

Yinsheng Digifavor Company Limited
銀盛數惠數字有限公司

RULES RELATING TO
THE 2024 SHARE OPTION SCHEME
(To be adopted on [30 October 2024])

Yinsheng Digifavor Company Limited
Rules Relating to the 2024 Share Option Scheme

1. DEFINITIONS

1.1 In the Scheme the following expressions have the following meanings:–

“Adoption Date”	the date on which this Scheme is approved and adopted by the Shareholders of the Company in general meeting
“Allotment Date”	the date on which Shares are allotted to the Grantee (or his or her Personal Representatives) pursuant to the Option granted and exercised hereunder
“Associate”	has the meaning ascribed to it in the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	The board of directors of the Company or a duly authorised committee thereof
“Business Day”	means any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business but excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.)
“Close Associate”	has the meaning ascribed to it in the Listing Rules
“Company”	Yinsheng Digifavor Company Limited
“Connected Person”	has the meaning ascribed to it in the Listing Rules
“Core Connected Person”	has the meaning ascribed to it in the Listing Rules
“Date of Grant”	the date on which an Option is offered to an Eligible Participant (unless otherwise specified in the terms of the Letter of Grant)
“Directors”	the executive and non-executive directors of the Company
“Eligible Participant”	any director or employee of, or any person who has accepted an employment offer (whether full time or part time) from, or who is being granted Options as an inducement to enter into employment contract with, the Company or any Member of the Group

“Expert”	means the Auditors or an independent financial advisor selected and appointed by the Company, and acting as expert, at the cost of the Company
“Grantee”	Any Eligible Participant who accepts the offer of the grant of an Option in accordance with the terms of the Scheme
“Group”	the Company and its Subsidiaries and the term “Member of the Group” shall be construed accordingly
“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
“Inside Information”	has the meaning ascribed to it in the Listing Rules
“Letter of Grant”	means the offer and acceptance letter between the Company and the Grantee evidencing the terms and conditions of an Option
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company currently in force
“Offer”	an offer for the grant of an Option made in accordance with paragraph 4
“Option”	an option to subscribe for Shares granted pursuant to the Scheme
“Option Period”	in respect of any particular Option, the period to be determined by the Share Scheme Committee at its absolute discretion and notified by the Share Scheme Committee to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years from the Date of Grant, subject to earlier termination in accordance with the provision of the Scheme. The Share Scheme Committee may also specify conditions, restrictions or limitations before the Option can be exercised as provided in paragraph 3.4
“Other Share Scheme”	at any time, any other share scheme (as defined in Chapter 17 of the Listing Rules) adopted by the Company pursuant to Chapter 17 of the Listing Rules which is then operational

“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, shall represent, manage or administer the estate of the deceased Grantee
“Remuneration Committee”	The remuneration committee of the Board
“Scheme”	This Yinsheng Digifavor Company Limited 2024 Share Option Scheme in its present form or as amended from time to time
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 8.1
“Senior Managers”	refers to a senior manager identified as such in the Company’s annual report as required under paragraph 12 to Appendix D2 of the Listing Rules
“Share Scheme Committee”	the committee of the Board set up specifically for the purpose of the administration of this Scheme and any Other Share Scheme, comprising three Directors from time to time
“Shareholder”	a holder of Shares
“Share(s)”	means ordinary share(s) of nominal or par value of US\$0.01 each in the share capital of the Company, or if there has been a subdivision, consolidation, reclassification of or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Substantial Shareholder”	has the meaning ascribed to it in the Listing Rules
“Tax Liability”	means the amount of salaries or other tax and/or social security contributions payable by a Grantee for which the Company or any Member of the Group is required to account to any competent authority by virtue of or in consequence of the grant of an Option or the exercise of an Option

“Vesting” in relation to any Opinion, means the time from which the Option Period commences, subject to the terms of the Scheme. **“Unvested”**, **“Vest”**, **“Vests”** and **“Vested”** shall be construed accordingly

“%” per cent.

1.2 In this Scheme:

- (a) unless otherwise specified, any reference to a paragraph or section is a reference to a paragraph or section of this Scheme; and
- (b) any reference to a person includes an individual, a body corporate, a partnership, any other unincorporated body or association of persons and any state or state agency.

1.3 In this Scheme:

- (a) words importing the plural include the singular and vice versa;
- (b) words importing a gender include every gender; and
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute.

1.4 The headings and contents in this Scheme do not affect its interpretation.

2. CONDITIONS

The Scheme shall take effect subject to the following conditions:—

- (a) the passing of the necessary resolution to adopt the Scheme by the Shareholders in general meeting and to authorise the Directors of the Company to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Scheme; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options granted under the Scheme.

3. PURPOSE, DURATION AND ADMINISTRATION

- 3.1 The purpose of the Scheme is to recognise and acknowledge the contributions which the Eligible Participants have made or may make to the Group, with the view to achieving the following principal objectives:
- (a) to provide the Company with a flexible means of remunerating and/or providing benefits to Eligible Participants;
 - (b) to attract, retain and motivate the Eligible Participants to continue to contribute to the growth and development of the Group; and
 - (c) to align the interests of Eligible Participants with those of the Company and Shareholders by providing such Eligible Participants with the opportunity to acquire proprietary interests in the Company and becoming Shareholders, so as to optimise their performance and efficiency for the benefit of the Group and particular in its fulfilment of strategic targets.
- 3.2 Subject to paragraph 14, the Listing Rules, applicable laws and other regulations and the Memorandum and Articles of Association from time to time in force, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted but in all other respects the provisions of the Scheme shall remain in full force and effect. All Options granted prior to such termination shall remain valid and may continue to be exercisable in accordance with their terms of issue and subject to the terms of this Scheme.
- 3.3 The Scheme shall be subject to the administration of the Share Scheme Committee whose decision (save as otherwise provided herein) shall be final and binding on all parties. The Share Scheme Committee shall meet at such time as it considers appropriate, and meetings of the Share Scheme Committee shall make decisions by passing resolutions. The quorum at a meeting of the Share Scheme Committee shall be two (2) members of the Share Scheme Committee and no business shall be conducted unless a quorum is present at the beginning and throughout the meeting. Each member of the Share Scheme Committee present at the meeting (whether in person or by telephone conference or other similar communications equipment by means of which all members participating shall be capable of hearing each other) shall have one vote, provided that if the proposed Grantee(s) in question is/are the member(s) of the Share Scheme Committee, such member(s) shall abstain from voting on the relevant resolution in relation to the grant of Options to him/herself and shall not determine on any matters in relation to grant of Options to such member(s). A resolution is passed if more votes are cast for than against it. Anything which may be done by a meeting of the Share Scheme Committee may, without a meeting, be done by resolution in writing signed by all members of the Share Scheme Committee and in as many counterparts as may be necessary.

3.4 Subject to the provisions of the Listing Rules, applicable laws and other regulations and the Memorandum and Articles of Association from time to time in force and without prejudice to the generality of the foregoing, the Share Scheme Committee may, in its sole and absolute discretion and based on such factors as it shall consider relevant, subject always to the approval of the Remuneration Committee, and to the extent applicable, Shareholders under paragraphs 3.5, 8.1, 9.2, 9.3, and/or 13.3, grant Options on such terms and subject to such conditions as it thinks fit and may specify those circumstances, if any, in which such terms and conditions shall be waived or treated as waived. Without prejudice to the generality of the foregoing, the Share Scheme Committee may:

- (a) grant Options to those Eligible Participants whom it shall select from time to time, which shall be based on, amongst other things, the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of employment with the Group and the individual contribution or potential contribution to the development and growth of the Group of the Eligible Participant;
- (b) determine the date of the grant of the Option;
- (c) determine the number of Shares to be subject to the Option;
- (d) determine (subject to compliance with paragraphs 3.5 and 9.3) the terms and conditions of any Option being offered or granted under the Scheme including:
 - (i) the minimum period for which any Option must be held before it Vests, which shall not be less than 24 months, unless otherwise determined by the Share Scheme Committee and approved by the Remuneration Committee, and in any event shall not be less than 12 months save in certain circumstances when the Grantee ceases to be an Eligible Participant by reason of the separate listing or sale of a member of the Group or disposal of the business of a member of the Group, or if the Company or another member of the Group is reorganised or merged or consolidated with another entity and the circumstances regarding a scheme of arrangement, compromise or arrangement do not apply, as set out in paragraph 6.5(b), when certain events affecting all Shareholders occur, as set out in paragraphs 6.5(c), (d), (e) and (f), and the events set out in the following specified circumstances, where the the grant of Option:
 - a. is to be made to a new Eligible Participant to replace the share options they forfeited when leaving the previous employer(s);
 - b. is subject to performance-based Vesting conditions in lieu of (in whole or in part) time-based Vesting criteria;
 - c. would have been made earlier but was delayed in order to accommodate administrative and compliance requirements of the Group that entailed Options generally being made in batch during a year;
 - d. contains a mixed or accelerated Vesting schedule such as, where the Option may Vest evenly over a period of 12 months; or
 - e. has an aggregate Vesting and lock up period of the Shares issued to the Grantee upon Vesting of the Options which exceeds 12 months;

- (ii) the performance, operating and financial targets and other criteria, if any, to be satisfied before the Options can be exercised (which may be imposed in addition to a Vesting schedule);
- (iii) the Subscription Price;
- (iv) the period, if any, during which Shares allotted and issued upon exercise of the Option shall be subject to restrictions on dealings, and the terms of such restrictions;
- (v) the notification period, if any, to be given to the Company of any intended sale of Shares allotted and issued upon exercise of the Option;
- (e) approve the form of Letter of Grant;
- (f) to construe and interpret the terms of the Scheme and the Options granted pursuant to the Scheme, which absent manifest error, shall be binding to all the Grantees;
- (g) to adopt and implement such administrative procedures as may be appropriate in respect of or to facilitate the grant and exercise of the Options and the implementation of the Scheme;
- (h) prescribe, amend and rescind rules and regulations relating to this Scheme;
- (i) subject to the other provisions of this Scheme, vary the terms and conditions of any Letter of Grant, including waiving or amending (in whole or in part) any conditions to which Options are subject; and
- (j) do all other acts, matters and things as are necessary or expedient to give effect to the Scheme and the Options to be granted under the Scheme.

3.5 Any Offer made to any Eligible Participant who is a Director or a Senior Manager where the Option:

- (a) has a Vesting period of less than 12 months; and/or
- (b) does not include any performance target or clawback mechanism to recover or withhold any Option (or any portion thereof) in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances,

shall be subject to considered explanation of the Remuneration Committee.

- 3.6 The Company may from time to time, at its sole discretion, engage other service providers to provide services (by way of an online platform or any other means) to the Company in connection with the implementation of the Scheme, the exercise of the Options to be granted under the Scheme and all other matters incidental thereto. In respect of the specific service for which a service provider has been so appointed and notified to the Grantees, notices, acts, matters or things to be given or done by or to the Company under the Scheme or the Letter of Grant may instead be given or done, by or to such service providers. In respect of any service provider appointed by the Company to facilitate the exercise by the Grantees of their Options and the disposal of Shares thereby issued, each Grantee electing to use such services of the service provider shall bear all costs and expenses associated with his or her exercise of his or her Options, disposal of the Shares and using the custodian services of the service provider. Accordingly, for an exercise of an Option pursuant to paragraph 6.4 to be valid, a Grantee so electing shall also provide a remittance for the full amount of (i) the handling fee and disbursements (if any) of such service provided in respect of such exercise; (ii) any estimated Tax Liability for payment to the relevant taxation authorities and an irrevocable undertaking to make up any shortfall on demand or (if agreed by the Company or the relevant Member of the Group) in lieu of a remittance an irrevocable undertaking to pay and authorisation to apply proceeds of sale of the Shares immediately following issue and allotment first towards the payment to the Company or the relevant Member of the Group such Tax Liability. The undertakings and authorisation shall be in such form as may be approved by the Share Scheme Committee from time to time.

4. GRANT OF OPTIONS

- 4.1 On and subject to the terms of the Scheme, the Listing Rules, applicable laws and other regulations and the Memorandum and Articles of Association from time to time in force, and subject to paragraph 4.2, the Share Scheme Committee may at any time within 10 years commencing on the Adoption Date offer the grant of an Option to any Eligible Participant as the Share Scheme Committee may in its absolute discretion select. Any such proposals shall be reviewed and, if considered fit, approved by the Remuneration Committee.
- 4.2 Subject to approval by the Remuneration Committee, an Offer shall be made by the Share Scheme Committee in writing in a Letter of Grant. A Letter of Grant shall be in such form as the Share Scheme Committee may from time to time determine and shall specify:
- (a) the number of Options in respect of which the Offer is made;
 - (b) the date of Vesting or Vesting schedule, which shall not be more than 10 years from the Grant Date;
 - (c) such other terms and conditions to which the Options shall be subject, including any of the matters referred to in paragraph 3.4 to the extent applicable; and
 - (d) that the Grantee is to undertake to hold the Options on the terms upon which it is being granted and to be bound by the provisions of this Scheme.

4.3 An Offer may be made only on a Business Day. No Offer may however be made:

- (a) when the Company and/or any Director is in possession of Inside Information until (and including) the trading day after the Company has announced the Inside Information or until the time when such information otherwise ceases to constitute Inside Information of the Company;
- (b) during the period of one month 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 the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Without prejudice to the above, no Offer may be made to any Director in any period during which Directors are prohibited from dealing in the securities of the Company pending the publication of results of the Company under the Listing Rules.

4.4 Subject to approval by the Remuneration Committee, an Offer shall be made by the Share Scheme Committee (or any service provider appointed under paragraph 3.6 above) to an Eligible Participant in writing in a Letter of Grant. A Letter of Grant shall be in such form as the Share Scheme Committee may from time to time determine and shall specify:

- (a) the number of Options in respect of which the Offer is made;
- (b) the date of Vesting or Vesting schedule, which shall not be more than 10 years from the Grant Date;
- (c) such other terms and conditions to which the Options shall be subject, including any of the matters referred to in paragraph 3.4 to the extent applicable; and
- (d) requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme.

4.5 An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representatives) for a period of 21 days from the Date of Grant or for such other period as the Share Scheme Committee may specify in writing and notify to the Eligible Participant concerned, which period shall not in any event exceed 60 days from the Date of Grant of an Option (inclusive of the Date of Grant). For the avoidance of doubt, an Offer may not be accepted by a person who has ceased to be an Eligible Participant after the Offer has been made and prior to acceptance of the Offer.

- 4.6 An Option shall be deemed to have been granted and accepted on the Date of Grant provided that the Eligible Participant concerned signs the counterpart of the Letter of Grant and such signed counterpart is received by the Company at the place specified in the Letter of Grant, and a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within the acceptance period referred to in paragraph 4.5. Such remittance shall in no circumstances be refundable.

Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a number of Shares equal to a board lot for trading of the Shares on the Stock Exchange from time to time or an integral multiple thereof. To the extent that the Offer is not accepted within the acceptance period and in the manner indicated in the Letter of Grant, it shall be deemed to have been irrevocably declined.

5. SUBSCRIPTION PRICE

The Subscription Price shall, subject to any adjustments made pursuant to the terms of the Scheme, be determined by the Share Scheme Committee and notified to an Eligible Participant and shall be at least the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share on the Date of Grant, and as subsequently adjusted pursuant to the terms of the Scheme, if relevant.

6. EXERCISE OF OPTIONS

- 6.1 An Option shall be personal to the Grantee and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. For the avoidance of doubt, if the Grantee is not an individual, it shall procure that its Shares or equity interest or its underlying beneficial interests are not to be transferred, assigned or novated to third party or otherwise for the purpose of circumventing the restriction under this paragraph. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.
- 6.2 Unless otherwise imposed by the Share Scheme Committee in accordance with paragraph 3.4, no performance targets are required to be achieved by any Grantee before the Options are capable of being exercised by the Grantee.

- 6.3 A Grantee shall be solely liable to pay to the Company or any Member of the Group an amount equal to the aggregate amount of any Tax Liability on 25 Business Days before the due date for payment by the Company or any Member of the Group in respect of the Tax Liability. In the event that the exercise of an Option attracts any Tax Liability, the Option may not be exercised unless the Grantee has either:
- (a) made a payment to the Company or relevant Member of the Group of an amount equal to such Tax Liability on or before the date of exercising such Options; or
 - (b) entered into arrangements with the Company or other Member of the Group to secure the payment of the Tax Liability by authorizing the Company or other Member of the Group (as the case may be) to sell on his or her behalf of some or all of the Shares to be issued to the Grantee on the exercise of the Option and authorizing the Company or the Member of the Group (as the case may be) to pay to the Company or the Member of the Group (as the case may be) the Tax Liability from the proceeds of the sale of such Shares.
- 6.4 An Option may be exercised in whole or in part by the Grantee (or his or her Personal Representatives) by giving notice in writing in such form and to such person specified by the Share Scheme Committee 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 Subscription Price for the Shares in respect of which the notice is given and the handling fee and disbursements. Within 40 days after receipt of the notice and, where appropriate, receipt of the Expert's certificate pursuant to paragraph 10.3, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or his or her Personal Representatives) credited as fully paid.
- 6.5 Subject to as hereinafter provided and to due compliance with the Listing Rules, applicable laws and other regulations and the Memorandum and Articles of Association from time to time in force and with its terms and conditions, an Option may be exercised at any time during the Option Period, provided that:
- (a) no Option will Vest (and therefore not be exercisable) unless all relevant conditions to which it is subject have been satisfied, waived or, by the terms of grant, treated as having been waived (to the extent permitted by the Listing Rules). Any waiver that might be an alteration to the terms and conditions of this Scheme which is (i) of a material nature; or (ii) relates to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants, shall be approved by the Shareholders;
 - (b) if the Share Scheme Committee considers that, due to the separate listing or sale of a Member of the Group or disposal of the business of a Member of the Group, a Grantee should cease to be treated as an Eligible Participant, or if the Company or another Member of the Group is reorganised or merged or consolidated with another entity (and paragraphs 6.5(f) and 6.5(h) below do not apply), the Share Scheme Committee may, subject to compliance with the Listing Rules, in its sole and absolute discretion:
 - (i) make such arrangements as it considers appropriate for the grant of substitute Options of equivalent fair value to an Option (to the extent not already exercised) in the purchasing, surviving or newly-listed company;

- (ii) reach such accommodation with the Grantee as it considers appropriate, including the payment of cash compensation to the Grantee equivalent to the fair value of an Option (to the extent not already exercised);
 - (iii) waive any conditions to Vesting of an Option (to the extent permitted by the Listing Rules); or
 - (iv) permit the continuation of an Option in accordance with its original terms;
- (c) if a general offer by way of takeover (other than by way of scheme of arrangement) 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 concert (as defined in the Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time) with the offeror) and such offer becomes or is declared unconditional in all respects, the Grantee (or his or her Personal Representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional in all respects;
- (d) if an offer by way of scheme of arrangement is made to all holders of Shares pursuant to the Companies Act (as revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time) and has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee (or his or her Personal Representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within one month after the date on which scheme of arrangement takes effect (or such other date as may be determined by the Share Scheme Committee and notified to the Grantees generally such that the Grantees may participate in the scheme of arrangement *pari passu* with the holders of the Shares as at the date of the relevant meetings);
- (e) if the Company gives a notice to its Shareholders to convene a meeting to consider and, if thought fit, pass a resolution for the voluntary winding-up of the Company, the Company shall give notice to the Grantees on the same date as it despatches the notice to each Shareholder of such meeting and the Options will immediately Vest conditional only upon the resolution being passed (or such other date as may be determined by the Share Scheme Committee and notified to the Grantees generally), and the Grantee (or his or her Personal Representatives) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the Shareholders such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the Subscription Price which would otherwise have been payable in respect thereof; and

- (f) if a compromise or arrangement (other than by way of a scheme of arrangement) between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of or the amalgamation of the Company with any other company or companies, the Company shall give notice thereof to the Grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his or her Personal Representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the Court, exercise any of the Grantee's Options whether in whole or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective (or such other date as may be determined by the Share Scheme Committee and notified to the Grantees generally). Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Scheme. The Company may require the Grantee (or his or her Personal Representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

6.6 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date, except the Grantee shall not be entitled to receive any entitlements the record date or ex-entitlement date for which falls before the Allotment Date. No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised notwithstanding the satisfaction of any Vesting periods and/or performance targets (if any).

6.7 The Share Scheme Committee may determine in its sole and absolute discretion in relation to any of the events described in paragraphs 6.5(d) to 6.5(h) a different (including earlier) Vesting date, subject to applicable legal and regulatory requirements, in order to enable the Grantee to participate in each of those events in respect of Shares referable to his relevant Options as generally contemplated under those paragraphs.

7. LAPSE OF OPTION

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

- (a) subject to paragraph 7(f), the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 6.5(b), (c) or (d);
- (c) (subject to paragraph 6.5(e)) the date of the commencement of the winding-up of the Company;

- (d) the compromise or arrangement referred to in paragraph 6.5(f) becoming effective;
- (e) the date on which the Grantee ceases to be such an Eligible Participant by reason of
 - (i) the termination or cessation of his or her employment or directorship on the grounds entitling the employer to effect such termination without notice (including, but not limited to, if he or she has been guilty of serious misconduct, or (ii) has committed any act of bankruptcy, or (iii) has become insolvent or has made any arrangements or composition with his or her creditors generally, or (iv) has been convicted of any criminal offence involving his or her integrity or honesty or has done something which brings any Member of the Group into disrepute or in the event of a material misstatement in the Company's financial statements) whether pursuant to the terms of the contract of employment of the Grantee or otherwise, whether pursuant to the terms of the contract of employment of the Grantee or otherwise, or the date on which a notice terminating the employment of such Eligible Participant for such reason is in fact given, whichever is the earlier. A resolution of the Board to the effect that the employment or directorship of the Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 7(e) shall be conclusive and binding on the Grantee. For the avoidance of doubt, the transfer of employment of a Grantee from one Member of the Group to another Member of the Group shall not, unless otherwise determined by the Board, be considered a termination of employment for the purpose of this paragraph 7(e). In the circumstances described above, where an Option has Vested and has been exercised, but the Shares have not yet been issued to the relevant Grantee, such Options shall be deemed not to have been exercised and shall lapse immediately, and no Shares shall be issued. Any Subscription Price paid by the Grantee shall be returned to the Grantee (without interest);
- (f) when the Grantee ceases to be an Eligible Participant, by reason of:
 - (i) his death (in which case the lapse shall occur on the date of death);
 - (ii) ill health, injury or disability preventing the Grantee from performing his duties under his employment or service agreement (as evidenced to the satisfaction of the Share Scheme Committee) (in which case the lapse shall occur on the date determined by the Share Scheme Committee);
 - (iii) retirement in accordance with his contract of employment or service with a Member of the Group or early retirement (which refers to any retirement before attaining the age of 65 unless the Share Scheme Committee otherwise determines) with the approval of the Member of the Group which employs the Grantee (in which case the lapse shall occur on the date of retirement);
 - (iv) termination of employment by redundancy (in which case the lapse shall occur on the effective date of termination of employment); or,

- (v) termination or cessation of employment or directorship for any other reason other than in circumstances contemplated under paragraphs 7(e) and 7(f)(i) to (iv) (in which case the lapse shall occur on the date of termination or cessation of such employment (which date shall be the last actual working day with the Company or the relevant Member of the Group whether salary is paid in lieu of notice or not) or directorship (which date shall, in the case of resignation, be the effective date of the resignation as a director of the Company or the relevant Member of the Group, and in all other cases, the date as determined by the Share Scheme Committee at its absolute discretion))

in each case unless the Share Scheme Committee has, in its sole and absolute discretion, determined otherwise or if the Grantee ceases to be an Eligible Participant in one capacity but is immediately thereafter an Eligible Participant in the same or different capacity (such as, but not limited to, where the Grantee retires and is re-elected as a director of a member of the Group);

- (g) the date on which the Grantee sells, transfers, assigns, charges, mortgages, disposes, encumbers or creates any interest in favour of any third party over or in relation to any Option, in breach of paragraph 6.1, if the Share Scheme Committee shall exercise the Company's right to cancel the same;
- (h) in respect of unvested Options, the date on which the Grantee ceases to be an Eligible Participant;
- (i) the failure of the Grantee to satisfy any performance, operating and financial targets and other criteria on or before the Vesting date specified in the Letter of Grant; and
- (j) the date on which the Option is cancelled by the Share Scheme Committee as provided in paragraph 15.

For the purpose of calculating the Scheme Mandate Limit, any Options lapsed automatically will not be regarded as utilised.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.1 The Share Scheme Committee shall not make any Offers of Options that may result in the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any options and/or awards granted under any Other Share Scheme exceeding 10% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”), unless:

- (a) such Scheme Mandate Limit shall have been “refreshed” in accordance with the requirements of the Listing Rules; or
- (b) such Options are made to Eligible Participants and on terms specifically identified with the separate approval by Shareholders in general meeting and otherwise in accordance with the requirements of the Listing Rules,

and for the purpose of calculating the Scheme Mandate Limit, any Options lapsed in accordance with the terms of the Scheme will not be regarded as utilised. For the record, the number of Shares in issue as at the Adoption Date was 415,000,000 Shares, and thus the Scheme Mandate Limit as at the Adoption Date was 41,500,000 new Shares.

- 8.2 The maximum number of Shares subject to a Scheme Mandate Limit shall, notwithstanding the terms of the resolution of Shareholders in general meeting approving such Scheme Mandate Limit, be adjusted proportionately on the effective date of any consolidation or sub-division of Shares subsequent to the date of passing of that resolution, provided that such maximum number of Shares as a percentage of the total number of Shares in issue immediately before or after such effective date shall be the same, other than for rounding to the nearest whole Share.

9. MAXIMUM ENTITLEMENT OF SHARE OF EACH ELIGIBLE PARTICIPANT

- 9.1 Without prejudice to paragraph 9.2 (where applicable), no Option to any Eligible Participant which would result in the total number of new Shares issued and to be issued upon exercise of the all Options granted to such Eligible Participant under this Scheme together with any awards and/or options granted under any Other Share Scheme (excluding any Options lapsed in accordance with the terms of this Scheme any awards/options lapsed in accordance with the terms of the relevant Other Share Scheme) in any 12-month period up to and including the date of such grant exceeding 1% of the total number of Shares in issue on the Grant Date shall take effect without the approval of Shareholders as required under the Listing Rules, with the proposed Grantee and his Close Associates (or Associates if the Grantee is a Connected Person) abstaining from voting.
- 9.2 Without prejudice to paragraph 9.3, no Option to an independent non-executive Director or a Substantial Shareholder of the Company, or any of their Associates which would result in the new Shares issued and to be issued in respect of all Options granted under this Scheme together with any awards and/or options granted under any Other Share Scheme (excluding any Options lapsed in accordance with the terms of this Scheme and any awards/options lapsed in accordance with the terms of the relevant Other Share Scheme) to such person in the 12-month period up to and including the Grant Date of such Option in aggregate exceeding 0.1% of the Shares in issue on the Grant Date shall be granted without the approval of independent Shareholders as required under the Listing Rules. The Company shall send a circular to the Shareholders in accordance with the Listing Rules and the proposed Grantee, their respective Associates and all Core Connected Persons of the Company must abstain from voting in favour of the relevant resolution at such general meeting of the Shareholders. The Company must comply with the requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.
- 9.3 Each Offer to an Eligible Participant who is a Director, chief executive or a Substantial Shareholder of the Company or any of their respective Associates must be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed Grantee) and, if and to the extent required by the Listing Rules or paragraph 9.2, be made subject to the approval of Shareholders in general meeting, with the proposed Grantee, their respective Associates and the Core Connected Persons of the Company abstaining from voting and such other requirements of the Listing Rules then applicable.
- 9.4 The number of Shares referred to in this section 9 shall be adjusted in such manner as the Expert shall certify in writing to be appropriate in accordance with paragraph 8.1 in the event of any alteration in the capital structure of the Company.

10. REORGANISATION OF CAPITAL STRUCTURE

10.1 In the event of a capitalisation issue, rights issue, open offer with a price dilutive element, consolidation or subdivision of Shares or reduction of capital of the Company such corresponding adjustments (if any) shall be made to:–

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the Option(s),

or any combination thereof, such that the Grantee would be entitled on exercise of his or her Options the same proportion of the issued Shares to which he or she would have been entitled had such Option been exercised immediately prior to the event giving rise to the adjustment, rounded to the nearest whole Share, provided that:–

- (a) no adjustments may be made to the extent that any Shares will be required to be issued at less than its nominal value (if any); and
- (b) all such adjustments shall be made in accordance with or in a manner consistent with the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange then applicable.

10.2 For the avoidance of doubt, no adjustments shall be made pursuant to paragraph 10.1 in respect of (i) any issue of Shares or securities convertible into Shares for cash other than by way of rights to Shareholders generally then existing (subject to any exclusions permitted under the Listing Rules) or (ii) by way of consideration pursuant to any transaction or (iii) any purchase or repurchase of Shares by the Company or any of its subsidiaries.

10.3 No adjustment (other than any adjustment made on a capitalisation of profits or reserves) shall take effect unless the Expert certifies to the Share Scheme Committee in writing that such adjustment is made in accordance with the requirements of paragraphs 10.1 to 10.2. The Company shall promptly engage an Expert to provide certification, where required pursuant to this paragraph, and the adjustment so certified shall take effect on the date of the event giving rise to the certificate, subject to receipt of the certificate from the Expert and notwithstanding the date of certification may be at a later date. Any such certificate shall be finding and binding on the Company and the Grantees, in the absence of manifest error.

10.4 The Company shall promptly inform the Grantees of any adjustments made pursuant to this paragraph 10.

11. SHARE CAPITAL

The Company shall ensure that there is sufficient authorised but unissued share capital to satisfy the issue of Shares upon exercise of Options from time to time outstanding and the Share Scheme Committee shall make available sufficient of such authorised but unissued share capital of the Company for such purpose.

12. DISPUTES

Any dispute arising in connection with the Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Share Scheme Committee whose decision shall be final and binding.

13. ALTERATION OF THE SCHEME

13.1 Subject to paragraph 13.3 and without prejudice to paragraph 13.4, the Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Grantee hereunder except where the consent in writing of Grantees is obtained amounting to three-fourths in nominal value of all Shares referable to the Options granted to such Grantees on the date of such resolution of the Board (the “**Alteration Approval**”).

13.2 Any change to the authority of the Share Scheme Committee or Board to alter the terms of the Scheme must be approved by ordinary resolution of Shareholders in general meeting.

13.3 Any alterations to the terms and conditions of the Scheme which are of a material nature, or any alterations to the provisions relating to matters set out in rule 17.03 of the Listing Rules to the advantage of Grantees or future Grantees, including those which relate to:

- (a) the purposes of the Scheme, as set out in paragraph 3.1;
- (b) to the persons to or for whom Options may be granted under the Scheme and the basis for determining their eligibility;
- (c) the terms and conditions for determining the Subscription Price;
- (d) the limits on the number of Shares which may be issued under the Scheme as calculated in accordance with paragraph 9.1;
- (e) individual limits for grants under the Scheme above which independent Shareholder/Shareholder approval is required, as calculated in accordance with paragraphs 9.1 to 9.2 respectively;
- (f) any other matters prescribed by the Listing Rules to be subject to this restriction,

must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the terms of the Scheme. The Scheme so altered must comply with Chapter 17 of the Listing Rules.

13.4 The Board need not obtain the Alteration Approval or the approval of the Shareholders for any minor changes:

- (a) to benefit the administration of the Scheme;
- (b) to comply with or take account of the provisions of any proposed or existing legislation or regulation (including the Listing Rules) or any changes thereto; or
- (c) to obtain or maintain favourable tax, exchange control or regulatory treatment of any Member of the Group or any Grantee or future Grantee,

or for alterations which take effect under the terms of the Scheme.

13.5 Any change to the terms of Options granted to an Eligible Participant must be approved by the Share Scheme Committee, the Remuneration Committee and (to the extent applicable) the Shareholders (as the case may be) if the initial grant of Options was approved by the Share Scheme Committee, the Remuneration Committee and/or the Shareholders. This paragraph does not apply where the alterations in terms take effect automatically under the terms of the Scheme.

14. TERMINATION

14.1 The Scheme shall terminate on the earlier of the 10th anniversary of the Adoption Date and such earlier date of termination as the Board may determine and, in such event, no further Options will be offered but in all other respects the provisions of the Scheme shall remain in force.

14.2 Options granted during the life of the Scheme and remain unexpired immediately prior to the termination of the operation of the Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Scheme.

15. CANCELLATION OF OPTIONS GRANTED BUT NOT YET EXERCISED

The Share Scheme Committee may at any time at its absolute discretion cancel any Option granted but not exercised or lapsed.

Where the Share Scheme Committee cancels Options and makes an offer of the grant of new Options to the same Grantee, such offer may only be made with available unissued Options (to the extent not yet granted and excluding the cancelled Options) within the limits as mentioned in section 9. Options cancelled shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

16. MISCELLANEOUS

16.1 Save for the costs incurred by the service provider referred to in paragraph 3.6, the Company shall bear the costs of establishing and administering the Scheme.

16.2 A Grantee shall be entitled to receive electronic copies of all notices and other documents sent by (i) the Company or (ii) the service providers engaged for that purpose as contemplated under paragraph 3.6, to Shareholders at the same time or within a reasonable time of any such notices or documents being sent to Shareholders.

- 16.3 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Grantee, his or her address in Hong Kong as notified to the Company from time to time or through the service provider engaged for that purpose as contemplated under paragraph 3.6.
- 16.4 Any notice or other communication served by post:–
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post or the same has been notified to the service provider engaged for that purpose as contemplated under paragraph 3.6; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 16.5 A Grantee shall be responsible for obtaining his own legal, accounting and tax advice, together with any governmental or other official consent that may be required by any country or jurisdiction in order to permit the acceptance or exercise of his or her Option. By accepting an Offer, the Grantee thereof is deemed to have represented to the Company that he or she has obtained the relevant advice appropriate for the Grantee and has also obtained all such consents. 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 or her participation in the Scheme.
- 16.6 This Scheme shall not constitute part of any contract of employment or for services between any Member of the Group and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office or employment or provision of service shall not be affected by his participation in this Scheme or any right he may have to participate in it and the Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or provision of service for any reason.
- 16.7 The grant of an Option on a particular basis in any year does not create any right to or expectation of the grant of Options on the same basis, or at all, in any future year. Participation in the Scheme does not imply any right to participate, or to be considered for participation in any later operation of the Scheme. Subject to any applicable legislative requirement, any Option will not be regarded as remuneration for pension purposes or for the purposes of calculating payments on termination of employment.
- 16.8 By accepting an Offer, a Grantee shall be deemed irrevocably to have waived any entitlement to any sum or other benefit to compensate him, by way of compensation for loss of office or otherwise, for or in respect of any loss of any rights or benefits under any Option then held by him or otherwise in connection with the Scheme.
- 16.9 The 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.

16.10 The Company will provide a summary of the terms of the Scheme to all Eligible Participants on joining the Scheme (and a copy of this document to any Eligible Participant who requests such a copy). The Company will provide to all Eligible Participants all details relating to changes in the terms of the Scheme during the life of the Scheme as soon as reasonably practicable upon such changes taking effect.

16.11 By participating in the Scheme the Grantee consents to the holding and processing of personal data provided by the Grantee to the Company for all purposes relating to the operation of the Scheme. These include, but are not limited to:

- (a) administering and maintaining Grantee records;
- (b) providing information to third party administrators of the Scheme;
- (c) providing information to future purchasers of the Company or the business in which the Grantee works; and
- (d) transferring information about the Grantee to a country or territory outside Hong Kong for all purposes relating to the operation of the Scheme.

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

This Scheme has been duly adopted by the Shareholders on the day and year first above written.