

**HUAXI HOLDINGS COMPANY LIMITED**

**華禧控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 1689)**

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**SHARE OPTION SCHEME**  
**ADOPTED BY THE SHAREHOLDERS IN THE**  
**ANNUAL GENERAL MEETING HELD ON [16] JUNE 2023**

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# Huaxi Holdings Company Limited

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*(Incorporated in Cayman Islands with limited liability)*

### **2023 SHARE OPTION SCHEME**

adopted on 16 June 2023

#### **1. DEFINITIONS AND INTERPRETATION**

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

- 1.1.1 "**Acceptance Date**" means, in relation to any Option, the day on which the offer to grant such Option is accepted by the relevant Eligible Participant pursuant to paragraphs 5.1 and 5.2;
- 1.1.2 "**Adoption Date**" means the date of approval and adoption of the Scheme by the Shareholders;
- 1.1.3 "**associate(s)**" shall have the meaning ascribed to it under the Listing Rules;
- 1.1.4 "**Auditor**" means the independent auditor for the time being of the Company;
- 1.1.5 "**Board**" means the board of Directors from time to time, which for the purposes of the Scheme shall include any committee of the board of Directors duly constituted from time to time to administer the Scheme and to which the functions and responsibilities of the board of Directors under the Scheme have been delegated;
- 1.1.6 "**business day**" means a day on which banks in Hong Kong are generally open for business (excluding Saturdays, Sundays, public holidays and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.);
- 1.1.7 "**Bye-laws**" means the bye-laws of the Company, as amended from time to time;
- 1.1.8 "**chief executive**" shall have the meaning ascribed to it under the Listing Rules;
- 1.1.9 "**Company**" means Huaxi Holdings Company Limited (華禧控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 1689);

- 1.1.10 "**Companies Act**" means the Companies Act (as revised) of the Cayman Islands as amended from time to time;
- 1.1.11 "**Companies Ordinance**" means the Companies Ordinance (Chapter 622), the Laws of Hong Kong;
- 1.1.12 "**control**" shall have the meaning as attributed under the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong;
- 1.1.13 "**controlling shareholder(s)**" shall have the meaning ascribed to it under the Listing Rules;
- 1.1.14 "**core connected person(s)**" shall have the meaning ascribed to it under the Listing Rules;
- 1.1.15 "**Date of Grant**" means, in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant subject to the provisions as provided in paragraphs 4.5, 4.7 and 14;
- 1.1.16 "**Director(s)**" means the director(s) of the Company;
- 1.1.17 "**Effective Date**" means the date on which the conditions referred to in paragraph 16 are fulfilled;
- 1.1.18 "**Eligible Participant(s)**" means the Employee Participants and the Service Providers;
- 1.1.19 "**Employee Participant(s)**" means the directors, chief executive and employees of the Company or any of its subsidiaries (including persons who are granted Options under the Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
- 1.1.20 "**Group**" means the Company together with its subsidiaries;
- 1.1.21 "**Hong Kong**" means Hong Kong Special Administrative Region of the People's Republic of China;
- 1.1.22 "**Individual Limit**" shall have the meaning ascribed to it under paragraph 4.7;
- 1.1.23 "**Intrinsic Value**" means the difference between the market price (or theoretical ex-entitlement price) of the Shares under the Option and the exercise price (or revised exercise price) of the Option;

- 1.1.24 "**Listing Committee**" shall have the meaning ascribed to it under the Listing Rules;
- 1.1.25 "**Listing Rules**" means the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
- 1.1.26 "**Option(s)**" means an option to subscribe for Shares pursuant to the Scheme;
- 1.1.27 "**Option Holder(s)**" means the holder of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder, as set out in sub-paragraph 6.1.1);
- 1.1.28 "**Option Period**" means, in respect of any Option, the period commencing on the Acceptance Date and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the Scheme;
- 1.1.29 "**Option Price**" means the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors (which price may, if the Directors so determine, be set at different levels for different periods during the Option Period) provided always that it shall comply with the provision of paragraph 2.4;
- 1.1.30 "**Other Schemes**" shall have the meaning ascribed to it under paragraph 4.1;
- 1.1.31 "**Principal Subsidiary**" shall have the meaning ascribed to it under Rule 17.14 of the Listing Rules;
- 1.1.32 "**Relevant Event**" means any alteration in the capital structure of the Company which arises or may arise immediately following the commencement of the Scheme Period from any issue of shares in or other securities of the Company by way of capitalisation of profits or reserves or by way of rights under an offer made pro rata to Shareholders or subdivision or consolidation of shares in the capital of the Company or reduction of the share capital of the Company which the Directors consider an adjustment under paragraph 9 may be necessary or appropriate;
- 1.1.33 "**Remuneration Committee**" means the remuneration committee of the Company;
- 1.1.34 "**Scheme**" means the scheme constituted by provisions herein in their present form or as from time to time amended in accordance with the provisions hereof;

- 1.1.35 "**Scheme Mandate Limit**" shall have the meaning ascribed to it under paragraph 4.1;
- 1.1.36 "**Scheme Period**" means the period commencing on the Effective Date and expiring at the close of business on the tenth anniversary thereof unless terminated pursuant to provisions of the Scheme;
- 1.1.37 "**Service Provider(s)**" means any person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, including:
- (a) suppliers of good and/or services to any member of the Group; and
  - (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group,
- but for the avoidance of doubt excludes placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category;
- 1.1.38 "**Service Provider Sublimit**" shall have the meaning ascribed to it under paragraph 4.2;
- 1.1.39 "**Share**" means a share of HK\$0.005 each in the share capital of the Company and "**Shares**" shall be construed accordingly;
- 1.1.40 "**Shareholder(s)**" means holder(s) of Share(s);
- 1.1.41 "**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;
- 1.1.42 "**Subscription Price**" means, in relation to an Option, an amount equal to the Option Price multiplied by the relevant number of Shares in respect of which such Option is exercised;
- 1.1.43 "**substantial shareholder(s)**" shall have the meaning ascribed to it under the Listing Rules;
- 1.1.44 "**Supplementary Guidance**" means the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of Rule 17.03(13) of the Listing Rules;
- 1.1.45 "**trading day**" means a day on which the Stock Exchange is open for business of dealing in securities;
- 1.1.46 "**HK\$**" means Hong Kong dollars, the lawful currency of Hong Kong; and

- 1.1.47 "%" means per cent.
- 1.2 Paragraph headings are inserted for convenience or reference only and shall not affect the interpretation of the Scheme. References to paragraphs or sub-paragraphs are to paragraphs or sub-paragraphs of the Scheme.
- 1.3 References to any statute or statutory or regulatory provision (including any provision under the Listing Rules) 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 or regulatory provision (including any provision under the Listing Rules) (whether with or without modification) from time to time whether before or after the Adoption Date, and shall include any subsidiary legislation enacted under the relevant statute from time to time whether before or after the Adoption Date.
- 1.4 Unless the context requires otherwise, in the Scheme words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter.
- 1.5 Any reference to "holding company" or "subsidiary" shall have the respective meaning under sections 13 and 15 of the Companies Ordinance, wherever incorporated.
- 1.6 Any reference to a "person" shall have the respective meaning under section 3 of the Interpretation and General Clauses Ordinance (Chapter 1) of the Laws of Hong Kong.
- 1.7 The full text of this document has not been reviewed by any regulatory authority in Hong Kong. The Eligible Participants are advised to exercise caution in relation to the Scheme and, if in doubt about any of the contents of this document, to obtain independent professional advice.
- 1.8 If the Company becomes a Principal Subsidiary of any of its holding companies which is also listed on the Stock Exchange, where the provisions of the Scheme require the Scheme or any related matters to be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders, such Scheme or matters must also be approved by the board of directors, the remuneration committee, the independent non-executive directors and/or the shareholders (as the case may be) of such holding company of the Company in accordance with the Listing Rules.

## **2. OFFERS TO GRANT OPTIONS**

- 2.1 Subject to provisions of the Scheme and any applicable law, the Directors may at any time and from time to time during the Scheme Period at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 per Option, to grant Options to the Eligible Participants to subscribe at the Option Price for such numbers of Shares as they may determine.

Any such terms, conditions, restrictions or limitations so imposed in relation to any Option shall be notified to the Eligible Participant to whom the offer to grant such Option has been made by way of writing in the letter or document containing the offer of grant of the Option (the “**Offer Letter**”). In particular, the Directors may specify minimum performance targets (if any) that must be reached before an Option is capable of being exercised by the Option Holder.

2.2 Any offer to grant an Option shall be made in writing and shall specify the Option Price, the number of Shares covered by such Option and the Option Period and shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant who is being offered bound by the provisions of the Scheme.

2.3 The Date of Grant of any Option shall be a trading day.

2.4 The Option Price (subject to adjustments in accordance with paragraph 9 below) shall be determined on the Date of Grant at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of:

2.4.1 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 trading day;

2.4.2 the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) trading days immediately preceding the Date of Grant; and

2.4.3 the nominal value of the Shares on the Date of Grant,

provided that the Option Price shall be subject to adjustment in accordance with the provisions of paragraph 9 below.

### **3. ELIGIBLE PARTICIPANTS AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS**

3.1 Eligible Participants include the Employee Participants and the Service Providers.

3.2 Service Providers who are eligible under the Scheme shall include any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of Options to whom is in the interests of the long term growth of the Group as determined by the Board, namely:

3.2.1 Suppliers of goods and/or services, including businesses that supply the Group with goods on a continuing and recurring nature in the ordinary and usual course of the Group’s business (for example, retailers that the Group collaborates with for its sales of cigarette packaging materials business), with which the Group would consider important to maintain a close business relationship on an ongoing basis. These Service Providers have been providing services akin to employees as they are closely connected to and crucial to the Group’s day-to-day operations which spans across procurement, sales and manufacturing, and their contribution directly impacts the results of operations of the Group.

3.2.2 Advisors or consultants with relevant expertise in fields related to the industry, namely:

- (i) any person providing advisory services and/or consultancy services to the Group after stepping down from an employment or director position with the Group; and
- (ii) any person providing, including but not limited to, advisory services, consultancy services, sales and marketing services, technology services and/or administrative services to the Group as consultants, independent contractors where the continuity and frequency of their services are akin to those of employees (such as technical consultants which may advise on and assist the company in its product development and improve its production management capabilities).

3.3 In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

3.3.1 For Employee Participants, assessing factors include: the individual performance, time commitment (full time or part time), responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group.

3.3.2 For each category of Service Providers, assessing factors include: the individual performance of relevant Service Providers, the length of business relationship with the Group, the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties), track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers.

3.3.3 In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of

services provided and the recurrences and regularity of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group, as disclosed in the Company's announcements, circulars, interim and annual reports.

#### **4. NUMBER OF SHARES FOR WHICH OPTIONS MAY BE GRANTED**

- 4.1 The total number of Shares which may be issued upon the exercise of all Options to be granted under the Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company (the "**Other Schemes**") shall not in aggregate exceed [70,143,000], representing 10% of the number of the total issued Shares on the Adoption Date (the "**Scheme Mandate Limit**") unless the Company obtains an approval from the Shareholders pursuant to paragraph 4.3 below. Options or awards lapsed in accordance with the terms of the Scheme or Other Schemes shall not be counted for the purposes of calculating whether the Scheme Mandate Limit and the Service Provider Sublimit (as defined below) have been exceeded. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options to be granted under the Scheme and options and awards to be granted under all Other Schemes under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the number of total issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 4.2 Subject to paragraph 4.1 above, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to the Service Providers shall not exceed [7,014,300] Shares, representing 1% of the number of the total issued Shares on the Adoption Date (the "**Service Provider Sublimit**").
- 4.3 The Company may seek approval of the Shareholders in the general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit set out in paragraphs 4.1 and 4.2 above under the Scheme after three (3) years from the date of approval by the Shareholders for the adoption of the Scheme or the last refreshment.
- 4.4 Any refreshment within any three (3)-year period must be approved by Shareholders subject to that:
- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of 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), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under paragraphs 4.4(i) and 4.4(ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.

- 4.5 The total number of Shares which may be issued in respect of all Options to be granted under the Scheme (in aggregate with any other options and awards to be granted under any Other Schemes that involve(s) the issuance of new Shares) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total issued Shares as at the date of approval of the refreshed Scheme Mandate Limit. The Company shall send to the Shareholders a circular containing all such information as may be required under the Listing Rules.
- 4.6 The Company may seek separate approval by the Shareholders in its general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought. In such case, the Company shall send to the Shareholders a circular containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and all such information as may be required under the Listing Rules. The number and terms of Options to be granted to such Eligible Participants must be fixed before approval by the Shareholders. In respect of any Options to be granted, the date of Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.
- 4.7 Subject to paragraph 14 below, the total number of Shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the Date of Grant shall not exceed 1% of the total issued Shares at the Date of Grant (the “**Individual Limit**”). Where it is proposed that any offer is to be made to an Eligible Participant (or where appropriate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant Date of Grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the Shareholders in the general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant and the information required under the Listing Rules, including but not limited to the purpose of granting options to the Eligible Participant and an explanation as to how the terms of the

options serve such purpose. The number and terms (including the Subscription Price) of options to be granted to such Eligible Participant must be fixed before the date on which approval of the Shareholders is sought and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

## **5. ACCEPTANCE OF OFFERS AND GRANT OF OPTIONS**

5.1 Offers to grant an Option shall be open for acceptance in writing. Such acceptance must be received by the Company within a period of twenty-one (21) business days inclusive of, and from, the Date of Grant provided that:

- (a) no such offer shall be open for acceptance after the expiry of the Scheme Period or after the Scheme has been terminated; or
- (b) no such offer may be accepted by a person who ceases to be an Eligible Participant after the offer has been made.

5.2 An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 per Option by way of consideration for the grant thereof and communicated to the Company in the manner provided in this paragraph 5.2. Such consideration shall not be refundable. All acceptances of offers shall be communicated to the Company by one of the following means:

5.2.1 by personal delivery to the Company's principal place of business for the time being in Hong Kong (in which case receipt shall be deemed to take place at the time of delivery); or

5.2.2 by post to the Company's principal place of business for the time being in Hong Kong (in which case receipt shall be deemed to take place on the second day following the date of posting or, in the case of post sent from overseas, on the fifth day following the date of posting);

5.2.3 by facsimile transmission to the facsimile number of the Company's principal place of business for the time being in Hong Kong (in which case receipt shall be deemed to take place upon completion of transmission in full); or

5.2.4 by electronic mail to the electronic mail address of the Company specified for service of such notice (in which case receipt shall be deemed to take place upon the time of transmission by electronic mail).

5.3 An Option shall be personal to the Option Holder and shall not be transferable and no Option Holder 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, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder.

5.4 An offer of the grant of an Option not accepted within the said period of twenty-one (21) business days shall lapse.

5.5 Upon an offer of the grant of Options being accepted or deemed to have been accepted, each relevant Option Holder gives the Company an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

## **6. RIGHTS OF EXERCISE**

6.1 Subject to hereinafter provided, the Option may be exercised by an Option Holder at any time during the Option Period provided that:

6.1.1 in the event that the Option Holder ceases to be an Eligible Participant by reason of death before exercising the Option in full and none of the events which would be a ground for termination of the Option Holder's employment, directorship, office, appointment or engagement under subparagraph 6.1.2 below arises prior to his or her death, the legal personal representative(s) of the Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the Option up to the entitlement of such Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);

6.1.2 in the event that the Option Holder ceases to be an Eligible Participant by reason of the termination of his or her employment, directorship, office, appointment or engagement on the grounds that he or she has been guilty of misconduct, or has been in breach of material term of the relevant employment contract, service contract, agency contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding up, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer, or an engaging party would be entitled to terminate his or her employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the Option Holder's employment, service, agency or engagement contract (as the case may be) with the relevant company (as the case may be) or the employment, directorship, office, appointment or engagement of the Option Holder is terminated by the relevant company pursuant to the contract thereof without notice, and a resolution of the board of directors of the relevant member of the Group (as the case may be) to the effect that the employment, directorship, office, appointment or engagement of an Option Holder has or has not been terminated on one or more of the

grounds specified in this sub-paragraph 6.1.2 shall be conclusive and binding, then all his or her outstanding Options shall lapse and determine on the date he or she so ceases; in addition, in such event, any Option(s) exercised by the Option Holder the Shares of which have not been allotted shall, unless the Board determines otherwise, be deemed not to have been so exercised and the Company shall return to the Option Holder the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option(s);

6.1.3 in the event that the Option Holder ceases to be an Eligible Participant by reason of his or her retirement in accordance with his or her contract of employment or service, any outstanding Option(s) may be exercised during the Option Period subject to the criteria and conditions set out in the Offer Letter; and

6.1.4 for any reason other than as described in sub-paragraphs 6.1.1 to 6.1.3 above, then all Options of his or her which are exercisable at the date he or she ceases to be an Eligible Participant may be exercised to the extent then exercisable within three (3) months of the date he or she so ceases and unless so exercised shall then lapse and determine;

provided always that in each case the Directors in their absolute discretion may decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

6.2 Notwithstanding anything in provisions under the Scheme to the contrary, the Option Period shall not be extended and, on the expiry of the Option Period, all rights in respect of an Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its obligations under the Scheme in relation to such exercise.

6.3 No Option may be exercised after the expiry of the Option Period.

## **7. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION**

7.1

7.1.1 If, in consequence of any general offer made to all Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror) including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company or otherwise, any person

shall have obtained control of the Company, then the Directors shall as soon as practicable thereafter notify every Option Holder accordingly.

- 7.1.2 Each Option Holder shall, subject to paragraph 6.3 above, be entitled to exercise at any time within the period of fourteen (14) business days after such control has been obtained any Option in whole or in part, unless the Directors (excluding the relevant Option Holder who is a Director) in their discretion notwithstanding the terms of the relevant Option, vary the option exercise period of such Options granted.
- 7.1.3 To the extent that any Option has not been so exercised, it shall upon the expiry of such period cease and determine provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of Shares pursuant to the Companies Act and gives notice in writing to any Shareholders that he intends to exercise such rights, the Options shall, subject to paragraph 6.3 above, be and remain exercisable until one (1) month from the date of such notice and, to the extent that they have not been exercised, shall thereupon cease and determine.
- 7.2 If notice is given of a general meeting of the Company at which a resolution will be proposed for the members' voluntary winding-up of the Company, the Company shall forthwith give notice thereof to the Option Holders and each Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution being duly passed, to exercise his outstanding Options in whole or in part, but only so far as such Options shall be subsisting immediately prior to the passing of such a resolution and the Company shall, as soon as possible and in any event no later than the day immediately prior to the passing of such a resolution, allot and issue such number of Shares to the Option Holders which falls to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.
- 7.3 If under the Companies Act a compromise or an arrangement between the Company and its members 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 Option Holders on the same date as it despatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or an arrangement, and thereupon each Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options for the time being outstanding shall lapse except insofar as previously exercised under this paragraph 7.3. The Company may thereafter require each Option Holder 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 Option Holders in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

7.4 For the purposes of this paragraph 7:

- 7.4.1 any references to exercising an Option shall refer to exercising that Option to the extent not already exercised, notwithstanding that the Option Period has not come into effect or the Option has not otherwise become exercisable;
- 7.4.2 upon the occurrence of any event referred to in paragraph 7.1 above, the Company may, based on the decision of the Directors without the approval of the Shareholders in a general meeting (the relevant Option Holder, if a Director, taking no part in such decision), in its discretion notwithstanding the terms of the relevant Option, at the same time as giving the notice provided for under each of those paragraphs, also give notice to an Option Holder that his Option may be exercised at any time within such period as shall be notified by the Company, such period not to exceed the expiry of the original Option Period, and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company; and
- 7.4.3 if the Company gives notice under sub-paragraph 7.4.2 above that an Option can be exercised in part only, the Company shall, based on the decision of the Directors in its discretion, also specify in such notice to the Option Holder, whether the balance of the Option shall lapse or continue to be exercisable in accordance with their terms of issue or such other terms as the Directors may consider appropriate.

## **8. EXERCISE OF OPTIONS AND LAPSE OF OPTIONS**

- 8.1 Save as provided in paragraphs 6, 7 and 8.2, Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period. In order for the exercise of an Option to be effective, the Company must, prior to the expiry of the Option Period, have received:
  - 8.1.1 a written notice from the Option Holder (to be given in any one of the manners set forth in paragraph 5.2 above) of their intention to exercise the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is intended to be exercised; and
  - 8.1.2 payment in full of the Subscription Price.

Unless otherwise agreed between the Company and the Option Holder, within five (5) business days of the date upon which exercise of an Option becomes effective (being the date of such receipt) or such longer period as the Directors may decide if the authorised share capital of the Company is insufficient to allot the Shares in respect of such Option, Shares in respect of such Option shall be allotted and issued

and a share certificate in respect of the Shares so allotted shall be issued to the Option Holder.

8.2 Save for the circumstances prescribed in paragraph 8.3 below, an Option must be held by the Option Holder for at least twelve (12) months before the Option can be exercised.

8.3 A shorter vesting period may be granted to Employee Participants at the discretion of the Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:

8.3.1 grants of “**make-whole**” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;

8.3.2 grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

8.3.3 grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;

8.3.4 grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; and

8.3.5 grants with performance-based vesting conditions in lieu of time-based vesting criteria;

each of which are considered appropriate to provide flexibility to grant Options (a) as part of competitive terms and conditions to induce valuable talent to join the Group (paragraphs 8.3.1 and 8.3.4), (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (paragraphs 8.3.2 and 8.3.3), (c) reward exceptional performers with accelerated vesting (paragraph 8.3.4), (d) to motivate exceptional performers based on performance metrics rather than time (paragraph 8.3.5) and (e) in exceptional circumstances where justified (paragraphs 8.3.1 to 8.3.5), which is consistent with the purpose of the Scheme.

8.4 No Option shall be capable of exercise in part (other than to the full extent outstanding) except in amounts or multiples of such number of Shares as shall represent the board lot in which Shares are for the time being traded on the Stock Exchange.

8.5 A Share allotted upon the exercise of an Option for the time being outstanding shall not carry voting rights until completion of the registration of the Option Holder (or any other person) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option,

a dividend is to be or is proposed to be paid, or Shares are to be issued or proposed to be issued by way of the capitalisation of profits or reserves or by way of rights under an offer made pro rata to Shareholders on the register of members of the Company on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or such Shares. Subject as aforesaid, Shares to be allotted upon the exercise of an outstanding Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made.

8.6 All grants of Options and/or allotments and issues of Shares thereunder will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in Cayman Islands or elsewhere and it shall be the responsibility of the Option Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any such consent and the Company shall not be liable for any failure on the part of the Option Holder to make such compliance or for any tax or other liability to which an Option Holder may become subject as a result of his participation in the Scheme.

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

8.7.1 the expiry of the Option Period (subject to the provisions of paragraphs 2.1 and 11.1);

8.7.2 the expiry of any of the periods referred to in paragraphs 6.1 and 7 above (except as otherwise determined by the Directors as provided in subparagraphs 7.4.2 and 7.4.3 above); or

8.7.3 subject to paragraph 7.2 above, the date of the commencement of the winding-up of the Company.

The Company shall owe no liability to an Option Holder for the lapse of any Option under this paragraph 8.

8.8 Unless otherwise imposed by the Directors pursuant to paragraph 2.1 above and stated in the relevant Offer Letter, there is neither any performance targets required to be achieved by any Option Holder before an Option is capable of being exercised by the Option Holder nor any clawback mechanism under the Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Option Holder) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

## 9. **ADJUSTMENTS**

Upon the occurrence of any Relevant Event:

- (i) the number or nominal amount of Shares comprised in each Option for the time being outstanding;
- (ii) the Option Price thereunder;
- (iii) the Individual Limit in relation to any Option Holder;
- (iv) the limit in paragraph 8.4 above; and/or
- (v) (subject to paragraph 11 below) the provisions of the Scheme,

may be adjusted in such manner as the Directors (having received a statement in writing from the Auditor or independent financial adviser of the Company, acting as experts and not as arbitrators, that in their opinion the adjustment(s) proposed are fair and reasonable having regard to the Supplementary Guidance and at the same time satisfy the requirements of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:

- (a) the Option Price payable upon the exercise of any Option becoming less than the nominal amount of the Share;
- (b) the aggregate Subscription Price relating to any Option being increased;
- (c) the proportion of equity capital, rounded to the nearest whole Share to which the Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he was entitled immediately prior to the Relevant Event;
- (d) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall not be greater than the Scheme Mandate Limit (subject to adjustments); and
- (e) the Intrinsic Value of any Option to have increased to the advantage of the Option Holder (comparing the Intrinsic Value of the Options immediately before and after the Relevant Event),

provided further that where such Relevant Event arises from an issue of Shares, references herein to Options shall include references to Options that have been exercised prior to the date of such adjustment(s) in respect of Shares which pursuant to paragraph 8.5 above do not rank and are not entitled to participate in such issue.

In addition, in respect of any adjustments under this paragraph 9, other than any adjustment made on a capitalisation issue, the Auditor or independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

Notice of any such adjustment(s) shall be given to the Option Holders by the Company.

## **10. ADMINISTRATION**

10.1 All notices or documents or other written communications required to be given to an Eligible Participant or to an Option Holder shall:

10.1.1 either be delivered to him by hand or sent to him by post (postage prepaid and by airmail if sent to an address in a different territory) at his home address according to the records of his employing company (or to such address as he may notify the Company in writing from time to time) or sent to him by facsimile or electronic mail transmission to the facsimile number or electronic mail address of his place of work (or to such other number or address which he may notify the Company in writing from time to time); and

10.1.2 if sent by:

(a) post, be deemed to have been given on the second day following the date of posting (or, in the case of post sent to an address in a different territory, on the seventh day following the date of posting);

(b) facsimile transmission, be deemed to have been given upon completion of transmission in full;

(c) electronic mail, be deemed to have been given upon the time of transmission by electronic mail.

10.2 All notices or documents or other written communications required to be given to the Company by an Eligible Participant or an Option Holder shall be made in accordance with the provision contained in paragraph 5.2 above and the time of receipt shall be determined in accordance with such provisions.

10.3 Option Holders shall be entitled to receive copies of all notices, documents or other written communications sent by the Company to the Shareholders generally.

10.4 The exercise of any Option shall be subject to the availability of sufficient authorised but unissued share capital and, where there is an insufficiency, the approval of the Company in general meeting of any necessary increase of the authorised share capital. Subject thereto, the Directors shall at all times keep available for allotment enough unissued Shares to satisfy all outstanding Options for the time being unexercised.

10.5 The decision of the Directors in any dispute relating to an Option or matter relating to the Scheme shall be final and conclusive, subject to the prior receipt of a statement in writing from the Auditor if so required by paragraph 9 above.

10.6 The costs of introducing and administering the Scheme shall be borne by the Company.

10.7 The Directors shall have power from time to time to make or vary regulations for the administration and operation of the Scheme, provided that the same are not

inconsistent with provisions of the Scheme and the applicable laws and regulations to which the Company is subject to.

10.8 An Eligible Participant or Option Holder, as the case may be, shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of a relevant Option. The Company shall not be responsible for any failure by an Eligible Participant or Option Holder to obtain any such consent or for any tax or other liability to which an Option Holder may become subject as a result of his participation in the Scheme.

10.9 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

## **11. VARIATIONS AND TERMINATION**

11.1 The Directors may from time to time in their absolute discretion waive or amend such of the provisions of the Scheme as they deem desirable, provided that, except with the prior sanction of the Shareholders in the general meeting, no alteration shall be made to the Scheme altering to the advantage of Option Holders (present or future) any of the provisions of the Scheme as to the definitions of “Eligible Participants”, “Option Period” and “Scheme Period” in paragraph 1.1 above, the terms and conditions of the Scheme which are of a material nature and all such other matters set out in Rule 17.03 of the Listing Rules.

11.2 No amendments to the Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of Option Holders except with such consent on their part as would be required under the provisions of the Bye-laws as if the Options constituted a separate class of share capital and as if such provisions applied mutatis mutandis thereto.

11.3 The Company by resolution in the general meeting may at any time terminate the operation of the Scheme before the expiry of the Scheme Period and in such event, no further offer to grant an Option shall be made but in all other respects the provisions of the Scheme shall remain in force. Upon such termination, details of the Options granted (including options exercised or outstanding) and (if applicable) Options that become void or non-exercisable as a result of the termination under the Scheme are required under the Listing Rules to be disclosed in the circular to the Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing Other Schemes after such termination. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the Scheme, and accordingly no relevant disclosure in relation to Options that become void or non-exercisable as a result of the termination will be included in the circular to the Shareholders as such disclosure is not applicable.

11.4 In no circumstances shall a person ceasing to be an Eligible Participant for any reason be entitled to any compensation for or in respect of any consequent

diminution or extinction of his rights or benefits (actual or prospective) under any Options then held by him or otherwise in connection with the Scheme and by accepting an Option under the Scheme, such person shall be deemed to have irrevocably waived any such entitlement (to the extent there is any).

- 11.5 Change to the terms of the Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme.
- 11.6 Save as otherwise provided in the terms of the Scheme, an amendment of a material nature to the Scheme may not be made by the Directors, without the prior approval of Shareholders in the general meeting.
- 11.7 The amended terms of the Scheme or the Options must still comply with the relevant requirements of the Listing Rules.
- 11.8 Any change to the authority of the Directors or scheme administrators to alter the terms of the Scheme must be approved by the Shareholders in the general meeting.

## **12. PURPOSE OF THE SCHEME**

The purpose of the Scheme is to recognise the past contribution and future performance and contribution of the Eligible Participants to the long term growth of the Group by granting Options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group. The Scheme shall strengthen the long-term relationships that the Eligible Participants may have with the Group.

## **13. CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED**

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder thereof and any new Options (or any other options) issued in replacement of Options cancelled may only be issued under the Scheme (or the Other Schemes) with available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders as mentioned in paragraph 4 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

## **14. GRANT OF OPTIONS TO CONNECTED PERSONS**

- 14.1 In addition to paragraph 4 above, any grant of Options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.

14.2 Where Options are proposed to be granted to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the Scheme) granted to such person in the twelve (12)-month period up to and including the Date of Grant to such person representing in aggregate over 0.1% of the relevant class of Shares, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting.

14.3 In the circumstances described in paragraph 14.2 above, the Company must send a circular to the Shareholders setting out the details as required under Rule 17.04(5) of the Listing Rules. The relevant Option Holder, his or her 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 requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.

## **15. RESTRICTION ON THE TIME OF GRANT OF OPTIONS**

15.1 No offer of an Option shall be made and no Option shall be granted to any Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision or inside information has come to the Company's knowledge until such price sensitive information or inside information has been publicly disseminated in accordance with the Listing Rules or during any period of time which is prohibited from any such offer and/or grant under the Listing Rules or any applicable law.

15.2 No Option may be granted during the period commencing one month immediately preceding the earlier of :-

- (i) the date of the meeting of the Board (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the last day on which the Company shall publish an announcement of its results for any year, half-year or quarterly under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

15.3 No Option may be granted to a Director on any day on which financial results of the Company are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results 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.

## **16. CONDITIONS PRECEDENT**

16.1 The Scheme shall take effect upon satisfaction of the following conditions:

- (i) the passing of the necessary resolutions by the Shareholders in a general meeting to adopt the Scheme and to authorise the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the Scheme;
- (ii) the passing of an ordinary resolution by the Shareholders in a general meeting to terminate the share option scheme of the Company adopted on 14 November 2013;
- (iii) the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the Scheme, being granted by the Listing Committee. If such approval, listing or permission is not granted, then the Scheme shall forthwith determine and any Option granted or agreed to be granted pursuant to provisions of the Scheme and any offer of Options shall be of no effect after which, no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Scheme or any Option.

## **17. GOVERNING LAW**

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