) to the Company, the Share Option in respect of the Share Option Offer Letter is deemed to have been granted and to have become effective. The said remittance is not refundable under any circumstances. <sup>17.03(8)</sup>
- 4.10 The number of Shares in respect of a Share Option accepted may be less than the number of Shares in respect of which a Share Option offered, provided that such number of Shares is the number of a board lot in which the Shares are traded on the Stock Exchange or an integral multiple thereof. If the offered Share Option is not accepted within the Acceptance Date in the manner provided for in Clause 4.9 above, the offered Share Option shall be deemed to have been irrevocably rejected.
- 4.11 A Participant may only accept a Share Option granted by the Company in his/her own name.

## 5. EXERCISE PRICE

The Exercise Price shall be determined in the sole discretion of the Board or the Administration Committee, but shall in no event be less than the higher of: <sup>17.03(9) and note 17.03E</sup>

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a business day, and
- (ii) 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.

## 6. VESTING OF SHARE OPTIONS

6.1 Subject to the vesting conditions set out in Clause 6.2 of the Scheme, the Share Options will be vested according to the following vesting schedule:

<b>Vesting date</b>	<b>Number of Share Options to be vested</b>
The date of the first anniversary of the Date of Grant	One-third of the Share Options (the number of Shares rounded to the nearest whole number)
The date of the second anniversary of the Date of Grant	One-third of the Share Options (the number of Shares rounded to the nearest whole number)
The date of the third anniversary of the Date of Grant	The remaining of the Share Options (the number of Shares rounded to the nearest whole number)

The Board or the Administration Committee has the right to adjust the vesting period arrangement as described in this clause, provided that the vesting period will not be shorter than 12 months and the requirements relating to the vesting period as set out in Rule 17.03F of the Listing Rules and the relevant guidelines are met.

### 6.2 Vesting conditions

6.2.1 The Company achieved 80% or more of the performance targets for the previous year (based on the budget targets approved by the Board for the previous year, including comprehensive assessment of relevant performance indicators such as operating income growth rate, profit before tax growth rate and average return on equity (ROE)).

6.2.2 The vesting of Share Options is subject to the participant remaining at all times after the Date of Grant and on the vesting date (as the case may be, on each relevant vesting date) a Participant of the Company or any subsidiary of the Company. For the avoidance of ambiguity, in the event of a participant ceasing to be a Participant by reason of death, all Share Options granted but not vested shall be deemed to be lapsed immediately on the date of his/her death.

6.2.3 The corresponding granted but not vested Share Options may not be vested and shall lapse immediately on the vesting date if the following situations happen to the Grantee: 17.03(19)

6.2.3.1. employment has been terminated by the Company or any subsidiary of the Company for cause. For purposes of this paragraph and all other provisions of the Scheme, if any, relating to Termination of Employment for Cause, cause means:

- (a) dishonest conduct or gross misconduct, whether or not in connection with his/her employment; failure to observe or comply with his/her employment, agency or consultancy contract or non-competition clause with the Company or any subsidiary of the Company or any legitimate orders or instructions given by the Company or any subsidiary of the Company as the case may be;
- (b) incompetence or negligence in the performance of his/her duties in the conclusive opinion of the Company or any subsidiary of the Company;
- (c) any act in the conclusive opinion of the Company or any subsidiary of the Company adversely affecting his/her ability to perform his/her duties properly or causing damage to the Company or the Group;
- (d) leaking the trade secrets or confidential information of the Company or any subsidiary of the Company; or
- (e) the occurrence of other circumstances under which the Company or any subsidiary of the Company, in its sole discretion, deems appropriate for termination of employment;

6.2.3.2. has been dismissed immediately by the Company or any subsidiary of the Company or tendered his/her resignation, has not renewed his/her employment contract upon expiry, and has terminated his/her employment contract by mutual agreement prior to its expiry or due to his/her retirement;

6.2.3.3. has been convicted for any criminal offence involving his/her integrity or honesty;

6.2.3.4. has become bankrupt or failed to pay his/her debts within a reasonable time after they become due or has made any arrangement or composition with his/her creditors; or

6.2.3.5. has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws, regulations or rules in force from time to time.

6.2.4 The Company has the sole discretion to determine the adjustment to the number of Share Options to be vested in the future in relation to his/her Share Options granted but not vested if a Grantee, including but not limited to reduction or reduction to nil: 17.03(19)

6.2.4.1. has achieved grade C or below in the performance appraisal for the previous year;

6.2.4.2. is reduced in rank within the Company for cause;

6.2.4.3. is subject to internal punishment by the Group for cause; or

6.2.4.4. there are other circumstances in which the Company, in its sole discretion, finds it necessary to consider whether or not to make adjustments to the number of Shares in respect of the Share Options granted.

In the event of any of the circumstances set out in this clause, the Company will notify the Grantee of its decision on whether or not to make any adjustment in writing as soon as possible prior to the vesting date of the Share Options of which a portion is affected. If the Company makes a decision on any adjustment, including but not limited to reduction or reduction to nil, the relevant Grantee shall not make any claim or assert any right or interest against the Company.

6.2.5 For the avoidance of doubt, in the event that a Grantee ceases to be qualified as a Participant by reason of (i) redundancy, severance, dismissal or tendering resignation, and other circumstances of termination of employment; (ii) the company by which such participant is employed or contracted with, ceasing to be a subsidiary of the Company; (iii) the circumstances under Clause 6.2.2 and Clause 6.2.3 of the Scheme; and (iv) other circumstances under which the Board or the Administration Committee in its sole discretion determines that the Grantee ceases to be qualified as a Participant; then such person will cease to be eligible to accept Share Options as a Participant for the purposes of the Scheme. The granted Share Options shall automatically lapse forthwith and all the Share Options granted but not vested shall not be vested on the vesting date. No person shall make any claim or assert any right or interest against the Company. 17.03(12)

6.2.6 For the avoidance of doubt, in the event that a Grantee holds a position in an investee company as arranged by the Company or any subsidiary of the Company but still remains in office within the Group, he/she is treated as an employee of the Group and is still qualified as a Participant. If the Grantee ceases to hold a position in the Company and any subsidiary of the Company, he/she shall be dealt with in accordance with Clause 6.2.5 above.

6.2.7 Notwithstanding any other provisions of the Scheme (but subject to any applicable laws), the Board or the Administration Committee has the sole discretion to waive or modify the vesting conditions and the related provisions as set out in Clause 6.2 of the Scheme, including but not limited to the sole discretion of the Board or the Administration Committee to determine that the relevant Share Options shall continue to be vested even if the relevant person ceases to be qualified as a Participant after having been granted under the Scheme. For the avoidance of doubt, the foregoing shall not constitute any obligation or commitment on the part of the Board or the Administration Committee and vesting shall in any event be subject to full compliance with the applicable requirements of the applicable laws and the Listing Rules.

## 7. EXERCISE OF SHARE OPTIONS

7.1 The Share Options granted under the Scheme shall belong to the respective Grantees and shall not be alienated or transferred, and no Grantee shall enter into any agreement with any other person to sell, assign, pledge, charge or encumber any interest in the Share Options, transfer the right to income or create any interest in any way for the benefit of any other person or have any agreement or arrangement in respect of the foregoing in favour of any person. In the event that the Grantee violates the above provisions (whether voluntarily or involuntarily), the relevant Share Options will lapse immediately, for which the Company shall not be held liable.

17.03(10)  
17.03(17)  
and note

7.2 After the Share Option granted have vested under the terms of the Scheme and a grantee or his/her broker is entitled to exercise a Share Option in whole or in part (in the case of a partial exercise, the number must be the number of a board lot in which the Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) during the Share Option Period by giving the Company a notice or a report stating that the Share Option is to be exercised and the number of Shares in respect of which the Share Option is to be exercised, in the manner as set out in Clauses 7.3 and 7.4 and subject to the conditions of the Offer of Share Options. The above notice or report shall be accompanied by a remittance for the full amount determined by multiplying the Exercise Price with the number of shares stated in the notice or report (the “**Total Subscription Payment**”). Within 28 days after receipt of the above notice or report and remittance of the Total Subscription Payment and, the receipt of a certificate from the Auditors or from an independent financial advisor to the Company pursuant to Clause 11 (only in the event of a capital reconstruction as set out in Clause 11), the Company shall, for this purpose, issue the number of Shares credited as fully paid to the Grantee, and issue shares to the Grantee in respect of the Shares so issued.

7.3 Subject to the following provisions, a Grantee (for the purposes of item (b) of this clause, his/her successor or legal representative) may exercise a Share Option during the Share Option Period:

- (a) If the Share Option Offer Letter issued by the Company to a Participant who has been granted a Share Option under Clause 4.8 clearly sets out the requirements and conditions for the vesting period, the Grantee must not exercise the Share Option until the relevant Share Option is vested;
- (b) If the Grantee passes away or becomes permanently disabled before the exercise of the vested Share Options (or before fully exercising the Share Options), the Grantee (or his/her successor or legal representative) may exercise his/her vested but unexercised Share Options within the scope of his/her entitlements in respect of the Share Options within 90 days after his/her death or permanent disabilities, or such longer period as the Board or the Administration Committee may determine;
- (c) If the Grantee retires according to the retirement scheme applicable to the Group at the relevant time and ceases to serve in the Group, and accordingly ceases to be qualified as a Participant, his/her vested but unexercised Share Options will remain exercisable before the expiry of the Share Option Period;

- (d) If the Grantee ceases to be qualified as a Participant due to his/her resignation, non-renewal of his/her employment contract upon its expiry, termination of his/her employment contract by mutual agreement prior to its expiry, or Termination of his/her Employment for Cause or other circumstances as set out in Clause 6.2.5, his/her vested but unexercised Share Options will lapse on the date on which the resignation notice is served (in case of resignation), or on the date on which the Board decides to terminate his/her employment (in case of Termination of Employment for Cause) or on the date on which any circumstance as set out in Clause 6.2.5 (in case of other circumstances as set out in Clause 6.2.5) occurs;
- (e) If the Grantee ceases to be qualified as a Participant for various reasons (including when the company by which he/she is employed ceases to be a member of the Group) other than death, permanent disabilities, retirement according to the retirement scheme applicable to the Group at the relevant time, cessation of employment by a member of the Group due to his/her resignation, non-renewal of his/her employment contract upon its expiry, termination of his/her employment contract by mutual agreement prior to its expiry, or Termination of his/her Employment for Cause, the vested but unexercised Share Options of the Grantee must be exercised within 90 days after the occurrence of any event disqualifying the Grantee as a Participant, unless otherwise determined by the Board or the Administration Committee;
- (f) If:
  - (i) the Board or the Administration Committee determines that the Grantee ceases to be qualified as a Participant in its sole discretion at any time; or
  - (ii) the Grantee fails or ceases to meet or comply with the standards or terms incidental to or upon which the Share Options were offered,

unless otherwise determined by the Board or the Administration Committee, the vested but unexercised Share Options of the Grantee will lapse and not be exercisable on the date on which the Grantee is notified thereof (in case of item (i) above), or on the date on which the Grantee fails or ceases to meet or comply with the relevant standards or terms (in case of item (ii) above). As otherwise determined by the Board or the Administration Committee, including but not limited to the sole discretion of the Board or the Administration Committee to determine that the relevant Share Options shall continue to be vested even if the relevant person ceases to be qualified as a Participant after having been granted under the Scheme, the vested but unexercised Share Options of the Grantee shall be exercisable within a period following the issuance of such notice or the date on which the Grantee fails or ceases to meet or comply with the relevant standards or terms as determined by the Board or the Administration Committee in its sole discretion. For the avoidance of doubt, the foregoing term that the Board or the Administration Committee has the sole discretion to determine shall not constitute any obligation or commitment on the part of the Board or the Administration Committee and vesting shall in any event be subject to full compliance with the applicable requirements of the applicable laws and the Listing Rules. In case of item (i) above, the decision of the Board or the Administration Committee which determines the lapse of the Share Options of the Grantee in accordance with Clause 7.3(f) herein shall be final and conclusive;

- (g) If the Grantee:
  - (i) has been convicted of any criminal offence involving his/her integrity and has been found guilty; or
  - (ii) has breached any contract entered into between the Grantee or his/her associates and any member of the Group,

unless otherwise determined by the Board or the Administration Committee, the vested but unexercised Share Options of the Grantee will lapse and not be exercisable on the date of criminal conviction or breach of contract by the Grantee as mentioned above. As otherwise determined by the Board or the Administration Committee, the vested but unexercised Share Options of the Grantee shall be exercisable within a period following the occurrence of the aforesaid events as determined by the Board or the Administration Committee in its sole discretion. The decision of the Board or the Administration Committee which determines lapse of the Share Options of the Grantee due to the breach of contract as mentioned above in accordance with Clause 7.3(g) herein shall be final and conclusive;

- (h) If the Board or the Administration Committee becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror or any person associated with or acting in concert with the offeror as a result of any general offer made to the holders of Shares (“**General Offer**”), the Board or the Administration Committee will notify each Grantee thereof as soon as possible after becoming so aware. All the Share Options granted but yet to be vested shall be automatically vested on each Grantee on the earlier of (i) the date on which the Board or the Administration Committee notify the Grantee as mentioned above; and (ii) the date on which the person making the offer obtains control of the Company. Each Grantee will be entitled to exercise his/her Share Options (to the extent already vested, but not exercised) within ten business days starting on the later of the abovementioned dates. All Share Options not exercised before the expiry of such period will lapse;
- (i) In the event of a proposed scheme of debt settlement agreement or arrangement by the Company and its Shareholders or creditors for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, the Company shall give notice to each Grantee on the same date as it gives notice of the meeting to all its Shareholders or creditors to consider such a settlement agreement or arrangement. Each Grantee may at any time thereafter, but before such time as shall be notified by the Company, exercise his/her Share Options (to the extent already vested, but not exercised), and subject to the Company receiving the notice of exercise and the Total Subscription Payment, the Company shall allot, issue and register under the name of the relevant Share Option holder such number of fully paid Shares which fall to be issued on exercise of such Share Options as soon as practicable and in any event no later than the last business day immediately prior to the date of the proposed general meeting. Any Share Option not exercised within the notice period of the Company will lapse;

- (j) If a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving the voluntary winding-up of the Company, the Company shall on the same date give notice thereof to all Grantees. Each Grantee may at any time thereafter, but before such time as shall be notified by the Company, exercise his/her Share Options (to the extent already vested, but not exercised) by notifying the Company in writing and remit the Total Subscription Payment for the relevant Shares, and the Company shall allot the relevant Shares to the Grantees credited as fully paid as soon as possible and in any event no later than the last business day immediately prior to the date of such proposed general meeting. Any Share Option not exercised within the notice period of the Company will lapse.

7.4 Shares issued on the exercise of the Share Options are subject to the Articles of association of the Company, and will rank pari passu in all respects with the fully paid Shares in issue on the date of issuance. 17.03(10)  
(15)

7.5 Shares issued on the exercise of the Share Options do not carry any rights until a Grantee (or any other person) is registered as the holder of such Shares. 17.03(10)

7.6 The Share Options themselves do not carry voting rights or any rights at a general meeting of the Company, rights to dividends or transfer, or any other rights, including those arising on a liquidation of the Company. 17.03(10)

7.7 Subject to the consent from a Grantee, the Share Options granted but yet to be exercised may be cancelled in accordance with Clause 9. 17.03(14)

## 8. LAPSE OF SHARE OPTIONS 17.03(12)

A Share Option will lapse automatically and not be exercisable (to the extent not exercised) on the earliest of:

- (a) the expiry of the Share Option Period (subject to the Scheme);
- (b) the dates relating to no vesting referred to in Clause 6.2;
- (c) the date on which a Grantee violates Clause 7.1;
- (d) the dates relating to no exercise referred to in Clause 7.3 (a) and (d);
- (e) the expiry of any of the period referred to in Clause 7.3 (b), (c) and (e) to (j); and
- (f) subject to Clause 7.3(j), the date of the commencement of the winding-up of the Company.

The Company is not required to make any compensation due to the lapse of a Share Option, but the Board or the Administration Committee may pay compensation to a Grantee in such manner as it may deem appropriate in its sole discretion on a case-by-case basis.

## 9. CANCELLATION OF SHARE OPTIONS

9.1 Subject to the consent from a Share Option holder, the Board or the Administration Committee may cancel the Share Options in whole or in part (which have been vested but unexercised) from the date specified in writing to the Grantee (the “**Cancellation Date**”), for the following reasons:

- (a) the Company pays to the Share Option holder an amount equal to the fair market value of the Share Options on the Cancellation Date as determined by the Board or the Administration Committee in its sole discretion after consultation with the Auditors or an independent financial advisor appointed by the Company;
- (b) the Board or the Administration Committee offers to grant other replacement Share Options (or Share Options under any other share option scheme) to the Share Option holder or makes such arrangements as the Share Option holder may agree to compensate him/her for the loss of the Share Options; or
- (c) the Board or the Administration Committee makes other arrangements as the Share Option holder may agree to compensate him/her for the cancellation of the Share Option.

For the avoidance of doubt, if a new Grant of the Share Options is made to the same Grantee upon cancellation, the Company may only issue Shares on the exercise of the new Share Options within the Scheme Mandate Limit approved by the Shareholders as stipulated in Clause 10.1 of the Scheme, and the cancelled Share Options will be regarded as utilized.

9.2 If any part of the Share Options has not been exercised on the Cancellation Date, the Share Options will be regarded as being cancelled from the Cancellation Date. No compensation is required for cancellation, but the Board or the Administration Committee may pay compensation to a Grantee in such manner as it may deem appropriate in its sole discretion on a case-by-case basis.

## 10. MAXIMUM NUMBER OF SHARES TO BE ISSUED

10.1 The number of Shares to be issued in respect of which Share Options may be granted under the Scheme shall not exceed 1.5% of the Company's total issued Shares as at the date of approval and adoption of the Scheme at the general meeting (the "**Scheme Mandate Limit**"), which is 47,958,660 Shares, assuming there is no change to the Company's total issued shares from the date of approval of the Scheme by the Board until the date of approval at the general meeting, provided that:

- (a) the Company may convene a general meeting to seek approval from the Shareholders to refresh the Scheme Mandate Limit, provided that such meeting shall be convened at least 3 years after the date of approval and adoption or refreshment of the Scheme by Shareholders at the general meeting. If the Company intends to make any refreshment within any 3-year period, save for the circumstances as stipulated under Rule 17.03C(1)(c) of the Listing Rules, it shall seek for Shareholders' approval and meet the following requirements: (i) any controlling shareholders and their associates shall abstain from voting at the general meeting; and (ii) the Company shall comply with relevant requirements on general meeting under Rules 13.39(6) and (7), Rule 13.40, Rule 13.41 and Rule 13.42 of the Listing Rules; 17.03C(1)
- (b) the total number of Shares to be issued under all Share Options and awards to be granted under all share schemes of the Company (including the Scheme and any other share schemes) upon the refreshment of the Scheme Mandate Limit shall not exceed 10% of the issued Shares of the Company as at the date of approval of the refreshment of the Scheme Mandate Limit. The Company shall deliver to the Shareholders a circular containing data and details as required by the Listing Rules (including the number of Share Options granted under the Scheme Mandate Limit prior to the refreshment and the reasons for the Scheme refreshment); and 17.03C(2)
- (c) the Company may convene another general meeting to seek approval from the Shareholders to grant Share Options which would exceed the Scheme Mandate Limit, provided that the Share Options exceeding the limit can only be granted to specific Participant as selected prior to Shareholders' approval. The Company shall deliver to the Shareholders a circular containing data and details as required by the Listing Rules (including the name of each designated Participant to be granted with such Share Options, the number of Share Options and terms for Grant of Share Options to each Participant, the purposes of granting Share Options to designated Participants and the explanation on how the terms of the Share Options can achieve such purposes). The number of Share Options to be granted and the terms of the Grant of Share Options to such Participant must be fixed before the Shareholders' approval, and the date of the Board meeting approving such Grant shall be taken as the Date of Grant for the purpose of determining the Exercise Price of the Share Options. 17.03C(3)

For the avoidance of doubt, lapsed Share Options shall not be counted as exercised Share Options when determining the Scheme Mandate Limit. If the Company conducts a share consolidation or subdivision after the approval of the Scheme Mandate Limit at a general meeting, the maximum number of Shares to be issued under all Share Options and awards to be granted under the Scheme Mandate Limit of all schemes of the Company (including the Scheme and any other share schemes) as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision (rounded to the nearest whole share) must be the same.

17.03B note

For the avoidance of doubt, in any event, the total number of Shares which may be issued in respect of all Share Options and awards to be granted under the Scheme and any other share schemes will not exceed 10% of the Company's total issued Shares as at the date of approval and adoption of the Share Option Scheme by the Shareholders.

10.2 The maximum number of Shares which are issued and to be issued upon exercise of Share Options (including exercised and unexercised Share Options) by any Participant within any 12-month period must not exceed 1% of the issued Shares from time to time (the "**Individual Limit**"). In the event that any further Share Options will be granted to such Participant, which will result in the total number of Shares issued and to be issued under all Share Options and awards granted or to be granted to him/her (excluding the share options and awards lapsed in accordance with the terms of the scheme) within the 12-month period up to and inclusive of the date of such further Grant in excess of 1% of the issued Shares, such Grant would be approved by the Shareholders of the Company in general meetings, and such Participant and his/her close associates (or his/her associates if the Participant is a connected person) shall abstain from voting. The Company shall deliver to the Shareholders a circular containing the identity of the Participant, the number and terms of the Share Options to be granted (and Share Options granted to such Participant during the aforementioned 12-month period), the purposes for the Grant of Share Options to such Participant and how the terms of the Grant of Share Options meet with relevant purposes. The number of Share Options to be granted and the terms of the Grant of Share Options to such Participant must be fixed before the Shareholders' approval, and the date of the Board meeting approving such further Grant shall be taken as the Date of Grant for the purpose of determining the Exercise Price of the Share Options.

17.03(4) and note

17.03D(1)

17.03D(2)

10.3 If adjustment is required on the limit as stated in Clauses 10.1 to 10.2 above as a result of the capital reconstruction (capitalization issue, right issue, share sub-division or consolidation or reduction in Shares of the Company) by the Company pursuant to Clause 11 below, the Auditors or independent financial advisors must make written confirmation to the Board confirming that such adjustment is made on a fair and reasonable basis, provided that such limit shall not exceed the limited as stipulated under the Listing Rules.

## 11. CAPITAL RECONSTRUCTION

11.1 If there is any change in the Share structure of the Company (capitalization issue, right issue, sub-division or consolidation of Shares or reduction of capital of the Company) with Share Options to be exercised at the moment, the Board or the Administration Committee may adjust the following items in its discretion: 17.03(13)

- (a) the number of Shares corresponding to unexercised Share Options; and/or
- (b) the Exercise Price of unexercised Share Options.

For the avoidance of doubt, such adjustment shall be conducted in accordance with Chapter 17 of the Listing Rules and any supplemental interpretation and guidance (including frequently asked questions) issued by the Stock Exchange from time to time.

If the Board or the Administration Committee is of the view that relevant adjustment is appropriate (except for adjustment arising from capitalization), the Auditors or independent financial advisors appointed by the Company shall make written confirmation to the Board or the Administration Committee confirming they are of the view that such adjustment is fair and reasonable, provided that: 17.03(13)  
and note

- (a) such adjustment is made on the basis that the Total Subscription Payment payable by the Grantee when fully exercising any Share Option shall be close to but not higher than the previous subscription payment payable where feasible;
- (b) the adjustment made shall not result in any increase in the proportion of Shares available for subscription by any Share Option holder if he/she exercises his/her respective Share Options prior to the adjustment in the issued Shares of the Company; and
- (c) such adjustment shall be conducted in accordance with Chapter 17 of the Listing Rules and supplemental interpretation and guidance (including frequently asked questions) issued by the Stock Exchange from time to time;

The Auditors or independent financial advisors as referred in Clause 11.1 are acting in the capacity of an expert instead of an arbitrator, and their certification shall be conclusive and binding on the Company and the Grantee in the absence of manifest error. Fees of the Auditors or independent financial advisors shall be borne by the Company.

11.2 If there is any change in the Share structure of the Company as stated in Clause 11 herein, the Company shall inform the Grantees of such changes upon receipt of notice issued by the Grantee pursuant to Clause 7.2. The Company shall also inform the Grantees about the adjustment to be made by the Company based on the certification received from the Auditors or independent financial advisors. If there is no such certification, the Company shall faithfully inform the Grantee, and instruct the Auditors or independent financial advisors to issue such certification pursuant to Clause 11 herein.

## 12. SHARE CAPITAL

The exercise of any Share Option shall be subject to approval at the general meeting of the Company to increase its authorized share capital when necessary. Subject to the foregoing, the Board shall ensure that the Company maintains sufficient authorized and unissued Shares for the allotment of Shares when exercising any Share Option.

## 13. DISPUTES

Any dispute, claim or matter arising from and in connection with the Scheme, including but not limited to any dispute in respect of the grant, vesting and exercise of Share Options or arising from or in connection with thereof between the Participants of the Scheme and the Company or any subsidiary of the Company, shall be resolved through negotiation. In case of failure to be resolved in thirty days after negotiation, they shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

## 14. ALTERATION OF THE SCHEME

14.1 The following alterations to the Scheme are subject to Shareholders' approval by way of an ordinary resolution at a general meeting:

- (a) alterations to the terms and conditions of the Scheme which are of a material nature; 17.03(18)  
note (1)
- (b) alterations to the provisions of the Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Participants; and 17.03(18)  
note (1)
- (c) alterations to be made pursuant to Clause 14 herein, especially for those involve the power of the Board and/or the Administration Committee to alter the terms under the Scheme. 17.03(18)  
note (4)

14.2 Any change to the terms of Share Options granted to a Participant must be approved by the Board, the Administration Committee, the independent non-executive Directors or the Shareholders (as the case may be) if the initial Grant of the Share Options was approved by the Board, the Administration Committee, the independent non-executive Directors or the Shareholders (as the case may be). Any alterations to the terms and provisions of Share Options granted to any Participant including a Director, chief executive or substantial shareholder of the Company or their respective associates must be subject to Shareholders' approval if the initial grant of the related Share Options was subject to Shareholders' approval. This clause shall not apply where the alterations take effect automatically under the existing terms of the Scheme. 17.03(18)  
note (2)  
  
17.04  
note (1)

14.3 The above amended terms of the Scheme must comply with Chapter 17 of the Listing Rules. 17.03(18)  
note (3)

14.4 Subject to the fulfilment of Clauses 14.1 and 14.2, the terms under the Scheme can be amended by a Board resolution. For other matters that are out of the scope of Clauses 14.1 and 14.2, the Board is entitled to make alteration. 17.03(18)

## **15. TERMINATION**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Scheme; in such event, no further Share Options may be granted but the provisions of the Scheme shall in all other respects remain in full force and effect in relation to Share Options which are granted during the term of the Scheme and remain unexercised prior to the termination of the Scheme. 17.03(16)

## **16. COMPENSATION TO THE COMPANY**

Under the Scheme, if the Board of the Company considers that the resignation of a relevant Grantee of a Share Option (no matter whether the resignation is due to the Company's Termination of the relevant Grantee's Employment for Cause; the relevant Grantee's tender of his/her resignation; or the end of the employment contract without renewal) will significantly and adversely affect the Company's financial, operational or public reputation (including but not limited to the relevant Grantee's (a) inciting any other employees of the Company to resign from the Company or accept employment from other companies or organizations with the same or similar business as that of the Company; (b) revealing the Company's trade secrets to any third party; and (c) spreading false information about the Company), and the relevant Grantee has exercised the Share Options and received the Shares of the Company, then the Company has the right to require the relevant Grantee to compensate the Company for the damages caused by the aforementioned behaviours.

## **17. MISCELLANEOUS**

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

17.2 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to the Shareholders.

17.3 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 Shanghai for the time being at 6/F, Far East Horizon Plaza, 9 Yaojiang Road, Pudong New Area, Shanghai or another address as designated by the Board or the Administration Committee from time to time and, in the case of the Grantee, his/her address as notified to the Company from time to time.

17.4 Any notice or other communication served by post:

- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
- (b) by a Grantee shall not be deemed to have been received until the same was actually received by the Company.

Any notice or other communication served by either party by hand shall be deemed to be served when delivered.

- 17.5 The Grantee shall be responsible for obtaining any government or other official approvals as required in any country or jurisdiction for the purpose of approving the Grant of Share Options or exercise of Share Options. The Grantee shall pay all taxes and fees incurred in connection with his/her participation in the Scheme or the exercise of any Share Option, and shall pay all other debts arising therefrom. If the Grantee fails to obtain any of the aforementioned approvals or fails to pay any taxes, fees or other debts incurred in connection with his/her participation in the Scheme, the Company shall not be held liable; and, if any claim or demand is made against the Company as a result thereof, solely or jointly with any other party or parties, the Grantee shall, upon the Company's request, fully indemnify the Company and reimburse the Company for all miscellaneous fees and expenses incurred or expended by the Company in connection therewith, and if required by relevant laws and regulations or deemed appropriate by the Company, withhold and remit the same.
- 17.6 The Scheme shall not form part of any contract of employment or service contract, as the case may be, between the Company or any subsidiary and any employee of the Company, and the rights and obligations of any Participant under the terms of his/her office or contract of employment or service contract, as the case may be, shall not be affected by his/her participation in the Scheme or any right which he/she may have as a result of participation in the Scheme. The Scheme shall afford such Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 17.7 No Grantee shall be entitled to any of the rights of a Shareholder by virtue of the Grant of the Share Option pursuant to the Scheme, unless Shares are actually issued to the Grantee pursuant to exercise of such Share Option.
- 17.8 The Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Share Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company. No one shall be entitled to request the Board and/or the Company to be liable for any expenses, losses, fees and/or damages to be incurred as a result of the Scheme or the administration of the Scheme.
- 17.9 A Grantee shall pay all taxes and discharge all liabilities to which he/she may become subject to as a result of the participation in the Scheme or the exercise of any Share Option.

## **18. GOVERNING LAW**

The Scheme and the Share Options granted hereunder, including but not limited to any dispute in respect of the grant, vesting and exercise of Share Options or arising from or in connection with thereof between the Participants of the Scheme and the Company or any subsidiary of the Company, shall be governed by and construed in accordance with the Laws of Hong Kong.

-End-