

DAPHNE INTERNATIONAL HOLDINGS LIMITED

達 芙 妮 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Island with limited liability)

(stock code : 210)

2026 SHARE OPTION SCHEME

(To be adopted by the Company pursuant to an ordinary resolution passed by the shareholders of the Company at a general meeting of the Company held on 21 October 2026)

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TERMS OF THE 2026 SHARE OPTION SCHEME

1. DEFINITIONS

1.1 In this Scheme, except where the context otherwise requires, the following words and expressions have the following meanings:-

“Acceptance Date”	the date upon which an offer for an Option must be accepted by the relevant Eligible Participant, being a date not later than 28 days after the Offer Date
“Adoption Date”	the date on which this Scheme is conditionally adopted by an ordinary resolution of the shareholders of the Company
“approved independent financial adviser(s)”	such independent financial adviser(s) as approved by the Board
“Articles of Association”	the articles of association of the Company as amended from time to time
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“chief executive”	has the same meaning ascribed to it under the Listing Rules
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Committee”	the person(s) from time to time delegated by the Board with the power and authority to administer this Scheme in accordance with the rule terms herein and, unless otherwise notified by the Board from time to time, refers to the Remuneration Committee;
“Cancelled Shares”	those Shares which were the subject of options which had been granted and accepted under this Scheme or any of the other schemes but subsequently cancelled. For the avoidance of doubt, “Cancelled Shares” shall exclude “Lapsed Shares”
“Commencement Date”	in respect of an Option, the date upon which such Option is deemed to be granted and accepted in accordance with paragraph 4.5
“Company”	Daphne International Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 10 September 1993, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 210)

“Companies Act”	the Companies Act (2026 Revision) (as amended) of the Cayman Islands, as amended from time to time
“connected person(s)” and “core connected person(s)”	have the respective meanings ascribed to them under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being;
“Eligible Participant(s)”	means any person who satisfies the eligibility requirements set out in paragraph 4.1 including any Employee Participant(s)
“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 Options under this Scheme as an inducement to enter into employment contracts with these companies), and provided that the Board and/or the Committee shall have absolute discretion to determine whether or not one falls within such category
“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 in accordance with paragraph 8
“Expiry Date”	in respect of an Option, the date of the expiry of the Option as may be determined by the Board or the Committee which shall not be later than the last day of the Option Period in respect of such Option
“Grantee(s)”	any Eligible Participant(s) who accepts the offer of the grant of an Option in accordance with the rules <u>terms</u> of this Scheme
“Group”	the Company and/or any or all of its Subsidiaries from time to time
“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
“Lapsed Shares”	those Shares which were the subject of Options which had been granted and accepted under this Scheme or any of the other schemes but subsequently lapsed. For the avoidance of doubt, “Lapsed Shares” shall exclude “Cancelled Shares”

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“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
“Option(s)”	right(s) granted by the Company under this Scheme, which right(s) permits (but does not obligate) a Grantee to subscribe for the Shares in accordance with the terms of this Scheme
“Option Period”	in respect of an Option, the period to be notified by the Board or the Committee to each Grantee within which the Option may be exercisable provided that such period of time shall not exceed a period of ten years commencing on the Commencement Date
“other schemes”	other than this Scheme, all the schemes involving the grant by the Company of options or awards over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or any arrangement involving the grant of options or awards to participants over Shares or other securities of the Company which, in the opinion of the Stock Exchange, is analogous to a share scheme as described in Chapter 17 of the Listing Rules
“Personal Representative(s)”	any person(s) who in accordance with the laws of succession applicable in respect of the death of a Grantee is or are entitled to exercise the Option(s) accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee
“Remuneration Committee”	the remuneration committee of the Board from time to time;
“this Scheme”	the new share option scheme, the rules of which are set out in this document in its present or any amended form
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 11.1
“Scheme Period”	a period commencing on the Adoption Date and ending on the tenth anniversary of the Adoption Date (both dates inclusive)
“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 may be amended from time to time) as determined by the Board in its absolute discretion

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares with a nominal value of HK\$0.10 each in the share capital of the Company, or if there has been a sub-division, consolidation, re-classification or re-construction or reduction or reorganisation of the share capital of the Company, the shares forming part of the ordinary share capital of the Company of such nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	a subsidiary or subsidiaries for the time being of the Company within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) whether incorporated in the Cayman Islands, British Virgin Islands, the People’s Republic of China, the Macau Special Administrative Region or elsewhere
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Treasury Shares”	has the same meaning ascribed to it under the Listing Rules. For the purposes of this Scheme, new Shares include Treasury Shares and the issue of new Shares includes the transfer of Treasury Shares
“Vesting Date”	in relation to an Option granted to a Grantee, the date or each such date, as determined by the Board or the Committee pursuant to paragraph 6.7, on which 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 relevant Option and paragraph 6.7 and other <u>rules terms</u> of this Scheme
“Vesting Period”	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)

1.2 In this Scheme, unless the context otherwise requires:

- (a) paragraph headings are inserted for convenience of reference only and shall not affect the interpretation of this Scheme;
- (b) references to paragraphs are to paragraphs of this Scheme;
- (c) the singular includes the plural and vice versa;
- (d) references to one gender shall include both genders and the neuter;

- (e) any reference to any statute or statutory provision shall include any statute or statutory provision which amends or replaces, or has amended or replaced it, and shall include any subordinate legislation made under the relevant statute; and
- (f) a reference to a “person” shall be construed so as to include any individual, firm, business, company, body corporate or unincorporated or other juridical person, government, federation, state or agency thereof or any joint venture, association, partnership or trust (whether or not having separate legal personality).

2. CONDITIONS

- 2.1 This Scheme shall take effect subject to and is conditional upon:
 - (a) the passing of the necessary resolution by the shareholders of the Company to approve and adopt this Scheme; and
 - (b) 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 this Scheme.

3. PURPOSE, DURATION AND CONTROL OF SCHEME

- 3.1 The purpose of this 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.
- 3.2 Subject to paragraph 16, this Scheme shall be valid and effective for the Scheme Period after which no further Options shall be offered but the provisions of this 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 this Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.
- 3.3 Subject to the Listing Rules, this Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

4. ELIGIBLE PARTICIPANTS AND BASIS OF DETERMINING THE ELIGIBILITY

- 4.1 The Board or the Committee shall be entitled (but shall not be bound) to, at its absolute discretion, select 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 this Scheme as an inducement to enter into employment contracts with these companies), ~~as Eligible Participants,~~ to grant an Option pursuant to which such Eligible Participant may receive such number of Shares as the Board or the Committee may determine ~~an Eligible Participant,~~ provided that the Board or the Committee considers, in its sole discretion, have contributed or will contribute to the Group. This Scheme is principally intended to target Employee Participants who have

made past contributions to the Group. Accordingly, grants of Options under this Scheme are primarily intended to recognise and reward such past contributions and may, in substance, be regarded as analogous to the payment of a discretionary bonus. Nevertheless, the Board ~~may still grant does not preclude the possibility of granting~~ Options to Employee Participants who are expected to make, or who have the potential to make, future contributions 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.

- 4.2 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 contributions 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.

5. MAXIMUM ENTITLEMENT OF EACH GRANTEE

- 5.1 The Board or the Committee shall, subject to and in accordance with the provisions of this Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period 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 this Scheme and, if any, ~~the other~~ share options and ~~other~~ 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 this 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.
- 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 its 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 of the Company 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. GRANT OF OPTIONS

- 6.1 If the Board or the Committee determines to offer an Option to an Eligible Participant in accordance with paragraph 5.1, the Board shall forward to the relevant Eligible Participant an offer document in such form as the Board or the Committee may from time to time determine which states (or, alternatively, documents accompanying the offer document which state), among others:-
- (a) the Eligible Participant's name, address and occupation;
 - (b) the Offer Date;
 - (c) the Acceptance Date;
 - (d) the Commencement Date or, if the Option Period does not commence on the Commencement Date, the date of commencement of the Option Period;
 - (e) the number of Shares in respect of which the Option is offered;
 - (f) the Exercise Price and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
 - (g) the Expiry Date in relation to that Option;
 - (h) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph 6.2; and
 - (i) such other terms and 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 the Option can be exercised) relating to the offer of the Option which in the opinion of the Board or the Committee are fair and reasonable but not being inconsistent with this Scheme and the Listing Rules.
- 6.2 An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptance of the Option duly signed by the Grantee, together with a remittance (whether by the Grantee or any person or entity acting on his/her/its behalf) in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date. Such remittance shall in no circumstances be refundable.
- 6.3 Any offer to grant an Option 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 for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the Option in the manner as set out in paragraph 6.2. To the extent that the offer to grant an Option is not accepted by the Acceptance Date, it shall be deemed to have been irrevocably declined.
- 6.4 The Options shall not be listed or dealt in on the Stock Exchange.
- 6.5 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.

- 6.6 (a) For so long as the Shares are listed on the Stock Exchange, the Board or the Committee shall not grant any Option 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 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.
- (b) 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.
- 6.7 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 this 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 this Scheme.

7. OPTIONS TO CONNECTED PERSONS

- 7.1 Subject to paragraphs 6.1, 7.2, 11.1 and 11.2, 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).
- 7.2 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 this Scheme and any other share options and share awards lapsed in accordance with the terms of any other [share](#) schemes) 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 of the Company in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.
- 7.3 The Company must send a circular to its shareholders pursuant to paragraph 7.2, which shall contain the following information:
 - (a) 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);

- (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 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;
- (c) the information required under Rule 17.02(2)(c) of the Listing Rules;
- (d) the information 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.

8. EXERCISE PRICE

The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 12, 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;
- (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the ~~5~~five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

9. EXERCISE OF OPTIONS

- 9.1 Subject to paragraph 9.3, an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the Auditors or the approved independent financial adviser as the case may be pursuant to paragraph 12, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.
- 9.2 The exercise of any Option shall be subject to the shareholders of the Company in general meetings approving any necessary increase in the authorised share capital of the Company.
- 9.3 Subject as hereinafter provided, an Option may be exercised by a Grantee at any time or times during the Option Period provided that:-

- (a) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than on his death, ill-health, injury, disability or the termination of his relationship with the Group on one or more of the grounds specified in paragraph 10(e), the Grantee may exercise the Option up to his entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of 3 months (or such longer period as the Board may determine) following the date of such cessation (which date shall be, in relation to a Grantee who is an Eligible Participant by reason of his employment with the Group, the last actual working day with the Group whether salary is paid in lieu of notice or not);
- (b) in the case of the Grantee ceasing to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Group under paragraph 10(e) has occurred, the Grantee or the Personal Representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised);
- (c) 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 holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms *mutatis mutandis*, and assuming that they shall become, by the exercise in full of the options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his 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;
- (d) if, pursuant to the Companies Act, 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 company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his Options in whole or in part at any time prior to 12 noon (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. 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. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options in such

circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court), the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension; and

- (e) 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 in the case of the death of the Grantee, his Personal Representative(s)) shall be entitled to exercise all or any of his Options at any time not later than 2 Business Days prior to the proposed general meeting of the Company 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 referred to above, allot the relevant Shares to the Grantee credited as fully paid and register the Grantee as holder thereof.

- 9.4 No dividends shall be payable in relation to Shares that are the subject of Options that have not been exercised. The Shares to be allotted upon the exercise of an Option shall not carry voting rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject as aforesaid, the 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. Shares issued on the exercise of an Option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

10. LAPSE OF OPTION

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

- (a) the Expiry Date relevant to that Option;
- (b) the expiry of any of the periods referred to in paragraph 9.3(a), (b), (c), (d) or (e);
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 9.3(d) becomes effective;

- (d) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Act);
- (e) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Group on any one or more of the following grounds:
 - (i) that he has been guilty of serious misconduct;
 - (ii) that 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 the Subsidiaries;
 - (iii) that 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. 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; and
- (f) 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 6.5 or the Options are cancelled in accordance with paragraph 17.

11. SCHEME MANDATE LIMIT AND REFRESHMENT

- 11.1 The total number of Shares which may be issued by the Company in respect of all the Options to be granted under this Scheme and all ~~the other~~ 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 ("**Scheme Mandate Limit**").
- 11.2 Subject to paragraph 11.3, 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 11.2(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.

- 11.3 The Scheme Mandate Limit so refreshed under paragraph 11.2 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.
- 11.4 Without prejudice to paragraphs 11.2 and 11.3, 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 11.2, 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.

12. CAPITAL RESTRUCTURING

- 12.1 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; and/or
 - (b) the number of outstanding Shares 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 this 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 Shares of an Eligible Participant shall be deemed forfeited and shall not be transferred to the relevant Eligible 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. SUFFICIENT SHARE CAPITAL

Subject to paragraph 9.2, the Board shall at all times set aside for the purposes of this Scheme, out of the authorised but unissued share capital of the Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the exercise of outstanding Options.

14. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

15. ALTERATION OF THIS SCHEME

15.1 Subject to paragraphs 15.3 and 15.4, these rules of this 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 this Scheme which are of a material nature; or (ii) any alteration to the provisions of this 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 of the Company 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.

- 15.2 Subject to paragraph 15.4, 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 this Scheme. Such approval requirement does not apply where the Eligible Participant is only a proposed director or chief executive of the Company.
- 15.3 Any change to the authority of the Directors or administrators of this Scheme in relation to any alteration to these rules of this Scheme shall be approved by the shareholders of the Company in general meeting.
- 15.4 The amended terms of this Scheme or the Options must comply with all applicable laws, rules and regulations (including but not limited to Chapter 17 of the Listing Rules).

16. TERMINATION

- 16.1 This 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.
- 16.2 Upon the termination of this Scheme, no further offer of Options may be made and no Options offered shall be open for acceptance, but these rules of this 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 this Scheme. The Company shall notify all Grantees of such termination and of how the outstanding Options shall be dealt with.
- 16.3 For the avoidance of doubt, the temporary suspension of the granting of any Options shall not be construed as a decision to terminate the operation of this Scheme.
- 16.4 The Company by a resolution in general meeting or the Board may at any time resolve to terminate the operation of this Scheme and in such event no further Options shall be offered but the provisions of this 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 this Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

17. CANCELLATION OF OPTIONS

- 17.1 The Board shall be entitled for the following causes to cancel any share option in whole or in part by giving notice in writing to the Grantee stating that such share option is thereby cancelled with effect from the date specified in such notice:
- (a) the Grantee commits or permits or attempt to commit or permit a breach of restriction on transferability of share option or any terms or conditions attached to the grant of the share options;
 - (b) the Grantee makes a written request to the Board for the share options to be cancelled; and

- (c) 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 Options, the grant of new Options to the same Grantee may only be made under this Scheme within the limits set out in paragraphs 4.1, 11.1 and 11.2.

- 17.2 Where the Company cancels any Options granted to a Grantee and makes a new grant (whether under this Scheme or any other scheme(s)) to the same Grantee, such new grant may only be made within the available Scheme Mandate Limit approved by its shareholders. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

18. DISCLOSURE IN ANNUAL AND INTERIM REPORTS

The Board shall procure that details of this Scheme and other schemes of the Group are disclosed in the annual reports and interim reports of the Company in compliance with the Listing Rules in force from time to time.

19. GENERAL

- 19.1 The Company shall bear the costs of establishing and administering this Scheme (including the costs of the Auditors or the approved independent financial adviser, as the case may be, in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme).
- 19.2 A Grantee shall be entitled to inspect copies of all notices and other documents sent by the Company to its shareholders at the same time or within a reasonable time of any such notices or documents being sent, which shall be made available to him, during normal office hours at the Company's principal place of business in Hong Kong.
- 19.3 Any notices, documents or other communication between the Company and a Grantee shall be in writing and may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.
- 19.4 Any notice or other communication served:-
 - (a) by the Company shall be deemed to have been served 48 hours after the same was put in the post or if delivered by hand, when delivered; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 19.5 All allotments and issues of Shares pursuant to this Scheme shall be subject to any necessary consents under the relevant laws, enactments or regulations for the time being to which the Company is subject. A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction for, or in connection with the grant or exercise of an Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme.

- 19.6 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 19.7 This Scheme shall not form part of any contract of employment between the Group and any Employee Participant and the rights and obligations of any Employee Participant under the terms of his office or employment shall not be affected by his participation in it and this Scheme shall afford such an Employee Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 19.8 The Company shall maintain all necessary books of account and records relating to this Scheme.
- 19.9 This Scheme shall in all respects be administered by the Board which (a) shall administer the Scheme in accordance with the provisions hereof and all applicable requirements of the Listing Rules and (b) may make such rules not being inconsistent with the terms and conditions hereof and the Listing Rules for the conduct of this Scheme and the determination and terms of each entitlement under an Option as the Board thinks fit.
- 19.10 A Grantee who is a member of the Board may, subject to and in accordance with the Articles of Association, notwithstanding his interest, vote on any Board resolution concerning this Scheme (other than in respect of his own participation therein) and may retain any benefit under the Scheme.

20. GOVERNING LAW

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

21. LIFE OF THIS SCHEME

Subject to the fulfilment of the conditions set out in paragraph 2.1 and the termination provisions under paragraph 16, this 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.

***** End of these terms of this Scheme *****