
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Daphne International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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DAPHNE INTERNATIONAL HOLDINGS LIMITED
達 芙 妮 國 際 控 股 有 限 公 司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 210)

**(1) PROPOSED ADOPTION OF THE 2026 SHARE OPTION SCHEME AND
TERMINATION OF THE 2022 SHARE OPTION SCHEME;
(2) PROPOSED ADOPTION OF THE SHARE AWARD SCHEME;
(3) PROPOSED AMENDMENTS TO
THE EXISTING MEMORANDUM AND ARTICLES
OF ASSOCIATION AND PROPOSED ADOPTION OF
THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting (“EGM”) of the Company to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 21 October 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompany form of proxy in accordance with the instructions printed thereon to the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or submit the form of proxy electronically at <https://evoting.vistra.com/#/210> in accordance with the instructions printed on the accompany notification letter, as soon as possible and in any event no later than 3:00 p.m. on Monday, 19 October 2026, or not less than 48 hours before the time of any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournment thereof) in person should you so wish. In such event, the form of proxy shall be deemed to be revoked.

Hong Kong, 30 September 2026

* for identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I – SUMMARY OF THE PRINCIPAL TERMS OF THE 2026 SHARE OPTION SCHEME.....	25
APPENDIX II – SUMMARY OF THE RULES OF THE SHARE AWARD SCHEME ..	37
APPENDIX III – PROPOSED AMENDMENTS TO THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION.....	51
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

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

“2013 Share Option Scheme”	the share option scheme adopted by the Company on 27 August 2013 which was subsequently terminated by the Company on 25 May 2022
“2022 Share Option Scheme”	the share option scheme adopted by the Company on 25 May 2022
“2026 Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM, a summary of the principal terms of which are set out in Appendix I to this circular
“Adoption Conditions”	the conditions for the adoption of the Share Award Scheme as disclosed in the paragraph headed “Proposed Adoption of the Share Award Scheme – Adoption Conditions of the Share Award Scheme” in the Letter from the Board in this circular
“Adoption Date”	the date on which the Share Award Scheme or the 2026 Share Option Scheme (as the case may be) is adopted by the Shareholders at the EGM
“Articles of Association”	the articles of association of the Company currently in force
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auditors”	the auditors of the Company from time to time
“Award”	an award granted by the Board or the Committee to a Grantee of a conditional right for such Grantee to receive such number of Award Shares, subject to the satisfaction of vesting conditions and such other terms and conditions, as the Board or the Committee may in its absolute discretion determine
“Award Share(s)”	in respect of a Grantee, such number of Share(s) underlying the Award(s) as determined by the Board or the Committee, and as may be issued as new Shares (including Treasury Shares) or acquired through on-market or off-market purchases of Shares, in accordance with the rules of the Share Award Scheme
“Board”	the board of Directors
“Business Day”	a 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

DEFINITIONS

“Committee”	the person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Scheme or the 2026 Share Option Scheme (as the case may be) in accordance with the rules/terms therein and, unless otherwise notified by the Board from time to time, refers to the Remuneration Committee
“Company”	Daphne International Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 210)
“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
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 21 October 2026 at 3:00 p.m. to consider and, if thought fit, approve, amongst others, the proposed adoption of the 2026 Share Option Scheme and termination of the 2022 Share Option Scheme, the proposed adoption of the Share Award Scheme, the Proposed Amendments and the proposed adoption of the New Memorandum and Articles of Association, or where the context so admits, any adjournment thereof
“Eligible Participant(s)”	an individual being an Employee Participant, provided that the Board and/or the Committee considers, in its sole discretion, such person having satisfied the eligibility requirements under the Share Award Scheme or the 2026 Share Option Scheme (as the case may be)
“Employee Participant(s)”	any director (including executive directors, non-executive directors and independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its subsidiaries (including any persons who are granted Awards or Options under the Share Award Scheme or the 2026 Share Option Scheme (as the case may be) as an inducement to enter into employment contracts with these companies), provided that the Board and/or the Committee shall have absolute discretion to determine whether or not one falls within such category

DEFINITIONS

“Excluded Participant(s)”	any person who is resident in a place where the grant of the Award, the vesting of the Award and/or the transfer or subscription of Award Shares pursuant to the rules of the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Committee or (where applicable) the Trustee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person, in each case as determined by the Board at its absolute discretion
“Exercise Price”	the price per Share, determined by the Board or the Committee, at which a Grantee may subscribe for Shares on the exercise of an Option under the 2026 Share Option Scheme
“Existing Memorandum and Articles of Association”	the existing second amended and restated memorandum of association and third amended and restated articles of association of the Company adopted by the Company pursuant to a special resolution passed by the Shareholders at a general meeting of the Company held on 25 May 2022
“Grant Notice”	has the meaning as set out in the paragraph headed “6. Performance Targets” in Appendix II to this circular
“Grantee”	any selected participant who has accepted the offer of the grant of an Award or an Option in accordance with the rules/terms of the Share Award Scheme or the 2026 Share Option Scheme (as the case may be) or, where the context so permits, any person entitled to any such Award or 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
“Latest Practicable Date”	24 September 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Memorandum and Articles of Association”	the third amended and restated memorandum of association and fourth amended and restated articles of association of the Company incorporating and consolidating all the Proposed Amendments, proposed to be adopted by the Company at the EGM
“Offer Date”	in respect of an Option, the date on which such Option is offered in writing to an Eligible Participant, which must be a Business Day, pursuant to the 2026 Share Option Scheme

DEFINITIONS

“Option(s)”	right(s) granted by the Company under the 2026 Share Option Scheme, which right(s) permits (but does not obligate) a Grantee to subscribe for the Shares in accordance with the terms thereof
“Proposed Amendments”	proposed amendments to the Existing Memorandum and Articles of Association as set out in Appendix III to this circular
“Remuneration Committee”	remuneration committee of the Board
“Scheme Mandate Limit”	the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Share Award Scheme, the 2026 Share Option Scheme and any other share scheme(s) of the Company
“Selected Participant”	any Eligible Participant selected by the Board or the Committee in its absolute discretion to be offered with the grant of an Award pursuant to the Share Award Scheme
“Senior Manager”	a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix D2 to the Listing Rules as determined by the Board in its absolute discretion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each (or of such other nominal amount as shall result from a sub-division, reduction, consolidation, reclassification or reconstruction of such shares from time to time) in the capital of the Company
“Share Award Scheme”	the share award scheme proposed to be adopted by the Company at the EGM, a summary of the rules thereof is set out in Appendix II to this circular
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules; and for the purposes of the Share Award Scheme and the 2026 Share Option Scheme, new Shares include Treasury Shares and the issue of new Shares includes the transfer of Treasury Shares

DEFINITIONS

“Trust Deed”	the trust deed as may be entered into by the Company as settlor and the Trustee as trustee (as amended, restated, supplemented or otherwise modified from time to time) in respect of the appointment of the Trustee for the administration of the Share Award Scheme
“Trustee”	the trustee as may be appointed by the Company from time to time for the administration of the Share Award Scheme
“Vesting Date”	in relation to an Award or an Option granted to a Grantee, the date or each such date, as determined by the Board or the Committee, on which the Award or the Option is to be vested in such Grantee in respect of all or a proportion of the Shares, subject to and in accordance with the terms and conditions of the grant of the relevant Award or Option and other rules/terms of the relevant share schemes of the Company (including the Share Award Scheme and the 2026 Share Option Scheme)
“Vesting Notice”	has the meaning as set out in the paragraph headed “5. Vesting Period” in Appendix II to this circular
“Vesting Period”	in relation to an Award granted to a Grantee, the period commencing on the date of the Grant Notice and ending on the Vesting Date (both dates inclusive); and in relation to an Option granted to a Grantee, the period commencing on the Offer Date and ending on the Vesting Date (both dates inclusive)
“%”	per cent.

LETTER FROM THE BOARD

DAPHNE INTERNATIONAL HOLDINGS LIMITED **達芙妮國際控股有限公司***

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 210)

Executive Directors:

Mr. Chang Chih-Kai (*Chairman*)

Mr. Chang Chih-Chiao (*Chief Executive Officer*)

Ms. Chang Wan-Hsun

Non-executive Director:

Mr. Wang Jungang

Independent Non-executive Directors:

Mr. Hon Ping Cho Terence

Mr. Tan Philip

Ms. Hsu Wen-Kuan

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Unit 2605, 26/F

The Metropolis Tower

10 Metropolis Drive

Hung Hom, Kowloon

Hong Kong

30 September 2026

To Shareholders

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF THE 2026 SHARE OPTION SCHEME AND
TERMINATION OF THE 2022 SHARE OPTION SCHEME;
(2) PROPOSED ADOPTION OF THE SHARE AWARD SCHEME;
(3) PROPOSED AMENDMENTS TO
THE EXISTING MEMORANDUM AND ARTICLES
OF ASSOCIATION AND PROPOSED ADOPTION OF
THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 22 September 2026 in relation to, among other things, the proposed adoption of the 2026 Share Option Scheme and termination of the 2022 Share Option Scheme, the proposed adoption of the Share Award scheme and the Proposed Amendments and the proposed adoption of the New Memorandum and Articles of Association.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, information regarding the resolutions to be proposed at the EGM relating to (i) the proposed adoption of the 2026 Share Option Scheme and termination of the 2022 Share Option Scheme; (ii) the proposed adoption of the Share Award Scheme; and (iii) the Proposed Amendments and the proposed adoption of the New Memorandum and Articles of Association, and to give you the notice of the EGM at which the resolutions will be proposed to consider and, if thought fit, approve such matters.

1. PROPOSED ADOPTION OF THE 2026 SHARE OPTION SCHEME AND TERMINATION OF THE 2022 SHARE OPTION SCHEME

Termination of the 2013 Share Option Scheme

At an annual general meeting held on 25 May 2022, the 2013 Share Option Scheme, which was adopted by the Company on 27 August 2013, was terminated by the Shareholders. Upon termination of the 2013 Share Option Scheme, no further share options could be granted under the 2013 Share Option Scheme but, in all other respects, the provisions of the 2013 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2013 Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the 2013 Share Option Scheme.

As at the Latest Practicable Date, the total number of Shares in respect of which share options had been granted and remained outstanding under the 2013 Share Option Scheme was 128,600,000 Shares (representing approximately 6.50% of the Shares in issue as at the Latest Practicable Date).

LETTER FROM THE BOARD

Outstanding Share Options Granted under the 2013 Share Option Scheme

As at the Latest Practicable Date, details of the outstanding share options granted under the 2013 Share Option Scheme and remained outstanding were as follows:

Grantees	Date of grant (yyyy/mm/dd)	Exercise price per Share HK\$	Number of share options outstanding as at the Latest Practicable Date	Exercisable period
<i>Executive Directors</i>				
Mr. Chang Chih-Kai	2017/01/25	0.70	6,000,000	2017/01/25 – 2027/01/24 (<i>Note 1</i>)
	2021/12/14	0.20	17,200,000	2022/12/31 – 2031/12/13 (<i>Note 2</i>)
Mr. Chang Chih-Chiao	2017/01/25	0.70	3,000,000	2017/01/25 – 2027/01/24 (<i>Note 1</i>)
	2021/12/14	0.20	17,200,000	2022/12/31 – 2031/12/13 (<i>Note 2</i>)
Ms. Chang Wan-Hsun	2017/01/25	0.70	750,000	2017/01/25 – 2027/01/24 (<i>Note 1</i>)
	2021/12/14	0.20	17,200,000	2022/12/31 – 2031/12/13 (<i>Note 2</i>)
<i>Non-Executive Director</i>				
Mr. Wang Jungang	2021/12/14	0.20	51,800,000	2022/12/31 – 2031/12/13 (<i>Note 2</i>)
<i>Employees</i>				
In aggregate	2017/01/25	0.70	750,000	2017/01/25 – 2027/01/24 (<i>Note 1</i>)
In aggregate	2021/12/14	0.20	14,700,000	2022/12/31 – 2031/12/13 (<i>Note 2</i>)
Total			128,600,000	

Notes:

1. The share options shall vest one-third each year from the date of grant.
2. First 40% of the share options shall vest on 31 December 2022. The remaining 30% and 30% shall vest on 31 December 2023 and 2024 respectively, subject to fulfillment and satisfaction of the Group's targets for the years ended 31 December 2022, 2023 and 2024 respectively as determined by the Board.

The 2022 Share Option Scheme

The 2022 Share Option Scheme was approved by the Shareholders and adopted by the Company at the annual general meeting held on 25 May 2022. The purpose of the 2022 Share Option Scheme is to give incentives or rewards for the eligible persons' contribution or potential contribution to the Group. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain in force for 10 years from the date of adoption (i.e. until 24 May 2032).

LETTER FROM THE BOARD

According to the terms of the 2022 Share Option Scheme, the Company may by resolution in general meeting or the Board may at any time resolve to terminate the operation of the 2022 Share Option Scheme and in such event no further options shall be offered but the provisions of the 2022 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2022 Share Option Scheme and any options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2022 Share Option Scheme.

As at the Latest Practicable Date, the total number of options available for grant, hence Shares available for issue under the 2022 Share Option Scheme was 181,405,662 Shares (excluding options which are outstanding and granted and yet to be exercised pursuant to the 2013 Share Option Scheme) which was approximately 9.17% of the issued Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, no share option was granted, exercised, cancelled or lapsed and there were no outstanding share options under the 2022 Share Option Scheme since the date of adoption of the 2022 Share Option Scheme. Accordingly, the Company's unutilised scheme mandate limit under the 2022 Share Option Scheme would allow the grant of share options over 181,405,662 Shares. The Company has no intention to grant any share options under the 2022 Share Option Scheme during the period from the Latest Practicable Date to the date of the EGM.

Save for the abovementioned, the Company had no other subsisting share schemes as at the Latest Practicable Date.

Proposed adoption of the 2026 Share Option Scheme and termination of the 2022 Share Option Scheme

The Board has resolved to terminate the 2022 Share Option Scheme and to adopt the 2026 Share Option Scheme in compliance with Chapter 17 of the Listing Rules. The Company has sought legal advice in respect of the 2026 Share Option Scheme and understands that whilst the adoption of the 2026 Share Option Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) are not applicable.

The proposed adoption of the 2026 Share Option Scheme is to replace the 2022 Share Option Scheme so to align with the amended Chapter 17 of the Listing Rules.

In particular, as compared to the 2022 Share Option Scheme, the 2026 Share Option Scheme entails the followings:

- (a) to include the definition of "Employee Participant(s)" and "Eligible Participant(s)" in the 2026 Share Option Scheme;
- (b) to set out the maximum entitlement of each Grantee in respect of all the Options granted under the 2026 Share Option Scheme and, if any, the other share options and share awards granted under any other share schemes of the Company to such person in the 12-month period to be 1% of the total number of issued Shares (excluding Treasury Shares, if any) as at the Offer Date unless Shareholders' approval in general meeting has been obtained, with that Eligible Participant and his/her close associate abstaining from voting;

LETTER FROM THE BOARD

- (c) to set out the minimum Vesting Period of no less than 12 months, save for specific and limited circumstances set out in the section headed “4. Restrictions on the times of grant of Options” in Appendix I to this circular;
- (d) to clarify the limit of granting the Options to an independent non-executive Director or a substantial shareholder of the Company to be 0.1% of the total number of issued Shares (excluding Treasury Shares, if any) as at the Offer Date taking into account all options and awards already granted (excluding any options lapsed in accordance with the terms of the 2026 Share Option Scheme and any other share options and share awards lapsed in accordance with the terms of any other share schemes of the Company) to such person in the 12-month period before obtaining Shareholders’ approval in the general meeting is required, and to remove the HK\$5 million aggregate value threshold, previously imposed under the Listing Rules, from such limit to align with the amended Chapter 17 of the Listing Rules, under which such threshold has been removed;
- (e) to remove the 30% limit, previously imposed under the Listing Rules, on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share schemes of the Company to align with the amended Chapter 17 of the Listing Rules, under which such limit has been removed;
- (f) to specify that the Company may transfer Treasury Shares to the Grantee upon exercise of an Option, and to clarify that references to new Shares include Treasury Shares and references to the issue of Shares include the transfer of Treasury Shares;
- (g) to align the Scheme Mandate Limit of the 2026 Share Option Scheme with other share schemes adopted or to be adopted by the Company so to ensure that all the Options to be granted under the 2026 Share Option Scheme and all the share options and share awards to be granted under any other share scheme(s) of the Company shall not in aggregate exceed 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of approval of the 2026 Share Option Scheme;
- (h) to set out the minimum three-year period as required under Rule 17.03C of the Listing Rules for the Company to refresh the Scheme Mandate Limit following the date of adoption, and to include a mechanism for the Company to seek separate approval from the Shareholders in general meeting for granting Options which will result in the Scheme Mandate Limit or the refreshed Scheme Mandate Limit being exceeded;
- (i) to require the approval of any change to the terms of the Options granted to a Grantee 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); and
- (j) to update the terminology and cross references to better align the wording with the amended Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

Explanation of the principal terms of the 2026 Share Option Scheme

A summary of the principal terms of the 2026 Share Option Scheme is set out in Appendix I to this circular.

Purpose

The purpose of the 2026 Share Option Scheme is to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

Duration

The 2026 Share Option Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date which no further Options shall be offered but the provisions of the 2026 Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2026 Share Option Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the 2026 Share Option Scheme.

Conditions of the 2026 Share Option Scheme

The 2026 Share Option Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolution by the Shareholders to approve and adopt the 2026 Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, such number of Shares falling to be issued pursuant to the exercise of Options under the 2026 Share Option Scheme.

Ordinary resolution will be proposed at the EGM for the Shareholders to consider, and if thought fit, to approve the proposed adoption of the 2026 Share Option Scheme. So far as the Directors are aware and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder was required to abstain from voting on the resolution to be proposed at the EGM to approve the proposed adoption of the 2026 Share Option Scheme.

An application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the Options to be granted under the 2026 Share Option Scheme.

LETTER FROM THE BOARD

Eligible Participants and basis for determining eligibility of participants

Eligible Participants under the 2026 Share Option Scheme shall be any Employee Participant, being any director (including executive directors, non-executive directors and independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its subsidiaries (including any persons who are granted Options under the 2026 Share Option Scheme as an inducement to enter into employment contracts with these companies), which the Board or the Committee considers, in its sole discretion, having contributed or will contribute to the Group. The 2026 Share Option Scheme is principally intended to target Employee Participants who have made past contribution to the Group. Accordingly, grants of Options under the 2026 Share Option Scheme are primarily intended to recognise and reward such past contribution and may, in substance, be regarded as analogous to the payment of a discretionary bonus. Nevertheless, the Board does not preclude the possibility of granting Options to Employee Participants who are expected to make, or who have the potential to make, future contribution to the Group, with a view to further promoting the Group's development. This may include persons to whom Options are granted as an inducement to enter into employment contracts with the Company or any of its subsidiaries.

In assessing the eligibility of any Eligible Participant, the Board will consider all relevant factors as appropriate, including (among others): (i) his/her responsibilities and past or potential contribution made or to be made to the Group; (ii) his/her ability to further promote the development of the Group; (iii) his/her years of service; and (iv) his/her professional qualifications and knowledge in the industry.

As at the Latest Practicable Date, the Company has not formulated any plan or intention to grant any Option to the independent non-executive Directors or any of their respective associates under the 2026 Share Option Scheme.

The Board believes that the inclusion of independent non-executive Directors as Eligible Participants is justified for the following reasons: (i) equity-based remuneration is an effective tool to align the interests of Board members including the independent non-executive Directors with those of Shareholders; (ii) it is a common market practice among public companies; (iii) it is consistent with the scope of eligible persons under the 2022 Share Option Scheme; and (iv) the independent non-executive Directors make valuable contribution to the Group's corporate governance and business development. The inclusion gives the Company flexibility to grant Options allowing the Company to keep its remuneration package competitive to attract and retain talent which aligns with the purpose of the 2026 Share Option Scheme.

Scheme Mandate Limit

The total number of Shares which may be issued by the Company in respect of all the Options to be granted under the 2026 Share Option Scheme and all other share options and share awards to be granted under any other share scheme(s) of the Company shall not in aggregate exceed 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the date of approval of the 2026 Share Option Scheme. The Scheme Mandate Limit complies with the requirements of Chapter 17 of the Listing Rules. There is no service provider sub-limit under the 2026 Share Option Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the aggregate maximum number of Shares which may be allotted and issued in respect of the Options to be granted under the 2026 Share Option Scheme and all other share options and share awards to be granted under any other share scheme(s) of the Company involving the issue of new Shares would be 197,849,842 Shares, representing approximately 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Latest Practicable Date.

Vesting Period

Except for certain circumstances as allowed under the 2026 Share Option Scheme (as set out in paragraphs 4.3(i) to (vi) of Appendix I to this circular), the Vesting Period in respect of any Option granted shall be no less than twelve (12) months. To ensure the practicability in fully attaining the purpose of the 2026 Share Option Scheme, the Board (and the Remuneration Committee where the arrangements relate to grant of Options to Directors and/or Senior Manager) is of the view that (i) there are certain instances (e.g. disability or occurrence of any out of control event) where a strict 12-month vesting requirement would not work or would not be fair to the Employee Participants; (ii) there is a need for the Group to maintain flexibility in its remuneration package to attract and retain talented individuals facilitate succession planning and the effective transition of employee responsibilities and appropriately reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies (e.g. by the grant of “make-whole” Options) to adapt to evolving market conditions and industry competition, and therefore should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The Board (and the Remuneration Committee where the arrangements relate to grant of Options to Directors and/or Senior Manager) is of the view that the Vesting Period requirements (including the circumstances in which a shorter Vesting Period may apply) could motivate and provide incentives to the Employee Participants and to attract and retain the best available personnel for the Group, which aligns with the market practice, and is in line with the purpose of the 2026 Share Option Scheme.

Maximum entitlement to each Grantee

The Board or the Committee shall, subject to and in accordance with the provisions of the 2026 Share Option Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the life of the 2026 Share Option Scheme offer to grant an Option to any Eligible Participant whom the Board or the Committee may in its absolute discretion select and subject to such conditions (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) as it may think fit, provided that the total number of Shares issued and to be issued in respect of all the Options granted under the 2026 Share Option Scheme and, if any, other share options and share awards granted under any other share schemes to such person (excluding any share options and share awards lapsed in accordance with the terms of the 2026 Share Option Scheme and the other share schemes) in the 12-month period up to and including the Offer Date exceeding 1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding Treasury Shares, if any) as at the Offer Date.

LETTER FROM THE BOARD

Any grant of Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their associates, which 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 terms of the relevant schemes) to such person in the twelve (12) month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any Treasury Shares), such further grant of Options must be approved by the Shareholders in general meeting. The number and terms of the Options to be granted must be fixed before obtaining the Shareholders' approval. The Company must send a circular to the Shareholders containing such information as required under applicable laws (including Rule 17.04 of the Listing Rules). The relevant Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Rights of holders of Options and Shares

Holders of Options will not have any voting rights, rights to dividends, distributions or other rights (including rights arising on a liquidation of the Company) in respect of the Shares to which such Options relate until the Options are exercised and the relevant Shares are allotted and issued.

Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

Performance target

The 2026 Share Option Scheme does not stipulate any performance target a Grantee is required to achieve before an Option may be exercised. However, under the 2026 Share Option Scheme, the Board may determine, at its sole discretion, such terms and conditions on the grant of an Option. This determination may vary on a case-by-case basis but no such terms will be imposed the result of which will be to the advantage of the Eligible Participants. Each of the Board and the Remuneration Committee is of the view that under appropriate circumstances, imposing a performance target may not be necessary in granting an Option. For instance, the grant was mainly for the purpose of recognising the past contribution of an Eligible Participant (which in essence may be analogous to a bonus payment). By contrast, in the case of motivating an Eligible Participant for providing meaningful contribution to the Group on an on-going basis, it is likely that the Options to be granted will be subject to performance target. The Board and if necessary, the Committee will carefully assess individual cases in reviewing any proposed grant.

Exercise Price

The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in the 2026 Share Option Scheme, be determined by the Board or the Committee in its absolute discretion but in any event must be at least the higher of:

- (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date;

LETTER FROM THE BOARD

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

The basis for the determination of the Exercise Price is not specified in the terms of the 2026 Share Option Scheme and the Board may, with respect to each grant of Options, determine the Exercise Price (being not less than the minimum price specified in the Listing Rules) of the Options. In this relation, the terms of the 2026 Share Option Scheme will provide the Board with flexibility in determining the Exercise Price in light of the circumstances of each grant and help align with the purpose of the 2026 Share Option Scheme.

Other Information

The 2026 Share Option Scheme does not provide for a clawback mechanism which sets out the circumstances in which the unvested Options to a Grantee shall, among others, automatically lapse. The Company considers that it is not necessary to incorporate a clawback mechanism into the 2026 Share Option Scheme given that the grant of Options under the 2026 Share Option Scheme is principally intended to recognise the past contribution of the Employee Participants and, in substance, may be regarded as analogous to the payment of a discretionary bonus. As the relevant past contribution will have been assessed and recognised at the time of grant, the Company consider it unlikely that circumstances attributable to a Grantee, a material misstatement in the Company's financial statements, or any material inaccuracy in the relevant performance metrics would subsequently arise so as to warrant the clawback of the Options. By contrast, where the purpose of a grant is to motivate an Employee Participant to make meaningful and continuing contribution to the Group, or to induce a person expected to contribute to the Group to join the Company or any of its subsidiaries, the Options to be granted are likely to be subject to performance targets. The Board and the Remuneration Committee will carefully assess, on a case-by-case basis, whether any performance targets should be imposed and, if so, the appropriate targets, so to avoid giving rise to circumstances that may warrant the clawback of the Options. Accordingly, the Board considers that the absence of a clawback mechanism aligns with the purpose of the 2026 Share Option Scheme and is in compliance with Rule 17.03(19) of the Listing Rules.

None of the Directors is or will be a trustee of the 2026 Share Option Scheme nor has a direct or indirect interest in the trustee, if any.

For the purposes of the 2026 Share Option Scheme, new Shares include Treasury Shares and the issue of new Shares includes the transfer of Treasury Shares. The Company may use Treasury Shares, if any, and to the extent permitted by the Articles of Association, to satisfy the Options under the 2026 Share Option Scheme. As at the Latest Practicable Date, the Company did not hold any Treasury Share.

Overall, the terms of the 2026 Share Option Scheme will provide the Board with flexibility in imposing appropriate conditions in light of the circumstances of each grant and help achieve the purpose of the 2026 Share Option Scheme. The Company will comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the 2026 Share Option Scheme.

LETTER FROM THE BOARD

For other details of the 2026 Share Option Scheme, please refer to the summary of the principal terms of the 2026 Share Option Scheme set out in Appendix I to this circular.

Document on Display

A copy of the 2026 Share Option Scheme will be published on the websites of the HKEXnews (www.hkexnews.hk) and the Company (www.daphneholdings.com) for a period of not less than 14 days before the date of the EGM (including the date of the EGM), and will be made available for inspection at the EGM.

2. PROPOSED ADOPTION OF THE SHARE AWARD SCHEME

The Board proposes to adopt the Share Award Scheme in accordance with Chapter 17 of the Listing Rules to provide incentives or rewards to the Eligible Participants for their contribution to the Group. The Directors consider that the proposed adoption of the Share Award Scheme is in the interests of the Company and the Shareholders as a whole.

Adoption Conditions of the Share Award Scheme

The Share Award Scheme will take effect upon satisfaction of the following conditions:

- (a) the passing of ordinary resolution(s) by the Shareholders at a general meeting to approve the adoption of the Share Award Scheme; and
- (b) the Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company in respect of the Awards to be granted in accordance with the terms and conditions of the Share Award Scheme.

Ordinary resolution will be proposed at the EGM for the Shareholders to consider, and if thought fit, to approve the proposed adoption of the Share Award Scheme. So far as the Directors are aware and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder was required to abstain from voting on the resolution to be proposed at the EGM to approve the proposed adoption of the Share Award Scheme.

An application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the Awards to be granted under the Share Award Scheme.

Administration

The Share Award Scheme shall be subject to the administration of the Board. The Board may delegate the authority to administer the Share Award Scheme to the Committee and may also appoint any Trustee to assist with the administration and vesting of the Awards granted pursuant to the Share Award Scheme. None of the Directors is a Trustee or has a direct or indirect interest in the Trustee, if any, of the Share Award Scheme.

LETTER FROM THE BOARD

To satisfy the Awards after vesting, the Company may, as determined by the Board or the Committee in its absolute discretion (a) allot and issue new Shares to the Grantee directly; and/or (b) allot and issue new Shares to the Trustee, and/or instruct the Trustee to acquire existing Shares through on-market or off-market purchases in accordance with the Company's instructions and subject to the terms and conditions of the Trust Deed (if any), such new and/or existing Shares to be held on trust for the Grantee and to be transferred to the Grantee after vesting, provided that (i) the Trustee holding unvested Shares under the Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by applicable laws to vote in accordance with the beneficial owner's direction and such a direction is given; and (ii) to the extent any new Shares will be allotted and issued by the Company to satisfy any Award after vesting, such allotment and issue shall be subject to and conditional upon the granting of approval by the Listing Committee for the listing of, and permission to deal in, such number of new Shares which may fall to be allotted and issued.

For the purposes of the Share Award Scheme, new Shares include Treasury Shares and the issue of new Shares includes the transfer of Treasury Shares. The Company may use Treasury Shares, if any, and to the extent permitted by the Articles of Association, to satisfy the Awards under the Share Award Scheme. As at the Latest Practicable Date, the Company did not hold any Treasury Share.

Duration

Subject to the fulfillment of the Adoption Conditions and any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date and ending on the tenth (10th) anniversary of the Adoption Date.

Explanation of the rules of the Share Award Scheme

A summary of the rules of the Share Award Scheme is set out in Appendix II to this circular.

Purpose

The purpose of the Share Award Scheme is to (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to incentivise and motivate them to further contribute towards the growth and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company; and (ii) attract suitable personnel for further development of the Group.

Eligible Participants and basis for determining eligibility of participants

Eligible Participants under the Share Award Scheme include the Employee Participants, provided that the Board or the Committee considers, in its sole discretion, such person having satisfied the eligibility requirements under the Share Award Scheme.

LETTER FROM THE BOARD

Employee Participants are directors (including executive directors, non-executive directors and independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its subsidiaries (including any persons who are granted Awards under the Share Award Scheme as an inducement to enter into employment contracts with these companies), provided that the Board and/or the Committee shall have absolute discretion to determine whether or not one falls within such category. In assessing their eligibility, the Board or the Committee will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) his skills, knowledge, experience, expertise, educational, professional qualifications and other relevant personal qualities; (ii) contribution or potential contribution made or expected to be made to the development, growth and performance of the Group; (iii) quality of work performed for the Group; (iv) initiative and commitment in performing his/her duties, responsibilities or employment conditions according to the prevailing market practice and industry standard; (v) length of service or contribution to the Group; and (vi) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

As at the Latest Practicable Date, the Company has not formulated any plan or intention to grant any Award to the independent non-executive Directors or any of their respective associates under the Share Award Scheme.

However, the Board believes that the inclusion of independent non-executive Directors as Eligible Participants is justified for the following reasons: (i) equity-based remuneration is an effective tool to align the interests of Board members including the independent non-executive Directors with those of Shareholders; (ii) it is a common market practice among public companies; (iii) it is consistent with the scope of eligible persons under the 2022 Share Option Scheme; and (iv) the independent non-executive Directors make valuable contribution to the Group's corporate governance and business development. The inclusion gives the Company flexibility to grant Awards allowing the Company to keep its remuneration package competitive to attract and retain talent which aligns with the purpose of the Share Award Scheme.

The Board believes that possible grant of Awards to independent non-executive Directors will not impair their independence and impartiality, because: (i) the independent non-executive Directors must continue to comply with the independence requirements under Rule 3.13 of the Listing Rules; (ii) the rules of the Share Award Scheme provided that any grant causing an independent non-executive Director's (or any of their associates') total number of Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and (if any) other share options and share awards granted under any other share scheme(s) (excluding any Awards and any other share options and share awards lapsed in accordance with the terms of the share scheme(s)) to exceed 0.1% (or any higher permitted threshold under the Listing Rules) of issued Shares (excluding Treasury Shares, if any) in a 12-month period requires separate Shareholder's approval; (iii) the Board will always be mindful of the recommended best practice E.1.9 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules which recommends that issuers generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors when considering any future grants of Options or Awards to the independent non-executive Directors.

LETTER FROM THE BOARD

The Board is of the view that the proposed adoption of the Share Award Scheme aligns with current market practices of providing incentives to employees to motivate them to contribute to the growth and development of the Group. By offering Awards to the Employee Participants, the Share Award Scheme aims to align Employee Participants' interests with the overall objectives of the Group, by encouraging them to work towards enhancing the enterprise value, as well as achieving the long-term objectives set by the Group and ultimately benefiting the Group as a whole.

In light of the above, the Board (including the independent non-executive Directors) is of the view that the inclusion of the Employee Participants in the Share Award Scheme and the basis of determining their eligibility are in line with the purpose of the Share Award Scheme, enabling the Group to attract and retain talented employees and valuable human resources from both within and outside the Group and promote its long-term growth, the proposed adoption of the Share Award Scheme is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Scheme Mandate Limit

The aggregate maximum number of Shares which may be allotted and issued in respect of the Awards to be granted under the Share Award Scheme and all other share options and share awards to be granted under any other share scheme(s) of the Company involving the issue of new Shares will be 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date. The Scheme Mandate Limit complies with the requirements of Chapter 17 of the Listing Rules. There is no service provider sub-limit under the Share Award Scheme.

As at the Latest Practicable Date, given that no share option has been or will be granted under the 2022 Share Option Scheme since the date of adoption of the 2022 Share Option Scheme and up to the date of the EGM, the aggregate maximum number of Shares which may be allotted and issued in respect of the Awards to be granted under the Share Award Scheme and all other share options and share awards to be granted under any other share scheme(s) of the Company involving the issue of new Shares, including the 2026 Share Option Scheme would be 197,849,842 Shares, representing approximately 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Latest Practicable Date.

If the Company conducts any capitalisation issue, rights issue, share consolidation, share subdivision or capital reduction after the Share Award Scheme has been approved at the EGM, the maximum number of new Shares that may be issued in respect of all options and awards to be granted under the Share Award Scheme and any share scheme(s) of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares as at the date immediately before and after such capitalisation issue, rights issue, share consolidation, share subdivision or capital reduction shall be the same, rounded to the nearest whole Share.

LETTER FROM THE BOARD

Vesting Period

Except for certain circumstances as allowed under the Share Award Scheme (as set out in paragraphs 5.1(a) to (f) of Appendix II to this circular), the Vesting Period in respect of any Award granted shall be no less than twelve (12) months from (and including) the date of grant. To ensure the practicability in fully attaining the purpose of the Share Award Scheme, the Board (and the Remuneration Committee where the arrangements relate to grant of Awards to Directors and/or Senior Manager) is of the view that (i) there are certain instances (e.g. disability or occurrence of any out of control event) where a strict 12-month vesting requirement would not work or would not be fair to the Employee Participants; (ii) there is a need for the Group to maintain flexibility in its remuneration package to attract and retain talented individuals facilitate succession planning and the effective transition of employee responsibilities and appropriately reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies (e.g. by the grant of “make-whole” Awards) to adapt to evolving market conditions and industry competition, and therefore should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

The Board (and the Remuneration Committee where the arrangements relate to grant of Awards to Directors and/or Senior Manager) is of the view that the Vesting Period requirements (including the circumstances in which a shorter Vesting Period may apply) could motivate and provide incentives to the Employee Participants and to attract and retain the best available personnel for the Group, which aligns with the market practice, and is in line with the purpose of the Share Award Scheme.

Purchase Price

Unless otherwise determined by the Board or the Committee in its absolute discretion at the relevant time for each Award, a Selected Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted, nor is the Selected Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Award Shares. The Board considers that it is consistent with the purpose of the Share Award Scheme for the Company to retain discretion to consider the purchase price, if any, for an Award and the underlying Award Shares so that meaningful reward may be provided to the Selected Participants in recognition of their contribution or potential contribution to the Group.

LETTER FROM THE BOARD

Performance targets

The Share Award Scheme sets out the qualitative description of possible performance targets related to financial and non-financial parameters of the Group and/or individual performance indicators (as set out in Appendix II to this circular) and allows discretion for the Board or the Committee to determine whether any performance targets will be specified in respect of each Award on a case-by-case basis, for the purpose of motivating the Selected Participants to strive for the future development and expansion of the Group, which are directly linked to the purpose of the Share Award Scheme of rewarding contribution and driving the Group's growth as well as aligning incentives with the specific strategic contribution expected from each Selected Participant. As each Selected Participant has a different position or role with respect to the Group and may contribute to the Group differently in terms of nature, duration or significance, it may not always be appropriate to impose a generic set of performance targets for each Award. Therefore, the Share Award Scheme does not prescribe the performance targets that must be met before each Award may vest. However, the Board or the Committee shall specify the conditions including any performance target for each Award in the Grant Notice (as defined in Appendix II to this circular).

The Board considers that it is more beneficial for the Company to have flexibility to determine whether and to what extent any performance targets will be attached to each Award in light of the specific circumstances of each Selected Participant and it is not practicable to expressly set out a generic set of performance targets in the rules of the Share Award Scheme, as each Selected Participant will play different roles and contribute in different ways to the Group. The Board or the Committee shall have regard to the purpose of the Share Award Scheme in making such determinations, and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Selected Participant(s). The Board believes that (i) setting specific performance targets ensures Awards are earned only through continued value creation, directly aligning with the Share Award Scheme's purpose of recognising past contribution while incentivising future growth; and (ii) the flexibility to set meaningful targets keeps the equity incentive competitive and attractive to diverse high-value contributors and supports the Share Award Scheme's objective of attracting suitable talent for the Group's further development.

Clawback mechanism

The Share Award Scheme provides for a clawback mechanism which sets out the circumstances in which the unvested Awards to a Grantee shall, among others, automatically lapse forthwith in the event that, (i) the Grantee commits any misconduct (details of which are set out in Appendix II to this circular); or (ii) the granting of any Award, or its becoming vested was based on material misstatement in the financial statements of the Company or any other materially inaccurate performance metric criteria; or (iii) if the Grantee joins a company which the Board or the Committee believes in its sole and reasonable opinion to be a competitor of a member of the Group; or (iv) if any other clawback event implicitly or explicitly characterised in the Grant Notice occurs.

The Board considers that such mechanism aligns with the purpose of the Share Award Scheme as it would not be beneficial to the Group for the Grantee to continue to benefit from the unvested Awards under the circumstances that would trigger the clawback mechanism.

LETTER FROM THE BOARD

Other Information

Pursuant to the note to Rule 17.03(2) of the Listing Rules, the Board has sought legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to the Share Award Scheme proposed to be adopted and understands that the proposed adoption of the Share Award Scheme and the grant of the Awards thereunder, would not constitute an offer to public and the prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) are not applicable.

For other details of the Share Award Scheme, please refer to the summary of the rules of the Share Award Scheme set out in Appendix II to this circular.

Document on Display

A copy of the rules of the Share Award Scheme will be published on the website of the HKEXnews (www.hkexnews.hk) and the Company's website (www.daphneholdings.com) for a period of not less than 14 days before the date of the EGM (including the date of the EGM) and will be made available for inspection at the EGM.

3. PROPOSED AMENDMENTS TO THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 22 September 2026 in relation to, among other things, the Proposed Amendments to the Existing Memorandum and Articles of Association and the proposed adoption of the New Memorandum and Articles of Association.

The Proposed Amendments to the Existing Memorandum and Articles of Association and the proposed adoption of the New Memorandum and Articles of Association incorporating the Proposed Amendments are intended to, among others, (i) update and bring the Existing Memorandum and Articles of Association to be in line with and cater for the uncertificated securities market regime under the Listing Rules and other securities related rules and regulations in Hong Kong; (ii) enable the Company to hold and dispose of any repurchased Shares as Treasury Shares in accordance with applicable laws of the Cayman Islands; and (iii) adopt consequential and other housekeeping amendments. Accordingly, the Board proposes to adopt the New Memorandum and Articles of Association in substitution for, and to the exclusion of, the Existing Memorandum and Articles of Association, as the memorandum and articles of association of the Company.

The Proposed Amendments to the Existing Memorandum and Articles of Association and the proposed adoption of the New Memorandum and Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the EGM.

The Proposed Amendments to the Existing Memorandum and Articles of Association are set out in Appendix III to this circular. The Chinese translation of the Proposed Amendments to the Existing Memorandum and Articles of Association is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

LETTER FROM THE BOARD

The legal adviser to the Company as to the laws of the Cayman Islands has confirmed that the New Memorandum and Articles of Association (incorporating the Proposed Amendments) do not violate the applicable laws of the Cayman Islands. The legal adviser to the Company as to the laws of Hong Kong confirmed that the Proposed Amendments conform with the requirements of the Listing Rules.

The Company also confirms that there is nothing unusual about the Proposed Amendments for a company listed on the Stock Exchange.

The Existing Memorandum and Articles of Association is currently published on the websites of the HKEXnews (www.hkexnews.hk) and the Company (www.daphneholdings.com). After the relevant special resolution has been approved by the Shareholders, the New Memorandum and Articles of Association will be made available on the aforesaid two websites as soon as practicable.

4. EGM AND VOTING BY POLL

The notice of the EGM is set out on pages EGM-1 to EGM-4 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the EGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The results of the poll will be published on the websites of the HKEXnews (www.hkexnews.hk) and the Company (www.daphneholdings.com) in the manner prescribed under Rules 13.39(5) and (5A) of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders will be required to abstain from voting on each of the resolutions to be proposed at the EGM.

5. CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

In order to qualify for attending and voting at the EGM, the register of members of the Company will be closed from Thursday, 15 October 2026 to Wednesday, 21 October 2026 (both days inclusive). All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 October 2026. The record date for determining the eligibility of the Shareholders to attend and vote at the EGM will be Wednesday, 21 October 2026. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or submit the form of proxy electronically at <https://evoting.vistra.com/#/210> in accordance with the instructions printed on the accompany notification letter, as soon as possible and in any event no later than 3:00 p.m. on Monday, 19 October 2026, or not less than 48 hours before the time of any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournment thereof) should you so wish. In such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

6. RESPONSIBILITY STATEMENT

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

7. RECOMMENDATION

The Board considers that the proposed adoption of the 2026 Share Option Scheme and termination of the 2022 Share Option Scheme, the proposed adoption of the Share Award Scheme and the Proposed Amendments and the proposed adoption of the New Memorandum and Articles of Association are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of each of the relevant resolutions to be proposed at the EGM as set out in the notice of the EGM.

8. GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By Order of the Board
Daphne International Holdings Limited
Chang Chih-Kai
Chairman

The following is a summary of the principal terms of the 2026 Share Option Scheme but does not form part of, nor was it intended to be part of, the terms of the 2026 Share Option Scheme nor should it be taken as affecting the interpretation of the terms of the 2026 Share Option Scheme.

1. Purpose

The purpose of the 2026 Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

2. Who may join

- 2.1 The Board or the Committee shall be entitled (but shall not be bound) to, at its absolute discretion, select an Employee Participant, being any director (including executive directors, non-executive directors and independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its subsidiaries (including any persons who are granted Options under the 2026 Share Option Scheme as an inducement to enter into employment contracts with these companies), to grant an Option pursuant to which such Eligible Participant may receive such number of Shares as the Board or the Committee may determine, provided that the Board or the Committee considers, in its sole discretion, have contributed or will contribute to the Group. The 2026 Share Option Scheme is principally intended to target Employee Participants who have made past contribution to the Group. Accordingly, grants of Options under the 2026 Share Option Scheme are primarily intended to recognise and reward such past contribution and may, in substance, be regarded as analogous to the payment of a discretionary bonus. Nevertheless, the Board may still grant Options to Employee Participants who are expected to make, or who have the potential to make, future contribution to the Group, with a view to further promoting the Group's development. This may include persons to whom Options are granted as an inducement to enter into employment contracts with the Company or any of its subsidiaries.
- 2.2 In assessing the eligibility of any Eligible Participant, the Board will consider all relevant factors as appropriate, including (among others): (i) his/her responsibilities and past or potential contribution made or to be made to the Group; (ii) his/her ability to further promote the development of the Group; (iii) his/her years of service; and (iv) his/her professional qualifications and knowledge in the industry.
- 2.3 Upon acceptance of the Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant within 28 days of the Offer Date. Any offer to grant an Option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the Option. To the extent that the offer to grant an Option is not accepted by any prescribed Acceptance Date, it shall be deemed to have been irrevocably declined.

3. Scheme Mandate Limit and Refreshment

3.1 The total number of Shares which may be issued by the Company in respect of all the Options to be granted under the 2026 Share Option Scheme and all the share options and share awards to be granted under any other scheme(s) of the Company shall not in aggregate exceed 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date.

3.2 Subject to paragraph 3.3, the Scheme Mandate Limit may be refreshed by the Company as follows:

(A) the Company may refresh the Scheme Mandate Limit by ordinary resolution of its shareholders in general meeting after three (3) years from the adoption date (or from the date of shareholders' approval for the last refreshment) in accordance with the Listing Rules; and

(B) any refreshment of the Scheme Mandate Limit within the three-year period from the adoption date (or from the date of shareholders' approval for the last refreshment) must be approved by the shareholders in general meeting subject to the following provisions:

(i) any controlling shareholders (as defined in the Listing Rules) of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the 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) and (7), 13.40, 13.41 and 13.42 of the Listing Rules,

provided that paragraphs 3.2(B)(i) and (ii) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to its shareholders on a pro-rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of Shares, rounded to the nearest whole Share.

3.3 The Scheme Mandate Limit so refreshed under paragraph 3.2 shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of shareholders' approval of the refreshment of the Scheme Mandate Limit. A circular regarding the proposed refreshment of the Scheme Mandate Limit must be despatched to the shareholders of the Company containing the number of Options and any other share options and share awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment.

- 3.4 Without prejudice to paragraphs 3.2 and 3.3, the Company may seek separate approval by its shareholders in general meeting for granting Options which will result in the Scheme Mandate Limit or, if applicable, the refreshed Scheme Mandate Limit under paragraph 3.2, being exceeded, provided that:
- (A) the Options in excess of the limit are granted only to the Grantee(s) specifically identified by the Company before such approval is sought;
 - (B) the Company must despatch a circular to the Shareholders containing such relevant information as required by Rule 17.03C(3) of the Listing Rules in relation to any such proposed grant to such Grantee(s); and
 - (C) the number and terms of the Options to be granted to such Grantee(s) are fixed before the shareholders' approval.

4. Restrictions on the times of grant of Options

- 4.1 A grant of Options may not be made after inside information (as defined under Part XIVA of the SFO) has come to the knowledge of the Company until (and including) the trading day after it has announced the information pursuant to the requirements of the SFO and the Listing Rules. In particular, no Options shall be granted during the period commencing thirty (30) days immediately before the earlier of:
- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish an announcement of its results for any year or half-year period under the Listing Rules, and, where the Company has elected to publish, any quarterly or any other interim period,
- and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement.
- 4.2 The Board or the Committee may not grant any Option to any Director during the periods or times when such an Option is prohibited under the Listing Rules (including but not limited to the Model Code for Securities Transactions by Directors of Listed Issuers), any corresponding code or securities dealing restrictions adopted by the Company and all applicable laws from time to time. Without limiting the generality of the foregoing, when an Option is proposed to be made to a Director who, because of his office or employment in the Company or any Subsidiary, is likely to be in possession of unpublished inside information (as defined under Part XIVA of the SFO) in relation to the Company, no Option may be granted during the following periods or times:

- (i) during the period of 60 days immediately preceding the publication date of the Company's 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 Company's 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.
- 4.3 The Board or the Committee may from time to time, in its absolute discretion, determine the Vesting Date upon which the Option may be vested in that Grantee in respect of all or a proportion of the Shares. The Vesting Period in respect of any Option shall be not less than twelve (12) months (or such other period as the Listing Rules may prescribe or permit), the Board or the Committee shall have the authority to determine a shorter Vesting Period for any of the Employee Participants in its absolute discretion under the following specific circumstances:
- (i) grants of "make-whole" Options to any Employee Participants who are new joiners to replace the share awards or options they forfeited when leaving their previous employers;
 - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
 - (iii) grants that are made in batches during a year for administrative or compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted;
 - (iv) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months or where the Option may vest by several batches with the first batch to vest within twelve (12) months of the Offer Date and the last batch to vest twelve (12) months after the Offer Date;
 - (v) grants with performance-based vesting conditions provided in the 2026 Share Option Scheme or as specified in the offer document in lieu of time-based vesting criteria; or
 - (vi) grants with a total vesting and holding period of more than twelve (12) months.

Any grant of Options to any Director or Senior Manager of the Company which is made on terms with a Vesting Period of less than twelve 12 months or without a performance target be reviewed by the Board or the Committee as to why such a shorter Vesting Period is appropriate and how the grant aligns with the purposes of the 2026 Share Option Scheme.

5. Maximum entitlement to each Grantee

- 5.1 The Board or the Committee shall, subject to and in accordance with the provisions of the 2026 Share Option Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the term of the 2026 Share Option Scheme offer to grant an Option to any Eligible Participant whom the Board or the Committee may in its absolute discretion select and subject to such conditions (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) as it may think fit, provided that the total number of Shares issued and to be issued in respect of all the Options granted under the 2026 Share Option Scheme and, if any, the share options and other share awards granted under any other schemes to such person (excluding any share options and share awards lapsed in accordance with the terms of the 2026 Share Option Scheme and the other schemes) in the 12-month period up to and including the Offer Date exceeding 1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding Treasury Shares, if any) as at the Offer Date.
- 5.2 If the Board or the Committee determines to offer Options to an Eligible Participant which exceed the limit set out in paragraph 5.1:
- (a) that grant shall be subject to (i) the issue of a circular by the Company to the Shareholders which shall comply with Rules 17.03D(2) and 17.06 of the Listing Rules and or such other requirements as prescribed under the Listing Rules from time to time; and (ii) the separate approval by the Shareholders in general meeting with that Eligible Participant and his/her close associates (or associates if that participant is a connected person) abstaining from voting; and
 - (b) unless provided otherwise in the Listing Rules, the number and terms (including the Exercise Price) of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval, and the date of the Board meeting at which the Board resolves to grant the proposed Options to that Eligible Participant should be taken as the Offer Date for the purpose of calculating the Exercise Price.

6. Rights are personal to grantee

An Option and an offer to grant an Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any offer relating to the grant of an Option made to him or attempt to do so. Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.

7. Time of exercise of Share Option and duration of the 2026 Share Option Scheme

An Option may be exercised in accordance with the terms of the 2026 Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of (up to) 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of Shareholders' approval of the 2026 Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the 2026 Share Option Scheme shall be valid and effective for a period of 10 years from the date of its approval by the Shareholders.

8. Performance target

A Grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the 2026 Share Option Scheme can be exercised.

9 Exercise Price

The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 17, be determined by the Board or the Committee in its absolute discretion but in any event must be at least the higher of:

- (i) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share.

10. Rights on ceasing employment or death

If the Grantee of an Option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph 11 below, the Grantee may exercise the Option up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) within a period of 3 months (or such long period as the Board may determine) from such cessation; or
- (ii) by reason of death, ill-health, injury or disability and none of the events which would be a ground for termination of his relationship with the Group under paragraph 11 below has occurred, he or his personal representative(s) may exercise the Option (to the extent not already exercised) within a period of 12 months (or such longer period as the Board may determine) from such cessation,

which date shall be the last actual working day with the Group whether salary is paid in lieu of notice or not, failing which it will lapse.

11. Rights on dismissal

If the Grantee of an Option ceases to be an Eligible Participant on the grounds that (i) he has been guilty of serious misconduct, (ii) he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Company and/or any of its subsidiaries, (iii) he has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally, or (iv) on any other ground as determined by the Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the Grantee's employment or service contract with the Group, his Option will lapse and not be exercisable after the date of termination of his employment. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive.

12. Rights on takeover

If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant Option, the Grantee of an Option (or his legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

13. Rights on winding-up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than one Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the Grantee as holder thereof.

14. Rights on compromise or arrangement between the Company and its members or creditors

If a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Options (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches notice to its members or creditors summoning the meeting to consider such a scheme of arrangement and any Grantee may, on the Business Day immediately preceding the date of the meeting, by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, exercise the Option to its full extent or to the extent specified in the notice. The Company shall allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof.

With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

15. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options shall be subject to all the provisions of the Articles of Association and will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

16. Effect of alterations to capital

If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, corresponding adjustments (if any) shall be made to:

- (a) the exercise price (if any); and/or
- (b) the number of outstanding Options that have been granted but unvested, provided that any such adjustments made must:
 - (i) give an Eligible Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that person was previously entitled;
 - (ii) not be made to the extent that a Share would be issued at less than its nominal value (if any);

- (iii) not be made to the advantage of the Eligible Participant without specific prior approval from the Shareholders;
- (iv) other than any made on a capitalisation issue, be confirmed by an independent financial adviser or auditors of the Company to the Directors in writing that the adjustments satisfy the requirements of Chapter 17 of the Listing Rules; and
- (v) be in accordance with the rules of the 2026 Share Option Scheme, the Listing Rules, the requirement under Appendix I to FAQ13 – No. 16, and any other applicable guidance/interpretation issued by the Stock Exchange from time to time.

In the event the Company conducts a share subdivision or consolidation, the number of Shares comprising the Scheme Mandate Limit shall be adjusted to the effect that such limits as a percentage of the total number of issued Shares at the date immediately before and the date immediately after such share consolidation or subdivision shall be the same, rounded to the nearest whole Share. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

17. Lapse of Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraph 10;
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph 14 becomes effective;
- (iv) subject to paragraph 13, the date of commencement of the winding-up of the Company;
- (v) an event which would be a ground for termination of the grantee's relationship with the Group under paragraph 12 has occurred; or
- (vi) the date on which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph 6 above or the options are cancelled in accordance with paragraph 19 below.

18. Alteration of the 2026 Share Option Scheme

- 18.1 Subject to paragraphs 18.3 and 18.4, the terms of the 2026 Share Option Scheme may be altered in any respect by a resolution of the Board, save and except that (i) any alteration to the terms and conditions of the 2026 Share Option Scheme which are of a material nature; or (ii) any alteration to the provisions of the 2026 Share Option Scheme relating to the

matters set out in Rule 17.03 of the Listing Rules to the extent that such alteration operates to the advantage of the selected Eligible Participants or Grantees must be approved by the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of any Options granted which have not vested or lapsed or been cancelled prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles of Association for a variation of the rights attached to the Shares. The amended terms of the 2026 Share Option Scheme shall still comply with Chapter 17 of the Listing Rules.

- 18.2 Subject to paragraph 18.4, any change to the terms of the Options granted to a Grantee shall be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company (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 of the Company (as the case may be), except where the alteration takes effect automatically under the existing terms of the 2026 Share Option Scheme. Such approval requirement does not apply where the Eligible Participant is only a proposed director or chief executive of the Company.
- 18.3 Any change to the authority of the Directors or administrators of the 2026 Share Option Scheme in relation to any alteration to these rules of the 2026 Share Option Scheme shall be approved by the Shareholders in general meeting.
- 18.4 The amended terms of the 2026 Share Option Scheme or the Options must comply with all applicable laws, rules and regulations (including but not limited to Chapter 17 of the Listing Rules).

19. Cancellation of Options

Subject to the terms of the 2026 Share Option Scheme, the Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the Grantee stating that such Option is thereby cancelled with effect from the date specified in such notice:

- (i) the Grantee commits or permits or attempt to commit or permit a breach of restriction on transferability of Option or any terms or conditions attached to the grant of the Options;
- (ii) the Grantee makes a written request to the Board for the Options to be cancelled; and
- (iii) if the grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or its subsidiaries.

Where the Company cancels the Options, the grant of new Options to the same Grantee may only be made under the 2026 Share Option Scheme within the limits set out in the terms of the 2026 Share Option Scheme.

20. Termination of the 2026 Share Option Scheme

20.1 The 2026 Share Option Scheme shall terminate on:

- (a) the tenth (10th) anniversary date of the adoption date; or
- (b) such date of earlier termination as determined by the Board or the Committee.

20.2 Upon the termination of the 2026 Share Option Scheme, no further offer of Options may be made and no Options offered shall be open for acceptance, but the terms of the 2026 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to any Options which are granted and remain unvested or in respect of which Shares are not yet issued to the Grantee prior to the termination of the operation of the 2026 Share Option Scheme. The Company shall notify all Grantees of such termination and of how the outstanding Options shall be dealt with.

20.3 The Company may by resolution in general meeting or the Board at any time terminate the 2026 Share Option Scheme and in such event no further Option shall be offered but the provisions of the 2026 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of The 2026 Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the 2026 Share Option Scheme.

21. Administration of the Board

Subject to the Listing Rules, the 2026 Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the 2026 Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

22. Options to connected person

22.1 If the Board or the Committee determines to offer to grant Options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant shall be subject to the approval by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the grantee of the Options).

22.2 If the Board or the Committee determines to offer to grant Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, and that grant would result in the Shares issued and to be issued in respect of all options and awards already granted (excluding any options lapsed in accordance with the terms of the 2026 Share Option Scheme and any other share options and share awards lapsed in accordance with the terms of any other schemes of the Company) to such person in the 12-month period up to and including the Offer Date representing in aggregate over 0.1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding Treasury Shares, if any) on the Offer Date, such further grant of Options must be approved by the Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.

22.3 The Company must send a circular to its shareholders pursuant to paragraph 22.2, which shall contain the following information:

- (i) the details of the number and terms (including the Exercise Price) of the Options to be granted to each Eligible Participant which must be fixed before the Shareholders' meeting and the Offer Date (which shall be the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant for the purpose of calculating the Exercise Price);
- (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent shareholders of the Company as to whether to vote for or against the resolution relating to the grant of the Options;
- (iii) the information required under Rule 17.02(2)(c) of the Listing Rules;
- (iv) the information required under Rule 2.17 of the Listing Rules; and
- (v) any other information as may be required under the Listing Rules or by the Stock Exchange from time to time.

The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the relevant requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

23. Conditions of the 2026 Share Option Scheme

The 2026 Share Option Scheme shall take effect subject to and is conditional upon:

- (i) the passing of the necessary resolution by the Shareholders to approve and adopt the 2026 Share Option Scheme; and
- (ii) the Listing Committee of Stock Exchange granting the approval for the listing of, and permission to deal in, such number of Shares falling to be issued pursuant to the exercise of Options under the 2026 Share Option Scheme.

24. Disclosure in annual and interim reports

The Company will disclose details of the 2026 Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

The following is a summary of the principal rules of the Share Award Scheme but does not form part of, nor was it intended to be part of, the rules of the Share Award Scheme nor should it be taken as affecting the interpretation of the rules of the Share Award Scheme.

1. PURPOSE AND ADMINISTRATION OF THE SHARE AWARD SCHEME

- 1.1 The purpose of the Share Award Scheme is to (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to incentivise and motivate them to further contribute towards the growth and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company; and (ii) attract suitable personnel for further development of the Group.
- 1.2 The Share Award Scheme shall be subject to the administration of the Board whose decisions on all matters (save for those specifically reserved for determination by the Shareholders in accordance with the Listing Rules) arising in relation to the Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby; and, for the avoidance of doubt, the Committee shall have powers on recommending and/or deciding (on and subject to the terms and conditions provided under the Share Award Scheme) the selection of the Eligible Participant, the terms and conditions of the Awards to be granted to the Eligible Participant under this Scheme from time to time (including but not limited to the number of Award Shares underlying the Awards, the consideration for the grant of the Awards, the Vesting Dates, vesting criteria, performance targets, and other terms and conditions), and other related matters as expressly provided under the Share Award Scheme or in accordance with the Listing Rules or other applicable laws, rules and regulations. In the event that a Selected Participant or Grantee is a member of the Board, such person may, notwithstanding his own interest but subject to the Articles of Association and the applicable laws, rules and regulations, vote on any resolution of the Board or the Committee concerning the Share Award Scheme (other than in respect of the grant or vesting of any Award to or in him under this Scheme).
- 1.3 The Board may delegate the authority to administer the Share Award Scheme to the Committee or appoint one or more persons, entities or contractors (including, without limitation, the Trustee) to assist in the administration of the Share Award Scheme and delegate such powers and/or functions relating to the administration of the Share Award Scheme as the Board thinks fit.
- 1.4 The Board may also, in its absolute discretion, appoint any Trustee to assist with the administration and vesting of the Awards granted pursuant to the Share Award Scheme. To satisfy the Awards after vesting, the Company may, as determined by the Board or the Committee in its absolute discretion:
 - (A) allot and issue new Shares to the Grantee directly; and/or

- (B) allot and issue new Shares to the Trustee, and/or instruct the Trustee to acquire existing Shares through on-market or off-market purchases in accordance with the Company's instructions and subject to the terms and conditions of the Trust Deed (if any), such new and/or existing Shares to be held by the Trustee on trust for the Grantee and to be transferred to the Grantee after vesting,

provided that (i) the Trustee holding unvested Shares under this Scheme, whether, directly or indirectly, shall abstain from voting on the matters that require Shareholders' approval under the Listing Rules, unless otherwise required by applicable laws to vote in accordance with the beneficial owner's direction and such a direction is given; and (ii) to the extent any new Shares will be allotted and issued by the Company to satisfy any Award after vesting, such allotment and issue shall be subject to and conditional upon the granting of approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such number of new Shares which may fall to be allotted and issued.

2. ELIGIBLE PARTICIPANTS AND BASIS OF DETERMINING THE ELIGIBILITY

- 2.1 The Board or the Committee shall be entitled (but shall not be bound) to, at its absolute discretion, grant an Award to an Employee Participant, belonging to a class of the Eligible Participants to grant an Award pursuant to which such Eligible Participant may receive such number of Shares as the Board or the Committee may determine, provided that the Board or the Committee considers, in its sole discretion, have contributed or will contribute to the Group.
- 2.2 In assessing their eligibility, the Board or the Committee will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) his skills, knowledge, experience, expertise, educational, professional qualifications and other relevant personal qualities; (ii) contribution or potential contribution made or expected to be made to the development, growth and performance of the Group; (iii) quality of work performed for the Group; (iv) initiative and commitment in performing his duties, responsibilities or employment conditions according to the prevailing market practice and industry standard; (v) length of service or contribution of the Group; and (vi) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

3. SCHEME MANDATE LIMIT

- 3.1 The total number of Shares which may be issued by the Company in respect of all the Awards to be granted under the Share Award Scheme and all the share options and share awards to be granted under any other share scheme(s) shall not in aggregate exceed 10% of the total number of issued Shares (excluding Treasury Shares, if any) as at the Adoption Date.

3.2 Subject to the requirements set out in this paragraph, the Scheme Mandate Limit may be refreshed by the Company as follows:

- (a) the Company may refresh the Scheme Mandate Limit by ordinary resolution of the Shareholders in general meeting after three (3) years from the Adoption Date (or from the date of Shareholders' approval for the last refreshment) in accordance with the Listing Rules; and
- (b) any refreshment of the Scheme Mandate Limit within the three-year period from the Adoption Date (or from the date of Shareholders' approval for the last refreshment) must be approved by the Shareholders in general meeting subject to the following provisions:
 - (i) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the 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) and (7), 13.40, 13.41 and 13.42 of the Listing Rules,

provided that the requirements under sub-paragraphs (i) and (ii) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of Shares, rounded to the nearest whole Share.

3.3 The Scheme Mandate Limit so refreshed under paragraph 3.2 above shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of Shareholders' approval of the refreshment of the Scheme Mandate Limit. A circular regarding the proposed refreshment of the Scheme Mandate Limit must be despatched to the Shareholders containing the number of Awards and any other share options and share awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment.

3.4 Without prejudice to paragraphs 3.2 and 3.3 above, the Company may seek separate approval by the Shareholders in general meeting for granting Awards which will result in the Scheme Mandate Limit or, if applicable, the refreshed Scheme Mandate Limit under paragraph 3.2, being exceeded, provided that:

- (a) the Awards in excess of the limit are granted only to the Grantee(s) specifically identified by the Company before such approval is sought;

- (b) the Company must despatch a circular to the Shareholders containing such relevant information as required by Rule 17.03C(3) of the Listing Rules in relation to any such proposed grant to such Grantee(s); and
- (c) the number and terms of the Awards to be granted to such Grantee(s) are fixed before the Shareholders' approval.

4. MAXIMUM ENTITLEMENT OF EACH GRANTEE

4.1 No Award shall be granted to a Grantee if it would result in the total number of Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and, if any, the share options and other share awards granted under any other share scheme(s) to such person (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the Share Award Scheme and any other share scheme(s)) in the 12-month period up to and including the date of such grant exceeding 1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of such grant, unless:

- (a) such grant has been separately approved by the Shareholders in general meeting, with such Grantee and his close associates (or associates if such Grantee is a connected person) abstaining from voting;
- (b) the Company must despatch a circular to the Shareholders containing such relevant information as required by the Listing Rules in relation to any such proposed grant to such Grantee; and
- (c) the number and terms of the Awards to be granted to such Grantee are fixed before the Shareholders' approval.

4.2 Any grant of Awards 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 recipient of the grant of the Award). In addition:

- (a) where any grant of Awards to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and (if any) the share awards granted under any other share scheme(s) (excluding any Awards and any other share awards lapsed in accordance with the terms of the share scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of such grant; or

- (b) where any grant of Awards to an independent non-executive Director or substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all the Awards granted under the Share Award Scheme and (if any) the share options and other share awards granted under any other share scheme(s) (excluding any Awards and any share options and other share awards lapsed in accordance with the terms of the share scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as the Listing Rules may prescribe or permit) of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of such grant,

such further grant of Awards must be approved by the Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, the Company must send a circular to the Shareholders, containing the following information:

- (a) the details of the number and terms of the Awards to be granted to each Grantee which must be fixed before the Shareholders' meeting. In respect of any Awards to be granted, the date of the Board meeting for proposing such further grant is to be taken as the date of grant;
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Grantee) 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 whether to vote for or against the resolution relating to the grant of the Awards;
- (c) the information required under Rule 17.02(2)(c) of the Listing Rules;
- (d) the information as required under Rule 2.17 of the Listing Rules; and
- (e) any other information as may be required under the Listing Rules or by the Stock Exchange from time to time.

The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the relevant requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

5. VESTING PERIOD

5.1 The Board or the Committee may from time to time, in its absolute discretion, determine the Vesting Date upon which the Award may be vested in that Grantee in respect of all or a proportion of the Award Shares. The Vesting Period in respect of any Award shall be not less than twelve (12) months (or such other period as the Listing Rules may prescribe or permit), provided that where the Eligible Participant is an Employee Participant, the Board or the Committee shall have the authority to determine a shorter Vesting Period in its absolute discretion under the following specific circumstances:

- (a) grants of “make-whole” Awards to any Employee Participants who are new joiners to replace the share awards or options they forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative or compliance reasons, which include Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Award would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months or where the Awards may vest by several batches with the first batch to vest within twelve (12) months of the date of grant and the last batch to vest twelve (12) months after the date of grant;
- (e) grants with performance-based vesting conditions provided in the Share Award Scheme or as specified in the Grant Notice in lieu of time-based vesting criteria; or
- (f) grants with a total vesting and holding period of more than twelve (12) months.

Any grant of Awards to any Director or Senior Manager of the Company which is made on terms with a Vesting Period of less than twelve (12) months or without a performance target or without a clawback mechanism shall be reviewed by the Board or the Committee as to why such a shorter Vesting Period is appropriate and how the grant aligns with the purposes of the Share Award Scheme.

- 5.2 Within a reasonable time after the vesting conditions have been reached, fulfilled or satisfied and prior to the Vesting Date of an Award as set out in the related Grant Notice, the Board or the Committee shall notify the Grantee in writing by notice (the “**Vesting Notice**”) in respect of the intended vesting of such number of Award Shares underlying the Award as determined by the Board or the Committee in its absolute discretion, subject to the fulfilment of the requirements set out in paragraph 5.3 and the terms of the Vesting Notice. The Board or the Committee has the absolute discretion to determine whether and to what extent such vesting conditions or performance targets have been reached, fulfilled or satisfied and its decision shall, in the absence of manifest error, be final, conclusive and binding.
- 5.3 Upon the Grantee’s receipt of the Vesting Notice, the Grantee shall (i) duly execute and return the reply slip attached to the Vesting Notice and any transfer or subscription documents prescribed by the Board or the Committee for the relevant Award Shares; and (ii) pay the consideration (if any) for the transfer or subscription of the relevant Award Shares, in each case in the manner and within the period stipulated in the Vesting Notice (or such later date as may be determined by the Board or the Committee in its absolute discretion having regard to all relevant circumstances), failing which the corresponding portion of the Award Shares underlying the Awards shall automatically lapse forthwith in accordance with paragraph 11 below.

6. PERFORMANCE TARGETS

- 6.1 After the Board or the Committee has decided to select an Eligible Participant to be offered with the grant of an Award under the Share Award Scheme, the Board or the Committee shall notify the Selected Participant of such offer by a written notice (the “**Grant Notice**”) and the Board or the Committee shall specify in the Grant Notice, among other things, the conditions, including any performance targets which may include without limitation (i) financial parameters of the Group (such as the revenue, profits and general financial condition of the Group); (ii) non-financial parameters of the Group (such as the Group’s strategic objectives, operational targets and future development plan); and/or (iii) the key performance indicators of the Selected Participant’s departments and/or business units, and the Selected Participant’s position key performance indicators relevant to his roles and responsibilities and/or its annual appraisal results, that must be duly fulfilled before the Award may be vested in such Selected Participant in respect of all or a proportion of the Award Shares.
- 6.2 During the Vesting Period, in respect of any performance targets as may be specified by the Board or the Committee in the Grant Notice that must be fulfilled before the Award may be vested in the relevant Grantee in respect of the relevant Award Shares, the Board or the Committee will conduct assessment at the end of such performance period as prescribed by the Board or the Committee, including the comparison of the performance of the Group and/or the individual performance of the Grantee with the pre-agreed targets, in order to determine whether the targets have been fulfilled and the extent to which such targets have been fulfilled. If the Board or the Committee determines in its absolute discretion that any condition(s) and/or performance target(s) to be duly fulfilled by the Grantee as specified in the related Grant Notice has not been duly fulfilled, the Board or the Committee shall determine in its absolute discretion whether such Award shall vest and the period within which such Award shall vest, subject to the requirements of the Listing Rules.

7. CLAWBACK MECHANISM

7.1 The Board may provide in the Grant Notice that any Award prior to it being vested in such Grantee in respect of all or a proportion of the Award Shares may be subject to clawback or a longer Vesting Period if any of the Clawback Events stated in subparagraph (b) below shall occur.

7.2 In respect of any Award which is performance linked, if any of the following events (“**Clawback Event**”) shall occur during a Vesting Period:

- (a) the Grantee commits any misconduct(s); or
- (b) the granting of any Award, or its becoming vested was based on material misstatement in the financial statements of the Company or any other materially inaccurate performance metric criteria; or
- (c) if the Grantee joins a company which the Board or the Committee believes in its sole and reasonable opinion to be a competitor of the Group; or
- (d) if any other clawback event implicitly or explicitly characterised in the Grant Notice occurs,

the Board may (but is not obliged to) by notice in writing to the Grantee concerned (aa) claw back such number of Awards (to the extent not being vested) granted as the Board may consider appropriate; or (bb) extend the Vesting Period (regardless of whether the initial Vesting Date has occurred) in relation to all or any of the Awards (to the extent not being vested) to such longer period as the Board may consider appropriate.

The above clawback mechanism applies to unvested Awards only. For the avoidance of doubt, the Awards being clawed-back will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

8. PAYMENT ON ACCEPTANCE OF THE AWARD AND PURCHASE PRICE OF AWARD SHARES

The Board or the Committee shall specify in the Grant Notice the amount, if any, payable by the relevant Selected Participant on acceptance of the Award and, if applicable, the period within which any such payments must or may be made or any loans for such purposes must be repaid. Unless otherwise determined by the Board or the Committee in its absolute discretion at the relevant time for each individual Award, a Selected Participant is not required to pay any grant or purchase price or make any other payment to the Company for accepting an offer of the Award granted pursuant to the Grant Notice, nor is the Selected Participant required to pay any subscription or purchase price for the vesting of the Awards or the receipt of the Award Shares. Upon acceptance of an offer of the Award in accordance with the terms of the Award and this Scheme, the Selected Participant becomes a Grantee under this Scheme.

9. RIGHTS ATTACHED TO THE AWARDS AND THE AWARD SHARES

9.1 The Grantee shall not exercise any of the voting rights in respect of any Award Shares and shall not have any right whatsoever in any dividends and other distributions declared and made in respect of any Award Shares or otherwise (“**Other Distributions**”) unless and until the relevant Award Shares have been allotted and issued or transferred (as the case may be) to the Grantee in accordance with these rules of the Share Award Scheme and the applicable laws, rules and regulations (including but not limited to the Listing Rules). For the avoidance of doubt:

- (a) a Grantee does not have legal and beneficial ownership of any Award Shares unless and until such Award Shares have been allotted and issued or transferred (as the case may be) to the Grantee in accordance with these rules of the Share Award Scheme and the applicable laws, rules and regulations (including but not limited to the Listing Rules); and
- (b) where a Trustee is appointed, no instruction may be given by a Grantee to the Trustee in respect of the Award Shares and/or the Other Distributions and/or such other properties or assets of the trust constituted by the Trust Deed.

9.2 Subject to sub-paragraph (a) above, the Award Shares to be allotted and issued or transferred (as the case may be) to the Grantee after the vesting of the Award in the Grantee shall be subject to all the provisions of the Articles of Association for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company, as existing fully paid Shares in issue on the date on which the Award Shares are allotted and issued or transferred (as the case may be) to the Grantee after the vesting of the Award and, without prejudice to the generality of the foregoing, shall entitle the holders of such Award Shares to participate in all Other Distributions paid or made on or after the date on which the Award Shares are so allotted and issued or transferred (as the case may be), other than any Other Distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Award Shares are so allotted and issued or transferred (as the case may be).

10. LIFE OF THE SHARE AWARD SCHEME

Subject to the fulfilment of the conditions set out in paragraph 18 below and the termination provisions under paragraph 14 below, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date and ending on the tenth (10th) anniversary of the Adoption Date.

11. LAPSE OF AWARDS**11.1 In the event that:**

- (a) any Grantee is found to be an Excluded Participant or otherwise ceases to be an Eligible Participant (including the termination of his employment with the Company (unless otherwise determined by the Board in its absolute discretion) or any other member of the Group for any reason, other than for reason that a Grantee's employment with the Company or any other member of the Group is terminated by reason of retirement, death or Disability, the Board or the Committee shall determine in its absolute discretion whether such Award shall vest and the period within which such Award shall vest;
- (b) any Grantee makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to any Award or any interests or benefits pursuant to the Award;
- (c) any Grantee commits any misconduct(s);
- (d) any Grantee joins a company which the Board or the Committee believes in its sole and reasonable opinion to be a competitor of a member of the Group;
- (e) there is any material misstatement(s) in the financial statements of the Company or any other materially inaccurate performance metric criteria;
- (f) the Board or the Committee determines in its absolute discretion that any prescribed performance targets have not been met; or
- (g) any Awards are clawed back pursuant to paragraph 7.2 above,

unless otherwise determined by the Board, (each of these, an event of “**Total Lapse**”), all unvested Awards to such Grantee shall automatically lapse forthwith upon the determination by the Board or the Committee that such event has occurred, and such Grantee shall have no right or claim whatsoever against the Company, any other member of the Group, the Board or the Committee in respect of those unvested Awards, the Award Shares underlying such unvested Awards or any right thereto or interest therein in any way.

11.2 In the event that:

- (a) the vesting conditions are not, in the sole opinion of the Board or the Committee, satisfied in respect of the relevant part of the Award; or

- (b) a Grantee fails to, in the manner and within the period stipulated in the Vesting Notice (or such later date as may be determined by the Board or the Committee in its absolute discretion having regard to all relevant circumstances), (i) duly execute and return the reply slip attached to the Vesting Notice or any transfer or subscription documents prescribed by the Board or the Committee in respect of the relevant Award Shares; or (ii) pay the consideration (if any) for the transfer or subscription of the relevant Award Shares,

(each an event of “**Partial Lapse**”), the relevant part of the Award in respect of which any event of Partial Lapse has occurred shall automatically lapse forthwith upon the determination by the Board or the Committee that such event has occurred, and the relevant Award Shares shall not vest on the relevant Vesting Date, and such Grantee shall have no right or claim whatsoever against the Company, any other member of the Group, the Board or the Committee in respect of such Award, the relevant Award Shares underlying such Award or any right thereto or interest therein in any way.

- 11.3 The Awards lapsed will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. The Board or the Committee has the absolute discretion to determine whether, when and to what extent an event of Total Lapse or Partial Lapse has occurred, and its decision is final, conclusive and binding.

12. CAPITALISATION ISSUE, RIGHTS ISSUE, SHARE CONSOLIDATION, SHARE SUBDIVISION OR CAPITAL REDUCTION

- 12.1 In the event of any alteration in the capital structure of the Company following the commencement of the Share Award Scheme from any capitalisation issue, rights issue, share consolidation, share subdivision or capital reduction, the Board or the Administration shall make corresponding adjustments to:

- (a) the purchase price (if any); and/or
- (b) the number of outstanding Award Shares that have been granted but unvested, provided that any such adjustments made must:
 - (i) give a Selected Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that person was previously entitled;
 - (ii) not be made to the extent that a Share would be issued at less than its nominal value (if any);
 - (iii) not be made to the advantage of the Selected Participant without specific prior approval from the Shareholders;

- (iv) other than any made on a capitalisation issue, be confirmed by an independent financial adviser or auditors of the Company to the Directors in writing that the adjustments satisfy the requirements of Chapter 17 of the Listing Rules; and
- (v) be in accordance with the rules of the Share Award Scheme, the Listing Rules, the requirement under Appendix I to FAQ13 – No. 16, and any other applicable guidance/interpretation issued by the Stock Exchange from time to time.

12.2 For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. All fractional Shares (if any) arising out of such alteration in the capital structure of the Company in respect of the Award Shares of a Selected Participant shall be deemed forfeited and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

12.3 In addition, in the event the Company conducts a share subdivision or consolidation, the number of shares comprising the Scheme Mandate Limit shall be adjusted to the effect that such limits as a percentage of the total number of issued Shares at the date immediately before and the date immediately after such share consolidation or subdivision shall be the same, rounded to the nearest whole Share.

13. CANCELLATION OF AWARDS

13.1 Subject to Chapter 17 of the Listing Rules, the Board or the Committee may in its absolute discretion cancel all or such proportion of the Awards granted but unvested, provided that:

- (a) the Company or any other member of the Group pay to the Grantee an amount equal to the fair value of the Award at the date of the cancellation as determined by the Board or the Committee, after consultation with the auditors of the Company or an independent financial adviser appointed by the Board or the Committee;
- (b) the Company or any other member of the Group provides to the Grantee a replacement Award (or a share option or share award under any other share scheme(s)) of equivalent value to the Award to be cancelled; or
- (c) the Board or the Committee makes any arrangement as the Grantee may agree in order to compensate him for the cancellation of the Awards.

13.2 Where the Company cancels any Awards granted to a Grantee and makes a new grant (whether under the Share Award Scheme or any other share scheme(s)) to the same Grantee, such new grant may only be made within the available Scheme Mandate Limit approved by the Shareholders. The Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

14. TERMINATION OF THE SHARE AWARD SCHEME

The Share Award Scheme shall terminate on the tenth (10th) anniversary date of the Adoption Date or such date of earlier termination as determined by the Board or the Committee. Upon the termination of the Share Award Scheme, no further offer of Awards may be made and no Awards offered shall be open for acceptance, but these rules of the Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards which are granted and remain unvested or in respect of which Shares are not yet issued to the Grantee prior to the termination of the operation of the Share Award Scheme. The Company shall notify all Grantees and (if applicable) the Trustee of such termination and of how any property held by the Trustee on trust for the Grantees (including, but not limited to, any Shares held) and the outstanding Awards shall be dealt with.

15. TRANSFERABILITY OF AWARDS

An Award shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or any interests or benefits pursuant to the Award, nor shall any Grantee enter or purport to enter into any agreement to do so.

16. RESTRICTION ON THE TIME OF GRANT OF AWARDS

16.1 An Award may not be granted after inside information (as defined under Part XIVA of the SFO) has come to the knowledge of the Company until (and including) the trading day after such inside information has been announced in accordance with the Listing Rules and the SFO. In particular, no Award may be granted during the period commencing thirty (30) days immediately before the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarterly-year period 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, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no Award may be granted will cover any period of delay in publishing a results announcement.

16.2 The Board or the Committee may not grant any Award to any Director or other Selected Participant during the periods or times when such an Award is prohibited under the Listing Rules, any corresponding code or securities dealing restrictions adopted by the Company and all applicable laws from time to time. Without limiting the generality of the foregoing, when an Award is proposed to be made to a Director who, because of his office or employment in the Company or any Subsidiary, is likely to be in possession of unpublished inside information (as defined under Part XIVA of the SFO) in relation to the Company, no Award may be granted during the following periods or times:

- (a) sixty (60) days immediately preceding the publication date of the Company's 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) thirty (30) days immediately preceding the publication date of the Company's 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.

17. ALTERATION OF THE SHARE AWARD SCHEME

- 17.1 Subject to paragraphs 17.3 and 17.4 below, the Share Award Scheme may be altered in any respect by a resolution of the Board, save and except that (i) any alteration to the terms and conditions of the Share Award Scheme which are of a material nature; or (ii) any alteration to the provisions of the Share Award Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the extent that such alteration operates to the advantage of the Selected Participants or Grantees must be approved by the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of any Awards granted which have not vested or lapsed or been cancelled prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles of Association for a variation of the rights attached to the Shares.
- 17.2 Subject to paragraph 17.4 below, any change to the terms of the Awards granted to a Grantee shall 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 Awards was approved by the Board, the Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alteration takes effect automatically under the existing terms of the Share Award Scheme.
- 17.3 Any change to the authority of the Directors or administrators of the Share Award Scheme (including, where applicable, the Trustee) in relation to any alteration to these rules of the Share Award Scheme shall be approved by the Shareholders in general meeting.
- 17.4 The amended terms of the Share Award Scheme or the Awards must comply with all applicable laws, rules and regulations (including Chapter 17 of the Listing Rules).

18. CONDITIONS OF THE SHARE AWARD SCHEME

The Share Award Scheme is conditional upon:

- (a) the passing of ordinary resolution(s) by the Shareholders at a general meeting to approve the adoption of the Share Award Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in such number of Shares to be allotted and issued by the Company in respect of the Awards to be granted in accordance with the terms and conditions of the Share Award Scheme.

Details of the Proposed Amendments to the Existing Memorandum and Articles of Association are set out as follows:

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)												
Cover (Memorandum)	THE COMPANIES ACT (2022 REVISIONREVISED) EXEMPTED COMPANY LIMITED BY SHARES <u>THIRD</u> AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF DAPHNE INTERNATIONAL HOLDINGS LIMITED (Adopted pursuant to a special resolution passed at a general meeting held on 25 May 2022<u>21 October 2026</u>)												
Cover (Articles)	THE COMPANIES ACT (2022 REVISIONREVISED) EXEMPTED COMPANY LIMITED BY SHARES THIRD<u>FOURTH</u> AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF DAPHNE INTERNATIONAL HOLDINGS LIMITED (Adopted pursuant to a special resolution passed at a general meeting held on 25 May 2022<u>21 October 2026</u>)												
2. (1)	In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column. <table> <tr> <th><u>WORD</u></th><th><u>MEANING</u></th></tr> <tr> <td>...</td><td></td></tr> <tr> <td><u>“actionable corporate communication”</u></td><td><u>has the meaning given to it under the Listing Rules.</u></td></tr> <tr> <td><u>“address”</u></td><td><u>has the ordinary meaning given to it and, for the purposes of these Articles, includes an electronic address unless the Act or the Listing Rules requires a postal address.</u></td></tr> <tr> <td><u>“approved securities registrar” or “ASR”</u></td><td><u>has the meaning given to it under the Securities and Futures Ordinance.</u></td></tr> <tr> <td>...</td><td></td></tr> </table>	<u>WORD</u>	<u>MEANING</u>	...		<u>“actionable corporate communication”</u>	<u>has the meaning given to it under the Listing Rules.</u>	<u>“address”</u>	<u>has the ordinary meaning given to it and, for the purposes of these Articles, includes an electronic address unless the Act or the Listing Rules requires a postal address.</u>	<u>“approved securities registrar” or “ASR”</u>	<u>has the meaning given to it under the Securities and Futures Ordinance.</u>	...	
<u>WORD</u>	<u>MEANING</u>												
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<u>“actionable corporate communication”</u>	<u>has the meaning given to it under the Listing Rules.</u>												
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...													

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)	
	<u>“ASR Code”</u>	<u>the Code of Conduct for Approved Securities Registrars issued by the SFC, as amended from time to time.</u>
	<u>“ASR Operating Rules”</u>	<u>the operating rules (by whatever name called) of the Company’s approved securities registrar for using any facilities provided by it, including in particular any facilities for evidencing and transferring legal title to shares in the Company or for sending and receiving authenticated messages.</u>
	<u>“ASR Rules”</u>	<u>the Securities and Futures (Approved Securities Registrars) Rules, Chapter 571AT of the laws of Hong Kong, as amended from time to time.</u>
	<u>“authenticated message”</u>	<u>has the meaning given to it under the USM Rules.</u>
	...	
	<u>“Central Clearing and Settlement System”</u>	<u>the Central Clearing and Settlement System operated by HKSCC.</u>
	<u>“certificated form”</u>	<u>means prescribed securities that are in certificated form if they are not in uncertificated form.</u>
	...	
	<u>“dematerialisation”</u>	<u>conversion from certificated form to uncertificated form (and “dematerialise” is to be construed accordingly).</u>
	<u>“dematerialisation request”</u>	<u>has the meaning given to it under the USM Rules.</u>
	...	
	<u>“HKSCC”</u>	<u>Hong Kong Securities Clearing Company Limited.</u>
	<u>“Hong Kong Branch Register”</u>	<u>the branch register of Members of the Company that is kept in Hong Kong.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
	‘hybrid meeting’ a general meeting convened <u>held and conducted by</u> for the (i) physical <u>attendance and participation</u> by Members and/or proxies at the Principal Meeting Place and where applicable, one or more Meeting Locations <u>Location(s)</u> and (ii) virtual attendance and participation by Members and/or proxies by means of electronic facilities. <u>“in the process of delisting”</u> <u>has the meaning given to it under the USM Rules.</u> ... <u>“participating securities”</u> <u>has the meaning given to it under the USM Rules.</u> “physical meeting” a general meeting held and conducted by physical attendance and participation by Members and/or proxies at the Principal Meeting Place and/or where applicable, one or more Meeting Location(s). <u>“prescribed securities”</u> <u>has the meaning given to it under the Securities and Futures Ordinance.</u> ... “Register” the principal register and where applicable, any branch register of Members <u>(including the Hong Kong Branch Register, if any)</u> to be maintained at such place within or outside the Cayman Islands <u>or in electronic form</u> as the Board shall determine from time to time. ... <u>“rematerialisation”</u> <u>conversion from uncertificated form to certificated form (and “rematerialise” shall be construed accordingly).</u> ... <u>“Securities and Futures Ordinance”</u> <u>the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong, as amended from time to time.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
	“SFC” <u>the Securities and Futures Commission of Hong Kong.</u> ... “specified request” <u>has the meaning given to it under the USM Rules.</u> ... “system-member” <u>has the meaning given to it under the USM Rules.</u> “treasury share” <u>a share held by the Company in its own name as a treasury share in accordance with the Act.</u> “uncertificated form” <u>means prescribed securities that are recorded in the register of holders of those securities concerned as being held in uncertificated form in accordance with the Securities and Futures Ordinance.</u> “UNSRT system” <u>has the meaning given to it under the Securities and Futures Ordinance.</u> “USM Rules” <u>the Securities and Futures (Uncertificated Securities Market) Rules, Chapter 571AS of the laws of Hong Kong, as amended from time to time.</u> ...
2. (2) (e)	expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, <u>and including where the representation takes the form of electronic writing or display; (such as digital documents or electronic communications),</u> provided that both the mode of service of the relevant document or Notice and the Member’s election comply with all applicable Statutes, rules and regulations;
2. (2) (l)	references to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise); <u>and</u>
2. (2) (m)	where a Member is a corporation, any reference in these Articles to a Member shall, where the context requires, refer to a duly authorised representative of such Member;

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
2. (2) (n)	<u>any reference to the term <i>place</i> within these Articles shall be construed as applicable only in contexts where a physical location is required or relevant. Any reference to a <i>place</i> for the delivery, receipt or payment of monies, whether by the Company or by Members, shall not preclude the use of electronic means for such delivery or payment. For the avoidance of doubt, references to a <i>place</i> in the context of meetings shall include physical, electronic or hybrid meeting formats, as permitted by applicable laws, rules and regulations (including the Listing Rules). Notices of meetings, adjournments or postponements, or any other references to a <i>place</i> shall be interpreted to include virtual platforms or electronic means of communication where applicable. Where the term <i>place</i> is out of context, unnecessary or not applicable, such reference shall be disregarded without affecting the validity or interpretation of the relevant provision; and</u>
2. (2) (o)	<u>all voting rights referred to in these Articles shall exclude the voting rights attached to treasury shares.</u>
5.	The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue (subject to Article 21A) certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
10.	Subject to the Act and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, <i>mutatis mutandis</i>, apply, but so that: (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly authorized representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class (excluding treasury shares) and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly authorized representative or by proxy (whatever the number of shares held by them) shall be a quorum; and (b) every holder of shares of the class shall be entitled to one vote for every such share held by him.

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
11.	The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith. <u>For the avoidance of doubt, shares in the Company do not constitute a separate class solely by virtue of being in certificated form or uncertificated form.</u>
Heading before 15A.	SHARE CERTIFICATES TREASURY SHARES
<u>15A.</u>	<u>Subject to the Act and the Listing Rules, shares that have been purchased or redeemed by the Company or surrendered to the Company may be held as treasury shares in accordance with the Act. In the event the Board does not specify that the relevant shares are to be held as treasury shares, such shares shall be cancelled.</u>
<u>15B.</u>	<u>No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Members on a winding up) may be declared or paid in respect of a treasury share.</u>
<u>15C.</u>	<u>The Company shall be entered in the Register as the holder of the treasury shares provided that:</u> <u>(a) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such right shall be void; and</u> <u>(b) a treasury share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted as issued shares of the Company at any given time, whether for the purposes of these Articles or the Act,</u> <u>save that an allotment of shares as fully paid bonus shares in respect of a treasury share is permitted and shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as treasury shares.</u>
<u>15D.</u>	<u>Subject to the Act, the Listing Rules and all applicable laws, rules and regulations, treasury shares may be disposed of by the Company on such terms and conditions as determined by the Board.</u>
Heading before 16.	SHARES IN CERTIFICATED FORM AND UNCERTIFICATED FORM
16.	<u>Subject to Article 21A, Every share certificate, if issued, shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. The seal of the Company may only be affixed to a share certificate with the authority of the Directors, or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
18.	Every Subject to Article 21A, every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.
19.	Share Where share certificates are issued, they shall be issued within the relevant time limit as prescribed by the Act, the ASR Code or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.
20. (1)	Upon every transfer of shares, the certificate (if one has been issued) held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall, <u>subject to Article 21A</u> , be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article. If any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof. <u>Subject to all applicable laws, rules and regulations, where shares are transferred in uncertificated form, no certificate shall be required to be surrendered or issued, and the transfer of shares shall be registered in accordance with Article 47A.</u>
20. (2)	The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount <u>prescribed by the ASR Code or</u> as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.
21.	If Subject to Article 21A, <u>if</u> a share certificate (if one has been issued) shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Designated Stock Exchange may determine <u>or the ASR Code may prescribe</u> to be the maximum fee payable or such lesser sum as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed.

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
21A.	(1) <u>This Article applies:</u> (a) <u>to shares in the Company for so long as they are participating securities and not in the process of delisting; and</u> (b) <u>save as otherwise permitted or required under the USM Rules.</u> (2) <u>With effect from (and including) the day on which shares in the Company become participating securities (the “participation date”), no certificate will be issued in respect of any such shares.</u> (3) <u>For the avoidance of doubt, paragraph (2) of this Article applies (without limitation) in the following circumstances:</u> (a) <u>following any issue, allotment, transfer, transmission, consolidation or subdivision of shares in the Company, if the issue, allotment, transfer, transmission, consolidation or subdivision is registered in the Hong Kong Branch Register on or after the participation date; or</u> (b) <u>where, for whatever reason, the holder of a share requests to replace an existing certificate for the share, and the replacement certificate is not issued before the participation date.</u> (4) <u>Nothing in this Article affects the validity of any certificate issued by the Company in respect of a share prior to the participation date, and not cancelled.</u> (5) <u>If a certificate issued in respect of a Member’s shares is defaced or damaged or alleged to have been lost, stolen or destroyed, and no replacement certificate is issued pursuant to Article 21 prior to the participation date:</u> (a) <u>the Member is not entitled to be issued with a replacement certificate in respect of the same shares; and</u> (b) <u>subject to paragraph (6) of this Article, the shares may instead be dematerialised in accordance with the USM Rules.</u> (6) <u>Shares of a Member that are covered by a certificate that is defaced or damaged or alleged to have been lost, stolen or destroyed may not be dematerialised unless the Member has complied with the conditions as to evidence, indemnity and the payment of a reasonable fee that the Directors decide.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
21B.	Articles 21C and 21D apply: (a) to shares in the Company for so long as they are participating securities and not in the process of delisting; and (b) save as otherwise permitted or required under the USM Rules.
21C.	<u>Any share in the Company issued on or after the participation date will be issued in uncertificated form and no certificate will be issued in respect of it.</u>
21D.	(1) <u>With effect from (and including) the participation date, shares which are in certificated form may be dematerialised in accordance with the USM Rules.</u> (2) <u>A reasonable dematerialisation fee (not exceeding any applicable limits prescribed under the ASR Code) may be charged by the Company's ASR to the holder and/or transferee of a share in connection with the dematerialisation of the share. Such fee may be charged irrespective of whether the dematerialisation is initiated by the Company or requested by the holder or transferee.</u>
21E.	(1) <u>This Article applies to shares in the Company if they are participating securities.</u> (2) <u>Shares in the Company which are in uncertificated form may be rematerialised in accordance with the USM Rules.</u> (3) <u>As soon as reasonably practicable after any rematerialisation, the Company must issue, free of charge, to each Member whose shares are rematerialised, such number of certificates in respect of those shares as is required under the USM Rules.</u> (4) <u>If more than one person holds a share, only one certificate may be issued in respect of it.</u>
38	A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment. <u>If the relevant shares are held in uncertificated form, the Company shall take such steps as may be required under the USM Regime (as defined in Article 168) to give effect to the forfeiture.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
39.	A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer <u>or the sending of a specified request</u> by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
43. (2)	The Subject to Article 44A, the Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.
44.	The Subject to Article 44A, the Register and branch register of Members, as the case may be, shall be open to inspection for at least two (2) hours during business hours by Members without charge or by any other person, upon a maximum payment of \$2.50 or such lesser sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the Act <u>and other relevant rules and regulations</u> or, if appropriate, upon a maximum payment of \$1.00 or such lesser sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any Designated Stock Exchange or by <u>announcement or by</u> any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
44A.	(1) <u>This Article applies:</u> (a) <u>to shares in the Company for so long as they are prescribed securities; and</u> (b) <u>in respect of that portion of the Hong Kong Branch Register relating to shares.</u> (2) <u>The Company shall keep a Hong Kong Branch Register in accordance with the USM Rules, and include in it such matters as are required by those rules to be included in it.</u> (3) <u>Where any share is issued in uncertificated form, or is dematerialised:</u> (a) <u>the share will be recorded in the Hong Kong Branch Register as being in uncertificated form; and</u> (b) <u>such record will not be amended or removed except in accordance with the USM Rules.</u> (4) <u>Entries in the Hong Kong Branch Register will have such evidential value and other effect as provided in the USM Rules.</u> (5) <u>Changes to any entry in the Hong Kong Branch Register relating to the holder of a share will be notified to the holder in accordance with the USM Rules and the ASR Code.</u> (6) <u>A person may, in accordance with the USM Rules, inspect, make copies of, and request to be provided with copies of, entries in the Hong Kong Branch Register.</u>
46. (1)	Subject to these Articles <u>Article 47A</u>, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
46. (2)	Notwithstanding the provisions of subparagraph (1) above <u>but subject to Article 47A</u>, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares. The register of members <u>Members</u> of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares. <u>The principal register of Members and the branch register(s) of Members may be maintained in electronic form and may reflect holdings in both certificated and uncertificated forms, provided that they must be readily retrievable and capable of being printed or exported, and shall together be treated as the Register for the purposes of these Articles.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
47.	TheSubject to Article 47A, the instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to the last preceding Article, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
47A.	(1) <u>This Article applies to:</u> (a) <u>shares in the Company for so long as they are prescribed securities; and</u> (b) <u>not in the process of delisting and save as otherwise permitted or required under the USM Rules;</u> (2) <u>With effect from (and including) the day on which shares in the Company become participating securities, they may be transferred as follows:</u> (a) <u>if the shares are held by the transferor in certificated form, by means of an instrument of transfer that complies with Article 46(1) and the USM Rules; and</u> (b) <u>if the shares are held by the transferor in uncertificated form, by means of a specified request from the transferor and transferee that complies with the USM Rules.</u> (3) <u>Notwithstanding paragraph (2)(b) of this Article, shares in the Company held by the transferor in uncertificated form may be transferred by means of an instrument of transfer if the Directors are satisfied that it is not reasonably practicable to transfer them by means of a specified request.</u> (4) <u>A reasonable fee (not exceeding any applicable limits prescribed under the ASR Code) may be charged by the Company's ASR for registering any instrument of transfer, specified request or other document relating to or affecting the title to any share.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
48. (1)	The Subject to Article 49A, the Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.
49. (c)	the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) <u>(if issued)</u> and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
49A.	(1) <u>Without prejudice to Article 48(1), the Directors may refuse to register the transfer of a share:</u> (a) <u>if the share is in certificated form, and a specified request is sent;</u> (b) <u>if the share is in uncertificated form, and:</u> (i) <u>the specified request is not sent in accordance with the ASR Operating Rules; or</u> (ii) <u>subject to Article 47A(3), an instrument of transfer is lodged;</u> (c) <u>if the Directors are entitled to do so by virtue of Article 49B; or</u> (d) <u>on any other ground provided under the USM Rules.</u> (2) <u>Where Article 47A applies, and the Directors refuse to register the transfer of a share, a notice of refusal must be sent to the transferor and transferee within such period as indicated in the ASR Code.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
49B.	(1) <u>This Article applies:</u> (a) <u>to shares in the Company for so long as they are participating securities and not in the process of delisting; and</u> (b) <u>save as otherwise permitted or required under the USM Rules.</u> (2) <u>The Directors may refuse to register the transfer or transmission of a share if:</u> (a) <u>the share is in certificated form and a dematerialisation request in respect of that share and any other share covered by the same certificate as that share:</u> (i) <u>is not received; or</u> (ii) <u>is refused under the USM Rules;</u> (b) <u>the share is in uncertificated form as a result of the Company having initiated its dematerialisation, and the dematerialisation fee payable in respect of the dematerialisation remains unpaid; or</u> (c) <u>the transferor, transferee or transmittee (as applicable) of the share is not a system-member of the UNSRT system operated by the Company's ASR.</u>
50.	If <u>Subject to Article 49A, if</u> the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
51.	The registration of transfers of shares or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine. The period of thirty (30) days may be extended in respect of any year if approved by the Members by ordinary resolution. <u>For so long as shares in the Company are participating securities, this Article applies subject to the USM Rules.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
53.	Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. <u>The or, if Article 47A applies and so permits, send a specified request in respect of it. All the limitations, restrictions and other provisions of these Articles relating to the right to transfer and the registration of transfer of shares shall (including without limitation Article 49B) apply to such notice or the transfer under this Article 53, as aforesaid as if the death or bankruptcy of the Member transmission had not occurred and the notice or transfer were a transfer signed made by such Member the holder of the share before the transmission.</u>
56.	An annual general meeting of the Company shall be held in each financial year and such annual general meeting must be held within six (6) months after the end of the Company's financial year (unless a longer period would not infringe the Listing Rules, if any). <u>The annual general meeting shall be held at such time and place as the Board shall determine.</u>
75.	Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting-, <u>provided that the number of proxies appointed by a Member who is individual may not exceed two.</u> A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
76.	The instrument appointing a proxy shall be in writing, <u>being authenticated or</u> under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts. <u>The written instrument appointing a proxy (and any written notice seeking to revoke such instrument) may also be (subject to any limitations imposed by the Company's ASR) sent by means of an authenticated message (as defined in Article 158(9)) that is attributable and addressed as described in Article 158(8).</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
139.	Any dividend, interest or other sum payable in cash to the holder of shares may be paid or satisfied by electronic means (including but not limited to electronic funds transfer or wire transfer) or by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.
141.	Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may (subject to Article 21A) issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
145.	The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Article and in particular may issue (subject to Article 21A) certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.
<u>145A.</u>	<u>To the extent necessary, the Directors may make arrangements to calculate a Member's rights separately in respect of the portion of shares held by the Member in certificated form and the portion held by the Member in uncertificated form where it is reasonably impracticable to do otherwise.</u>
158. (1)	Any Notice or document (including any "corporate communication" and "actionable corporate communication" within the meaning ascribed thereto under the Listing Rules), whether or not, to be given or issued under these Articles from the Company shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and any such Notice and document may be given or issued by the following means: ...
158. (1) (e)	by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under Article 158(5), subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person; (4);
158. (1) (f)	by publishing it on the Company's website <u>and/or the website of the Designated Stock Exchange</u> to which the relevant person may have access, subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person stating that the notice, document or publication is available on the Company's computer network website (a "notice of availability"); ; or
158. (2)	The notice of availability may be given by any of the means set out above other than by posting it on a website. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
158. (4) (3)	Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the Register as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.
158. (5) (4)	Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Articles may register with the Company an electronic address to which notices can be served upon him.
158. (6) (5)	Subject to any applicable laws, rules and regulations and the terms of these Articles, any notice, document or publication, including but not limited to the documents referred to in Articles, 149, 150 and 158 may be given in the English language only or in both the English language and the Chinese language.
158. (6)	Subject to any limitations imposed by the Company's ASR: (a) <u>anything sent or supplied by the Company to any holder or transferee of shares in the Company; and</u> (b) <u>anything sent or supplied by any holder or transferee of shares in the Company to the Company,</u> <u>may be sent or supplied by means of an authenticated message.</u>
158. (7)	<u>The provisions of the USM Rules relating to the effect of an authenticated message apply if, in accordance with the USM Rules:</u> (a) <u>the message is attributable to the person sending or supplying it; and</u> (b) <u>the person receiving the message is the addressee of the message.</u>
158. (8)	<u>For the purposes of paragraphs 7 and 8 of this Article, "authenticated message" bears the meaning given under the USM Rules except that such message may relate to all shares in the Company that are prescribed securities, and not only those that are participating securities.</u>
159. (b)	if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website or the website of the Designated Stock Exchange, is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
159. (c)	if placed or published on the Company's website or the website of the Designated Stock Exchange, shall be deemed to have been served or given by the Company on the day on which the notice, document or publication first so appears on the Company's relevant website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under these Articles, whichever is later;

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
160. (1)	Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of matter permitted by these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
160. (2)	A Notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through <u>electronic means or</u> the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the <u>electronic or postal</u> address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an <u>electronic or postal</u> address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
161.	For the purposes of these Articles, a facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received. <u>The signature to any notice or document to be given by the Company may be written or printed by means of facsimile or, where relevant, by electronic signature.</u>
Heading before 168.	<u>UNCERTIFICATED SECURITIES MARKET REGIME</u>
168.	<u>Unless otherwise required under applicable law of the Cayman Islands, if any provision of these Articles conflicts or is inconsistent with any provision of the uncertificated securities market regime (the “USM Regime”) (and irrespective of whether the provision is mandatory or enabling in nature), the latter will prevail to the extent of the conflict or inconsistency.</u>
169.	<u>If these Articles are silent in respect of any matter provided for under any provision of the USM Regime (and irrespective of whether the matter is required or permitted under such provision), the matter will be regarded as required or permitted (as the case may be) under these Articles.</u>

Article No.	Proposed Amendments to the Existing Memorandum and Articles of Association (showing changes to the Existing Memorandum and Articles of Association)
170.	For the purposes of Articles 168 and 169, the provisions of the USM Regime refer to all laws, rules or regulations governing the evidencing, transfer, dematerialisation, rematerialisation, or registration of prescribed securities, and includes but are not limited to the following: (a) the Securities and Futures Ordinance; (b) any rules made under the Securities and Futures Ordinance, including the USM Rules and the ASR Rules; (c) the ASR Code; (d) any rules made by The Stock Exchange of Hong Kong Limited pursuant to section 23 of the Securities and Futures Ordinance, including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; (e) any rules made by HKSCC pursuant to section 40 of the Securities and Futures Ordinance, including the General Rules of HKSCC and Operational Procedures of HKSCC; and (f) the ASR Operating Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING

DAPHNE INTERNATIONAL HOLDINGS LIMITED 達芙妮國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 210)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Daphne International Holdings Limited (the “**Company**”) will be held at Room 3, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 21 October 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

AS ORDINARY RESOLUTIONS

1. “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) to be issued and allotted pursuant to the exercise of any share options (the “**Options**”) that may be granted under the new share option scheme of the Company (the “**2026 Share Option Scheme**”), a copy of which has been produced to the EGM marked “A” and initialed by the chairman of the EGM for the purpose of identification, the 2026 Share Option Scheme, with the scheme mandate limit (the “**Scheme Mandate Limit**”) on the total number of Shares which may be issued by the Company in respect of all the Options to be granted under the 2026 Share Option Scheme and all other share options and share awards to be granted under any other share scheme(s) of the Company shall not in aggregate exceed 10% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of approval of the 2026 Share Option Scheme, be and is hereby approved and adopted, and that the directors of the Company (the “**Director(s)**”) and/or the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements and to take all actions as may be necessary, desirable or expedient to give full effect to the 2026 Share Option Scheme, subject to the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) (the “**Listing Rules**”), including without limitation:
 - (i) to give effect to, implement and administer the 2026 Share Option Scheme as contemplated and in accordance with the 2026 Share Option Scheme;
 - (ii) to modify and/or amend the 2026 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2026 Share Option Scheme relating to modification and/or amendment and is in compliance with Chapter 17 of the Listing Rules;
 - (iii) to grant Options to subscribe for Shares and to allot, issue or otherwise deal in the Shares and as may be required to be issued and/or such number of treasury shares to be transferred pursuant to the exercise of the Options under the 2026 Share Option Scheme and subject to the Listing Rules;

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iv) to make application at the appropriate time or times to the Stock Exchange upon which the issued Shares may for the time being listed, for the listing of, and permission to deal in, any new Shares that may hereafter from time to time be allotted and issued in respect of the Options to be granted under the 2026 Share Option Scheme and subject to the Listing Rules; and
 - (v) to consent, if any Director and/or the company secretary of the Company deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2026 Share Option Scheme.”
- 2. “**THAT** conditional upon the 2026 Share Option Scheme becoming unconditional and effective, the existing share option scheme of the Company which was adopted on 25 May 2022 be terminated with effect from the date on which the 2026 Share Option Scheme shall become unconditional and effective.”
- 3. “**THAT** the proposed share award scheme of the Company (the “**Share Award Scheme**”), a copy of which has been produced to the EGM and marked “B” and initialled by the chairman of the EGM for the purpose of identification, with the Scheme Mandate Limit (as defined in the Share Award Scheme) on the total number of Shares which may be issued by the Company in respect of all the Awards (as defined in the Share Award Scheme) to be granted under the Share Award Scheme and all other share options and share awards to be granted under any other share scheme(s) of the Company shall not in aggregate exceed 10% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of approval of the Share Award Scheme, be and is hereby approved and adopted; and the Directors and/or the company secretary of the Company be and are hereby authorised to do all such acts, to enter into all such transactions, arrangements and agreements and to take all actions as may be necessary, desirable or expedient to implement and give full effect to the Share Award Scheme, including but without limitation:
 - (i) to administer the Share Award Scheme under which the Awards (as defined in the Share Award Scheme) may be granted to the Eligible Participants (as defined in the Share Award Scheme);
 - (ii) to modify and/or amend the Share Award Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Award Scheme relating to modification and/or amendment and is in compliance with Chapter 17 of the Listing Rules;
 - (iii) to grant the Awards to the Eligible Participants (as defined in the Share Award Scheme) under the Share Award Scheme and, subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the vesting of the awarded shares to be granted under the Share Award Scheme, to allot and issue from time to time such number of the Shares as may be required to be allotted and issued in respect of the Awards (as defined in the Share Award Scheme) to be granted under the Share Award Scheme and subject to the Listing Rules;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iv) to make application at the appropriate time or times to the Stock Exchange upon which the issued Shares may for the time being listed, for the listing of, and permission to deal in, any new Shares that may hereafter from time to time be allotted and issued in respect of the Awards (as defined in the Share Award Scheme) to be granted under the Share Award Scheme and subject to the Listing Rules; and
- (v) to consent, if any Director and/or the company secretary of the Company deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Award Scheme.”

AS SPECIAL RESOLUTION

4. “**THAT** (a) the proposed amendments (the “**Proposed Amendments**”) to the existing second amended and restated memorandum of association and third amended and restated articles of association of the Company (the “**Existing M&A**”) as set out in Appendix III to the circular of the Company dated 30 September 2026 be and are hereby approved; (b) the new third amended and restated memorandum of association and fourth amended and restated articles of association of the Company (the “**New M&A**”) (incorporating the Proposed Amendments) (a copy of which has been produced to the EGM and marked “C” and initialled by the chairman of the EGM for identification purpose) be and is hereby approved and adopted as the memorandum of association and articles of association of the Company in substitution for, and to the exclusion of, the Existing M&A; and (c) any Director and/or company secretary and/or the registered office provider of the Company be and are hereby authorised severally to (i) do all such acts and things, execute and deliver all such documents, deeds and instruments, and make all such arrangements for and on behalf of the Company as such person(s) may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Proposed Amendments and the adoption of the New M&A; and (ii) attend to the relevant and necessary application(s), approval(s), registration(s), filing(s) and other related procedures or issues and to make further amendment(s) (where necessary) pursuant to the requirements of the relevant government and/or regulatory authorities arising from the Proposed Amendments and the adoption of the New M&A.”

By Order of the Board
Daphne International Holdings Limited
Chang Chih-Kai
Chairman

Hong Kong, 30 September 2026

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Unit 2605, 26/F
The Metropolis Tower
10 Metropolis Drive
Hung Hom, Kowloon
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a shareholder of the Company but must attend the EGM in person to represent you.
2. The form of proxy must be received by 3:00 p.m. (Hong Kong time) on Monday, 19 October 2026, or not less than 48 hours before the time of the holding of any adjourned meeting thereof.

Shareholders may submit the form of proxy electronically at <https://evoting.vistra.com/#/210> by entering the username and the password either printed on the notification letter sent to the shareholders by post on 30 September 2026 or which has been sent to the shareholders by email if the shareholders have registered an email address to receive electronic communication. Alternatively, shareholders may send the completed form of proxy to the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Shareholders who have submitted the proxy appointment electronically shall not lodge the physical form of proxy to Tricor Investor Services Limited.

In order to be valid, the completed form of proxy (together with any power of attorney or other authority (if any) under which it is signed, or a notorially certified copy thereof) must be deposited by 3:00 p.m. (Hong Kong time) on Monday, 19 October 2026, or not less than 48 hours before the time of the holding of any adjourned meeting thereof, at Tricor Investor Services Limited at the above address. Any power of attorney or other authority relating to an appointment of a proxy cannot be submitted electronically and must be deposited as referred to above for the appointment to be valid.

Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM or at any adjournment thereof if the shareholder so wishes. In such event, the form of proxy shall be deemed to be revoked.

3. In order to qualify for attending and voting at the EGM, the register of members of the Company will be closed from Thursday, 15 October 2026 to Wednesday, 21 October 2026, both days inclusive, during which period no transfer of Shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong at the above address no later than 4:30 p.m. on Wednesday, 14 October 2026 for registration. The record date for determining the eligibility of the shareholders to attend and vote at the EGM will be Wednesday, 21 October 2026.
4. Where there are joint registered holders of any Share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.
5. In the event that a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal or extreme conditions caused by super typhoon is in force at any time between 9:00 a.m. and 3:00 p.m. on the date of the EGM, the EGM will be automatically postponed to a later date as determined by the Company. The Company will publish an announcement on the websites of the HKEXnews (www.hkexnews.hk) and the Company (www.daphneholdings.com) to notify the shareholders of the Company of the date, time and location of the rescheduled meeting.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the board of Directors comprises three Executive Directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Ms. Chang Wan-Hsun; one non-executive Director, namely Mr. Wang Jungang and three Independent Non-executive Directors, namely Mr. Hon Ping Cho Terence, Mr. Tan Philip and Ms. Hsu Wen-Kuan.