

**TOWN RAY HOLDINGS LIMITED**

登輝控股有限公司

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

(Stock Code: 1692)

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**SHARE OPTION SCHEME**

(Adopted by an ordinary resolution passed in the annual general meeting held on 25 May 2023)

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Certified as true and correct by:

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Name : Chan Wai Ming  
Position : Executive Director and  
Chief Executive Officer

**ONC Lawyers**

19th Floor, Three Exchange Square  
8 Connaught Place, Central  
Hong Kong

Ref: 221443/COOP/NC/143/AW/MC/VL

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## 1. DEFINITIONS

1.1 In this Scheme, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>"2019 Share Option Scheme"</b>	the share option scheme adopted by the Company on 3 October 2019 and effective on the date of the Shares first becoming listed on the Stock Exchange	
<b>"Adoption Date"</b>	the date on which this Scheme is adopted upon fulfilment of the conditions set out in paragraph 2.1 below	
<b>"associates"</b>	has the meaning ascribed thereto under the Listing Rules	
<b>"Auditor"</b>	the auditor for the time being of the Company	
<b>"Board"</b>	the board of Directors	
<b>"Business Day"</b>	any day on which the Stock Exchange is open for the business of dealing in securities	
<b>"close associate(s)"</b>	has the meaning ascribed thereto under the Listing Rules	
<b>"Companies Act"</b>	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time	
<b>"Company"</b>	Town Ray Holdings Limited (登輝控股有限公司) (Stock Code: 1692), an exempted company incorporated in the Cayman Islands with limited liability on 28 September 2017 and the Shares of which are listed on the Stock Exchange	
<b>"Controlling Shareholder(s)"</b>	has the meaning ascribed thereto under the Listing Rules	
<b>"core connected person(s)"</b>	has the meaning ascribed thereto under the Listing Rules	
<b>"Director(s)"</b>	the director(s) of the Company	
<b>"Eligible Participant(s)"</b>	Employee Participant(s), Related Entity Participant(s) and Service Provider(s)	Rule 17.03A(1)
<b>"Employee Participant(s)"</b>	director(s) (excluding independent non-executive Directors) and employee(s) (whether full time or part time) of the Group (including persons who are granted Options under this Scheme as an inducement to enter into employment contracts with any member of the Group)	Rule 17.03A(1)(a)

<b>"Exercise Date"</b>	has the meaning ascribed to it in paragraph 6.7 below	
<b>"Grantee"</b>	any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraphs 4.3 to 4.7 below) his/her Personal Representative(s)	
<b>"Group"</b>	the Company and its Subsidiaries	
<b>"HK\$" and "cents"</b>	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong	
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the People's Republic of China	
<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time	
<b>"Offer"</b>	an offer for the grant of an Option made in accordance with paragraph 4.8 below	
<b>"Offer Date"</b>	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant	
<b>"Option(s)"</b>	option(s) to subscribe for the Shares granted pursuant to this Scheme	
<b>"Option Period"</b>	in respect of any particular Option, a period within which the Option may be exercised by the Grantee, which shall be determined and notified by the Directors to the Grantee but in any event shall not be more than ten years from the Offer Date of that Option	Rule 17.03(5)
<b>"Personal Representative(s)"</b>	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)	
<b>"Related Entity Participant(s)"</b>	director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company	Rule 17.03A(1)(b)
<b>"Remuneration Committee"</b>	means the remuneration committee of the Board	
<b>"Scheme"</b>	this Share Option Scheme in its present form or as may be amended from time to time in accordance with paragraph 13 below	
<b>"Scheme Mandate Limit"</b>	has the meaning ascribed to it in paragraph 8.1 below	

<b>"Service Provider(s)"</b>	person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, as more particularly defined in paragraphs 4.4 to 4.7 below	Rule 17.03A(1)(c)
<b>"Service Provider Sublimit"</b>	has the meaning ascribed to it in paragraph 8.2 below	
<b>"Share(s)"</b>	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction	
<b>"Shareholder(s)"</b>	holder(s) of the Share(s)	
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited	
<b>"Subscription Price"</b>	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as determined in accordance with paragraph 5 below	
<b>"Substantial Shareholder(s)"</b>	has the meaning ascribed thereto under the Listing Rules	
<b>"Subsidiary(ies)"</b>	company(ies) which are for the time being and from time to time the subsidiary(ies) (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company	
<b>"Termination Date"</b>	close of business of the Company on the date which falls ten years after the Adoption Date	Rule 17.03(11)
<b>"%"</b>	per cent	

1.2 In this Scheme:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and

- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

## **2. CONDITIONS**

2.1 This Scheme is conditional upon:

- (a) the Stock Exchange granting the permission to deal in such number of Shares representing the Scheme Mandate Limit (as defined in paragraph 8.1 below) to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme;
- (b) passing of an ordinary resolution by the Shareholders in the general meeting of the Shareholders to terminate the 2019 Share Option Scheme; and
- (c) passing of an ordinary resolution by the Shareholders to approve and adopt this Scheme in the general meeting of the Shareholders and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under this Scheme.

## **3. PURPOSE, DURATION AND ADMINISTRATION**

- 3.1 The purpose of this Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Rule 17.03(1)
- 3.2 This Scheme shall be subject to the administration of the Board whose decisions on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 4.8 below which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.
- 3.3 Subject to paragraph 2 above and paragraph 14 below, this Scheme shall be valid and effective until the Termination Date, which means the close of business of the Company on the date which falls ten years after the Adoption Date, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the terms of this Scheme. Rule 17.03 (11)
- 3.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the holding and exercise of his/her Option in accordance with this Scheme, the allotment and issue of Shares to him/her upon the exercise of his/her Option and the holding of such Shares are valid and comply with all laws, legislation and regulations, including all applicable exchange control, fiscal and other laws to which he/she is subject. The Board may, as a condition precedent to making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant or a Grantee (as the case may be) to provide such evidence as it may reasonably require for such purpose.

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

- 4.1 Subject to paragraph 4.2 below, the Board shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten years commencing from the Adoption Date to make an Offer to any Eligible Participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such Subscription Price as the Board shall determine, and for the purpose of this Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants. Rule  
17.03(5)

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of classes of Eligible Participants shall not, by itself, unless the Board otherwise determine, be construed as a grant of Option under this Scheme.

- 4.2 Without prejudice to paragraph 8.8 below, the making of an Offer to any Directors, chief executive or Substantial Shareholders of the Company, or any of their respective associates must be approved by the independent non-executive Directors. Rule  
17.04(1)

##### Eligible Participants

Rule  
17.03(2)

- 4.3 The eligibility of, and the terms of grant of Options to each of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her experience in the business of the Group, the length of his/her service with the Group, his/her contribution to the development and long-term growth of the Group and other factors as the Board may at its discretion consider appropriate. When considering eligibility of, and the terms of grant of Options to any Service Provider and whether such Service Provider provides services to the Group on a continuing or recurring basis in the ordinary and usual course of business, the Board shall generally consider all relevant factors as appropriate from time to time, including:
- (a) the industry experience of the Service Provider;
  - (b) the type(s) of products and/or services that the Service Provider had provided to the Group;
  - (c) the period of engagement of the Service Provider; and
  - (d) the contribution and/or future contribution of the Service Provider to the development and long-term growth of the Group.
- Rule  
17.03A(2)

##### Eligibility of Service Providers

- 4.4 When considering eligibility of, and the terms of grant of Options to the Service Providers under the category of vendors and/or suppliers, the Board will consider, among other things:
- (a) the nature, reliability and quality of the products and/or services supplied;

- (b) the value of the products and/or services provided by the relevant vendors and/or suppliers;
- (c) the nature, scope and frequency of products and/or services supplied and length of business relationship with the Group;
- (d) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties);
- (e) the background, reputation and track records of the relevant vendors and/or suppliers;
- (f) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period); and
- (g) the replacement cost of such vendors and/or suppliers and/or products and/or services (including continuity and stability of supply or provision of such products and/or services in the market).

4.5 When considering eligibility of, and the terms of grant of Options to the Service Providers under the category of advisors, consultants, agents and/or other professional firms, the Board will consider, among other things:

- (a) individual performance of the relevant advisors, consultants, agents and/or other professional firms, including but not limited to the reliability and quality of the products and/or services supplied;
- (b) their knowledge, experience and network in the relevant industry;
- (c) the nature, scope and frequency of products and/or services supplied and length of business relationship with the Group;
- (d) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties);
- (e) the background, reputation and track records of the relevant advisors, consultants, agents and/or other professional firms;
- (f) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply of products and/or services, the aggregate supply volume, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period);
- (g) the replacement cost of such advisors, consultants, agents and/or other professional firms (including continuity and stability of provision of the necessary services in the market); and
- (h) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant advisors, consultants, agents and/or other professional firms, and/or the synergy between the relevant advisors, consultants, agents and/or other professional firms and the Group.

4.6 When considering eligibility of, and the terms of grant of Options to the Service Providers under the category of independent contractors, the Board will consider, among other things:

- (a) individual performance of the relevant independent contractors, including but not limited to the reliability and quality of the products and/or services



- supplied;
- (b) their knowledge, experience and network in the relevant industry;
- (c) the nature, scope and frequency of the collaborating projects and length of business relationship with the Group;
- (d) the materiality and nature of the business relationship with the Group (such as whether they are related to the core business of the Group and whether such business dealings could be readily replaced by third parties);
- (e) the background, reputation and track records of the relevant independent contractors;
- (f) the potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply of products and/or services, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate compared with that of the preceding period);
- (g) the replacement cost of such independent contractors and/or the products and/or services (including continuity and stability of supply or provision of such products and/or services in the market); and
- (h) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant independent contractors, and/or the synergy between the independent contractors and the Group.

4.7 Service Providers should be, or anticipated to be going forward, significant suppliers of products and/or services, or otherwise significant to the Group's business development. The Board will also consider whether the Service Providers have provided services to the Group on a continuing or recurring basis in its ordinary and usual course of business, taking into account whether the continuity and frequency of the services provided by a Service Provider are akin to those of its employees of the Group based on the following factors:

- (a) the type(s) of services that the Service Provider had provided to the Group in the past 12 months;
- (b) the period of engagement of the Service Provider, including whether the Service Provider had entered into an agreement with the Group in the past 12 months with a term of no less than two years; or
- (c) the Service Providers who are either former management or former employees of the Group, of whom the Group values their familiarity with and understanding of the businesses and operations of the Group, and considers that their contribution to the Group is similar to those of the employees of the Group.

4.8 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine, either generally or on a case-by-case basis, specifying the terms in respect of which the Offer is made and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.

4.9 An Offer shall state, in addition to the matters specified in paragraph 4.8 above, the following:

- (a) the name, address and position of the Eligible Participant;
- (b) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;

- (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
  - (d) the last date by which the Offer must be accepted (which shall not be later than 21 days from the Offer Date);
  - (e) the procedure for acceptance;
  - (f) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
  - (g) such other terms and conditions of the Offer as may be imposed by the Board as are not inconsistent with the terms of this Scheme; and
  - (h) a statement 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 this Scheme including, without limitation, the conditions specified in paragraph 3.4 above, and paragraphs 6.1, 15.8 to 15.11 below.
- 4.10 An Offer shall have been accepted by an Eligible Participant in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with 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 such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable. Rule 17.03(8)
- 4.11 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable. Rule 17.03(8)
- 4.12 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.10 or 4.11 above, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 4.10 or 4.11 above, it will be deemed to have been irrevocably declined.
- 4.13 The Option Period of an Option shall not be more than ten years from the Offer Date of that Option. Rule 17.03(5)
- 4.14 Options will not be listed or dealt in on the Stock Exchange.
- 4.15 For so long as the Shares are listed on the Stock Exchange: Rule 17.05
- (a) an Offer may not be made after inside information has come to the Company's knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:
    - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval

- of the Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to announce its results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Offer may be made; and
- (b) the Board shall not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares under such circumstances as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

## 5. **SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9 below, be at the discretion of the Board, provided that it shall be at least the highest of:

Rule  
17.03(9)  
and Rule  
17.03E

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share.

## 6. **EXERCISE OF OPTIONS**

6.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do, unless a waiver is granted by the Stock Exchange allowing the transfer of the Option to a vehicle for the benefit of the Grantee and any family members of such Grantee for estate planning and tax planning purposes that would continue to meet the purpose of this Scheme and compliance of the Listing Rules. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

Rule  
17.03(17)

6.2 The vesting period for Options shall be determined by the Board, and in any case, shall not be less than 12 months. A shorter vesting period may be granted to an Employee Participant at the discretion of the Board only in the following circumstances:

Rule  
17.03(6),  
Rule 17.03F

- (a) grants of "make-whole" Options to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants of Options that are made in batches during a year for administrative and compliance reasons;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where

- the Option may vest evenly over a period of 12 months; and
- (f) grants of Options with a total vesting and holding period of more than 12 months.
- 6.3 The Board may determine and set any performance targets, which shall be stated in the Offer to the Grantee, to be attained before the exercise of an Option granted to the Grantee as the Board may think fit. Such performance targets may include: Rule  
17.03(7)
- (a) aggregate amount of revenue or business generated by the specific Grantee during a financial year;
  - (b) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and
  - (c) any measurable performance benchmark which the Board considers relevant to the Grantee, including key performance indicators of respective department(s) and/or business unit(s) that the Grantee belongs, individual position, annual appraisal result and performance of the Grantee, and contributions made by the Grantee to the Group.
- 6.4 As each Grantee plays different roles and contributes in different ways to the Group, the Board (or the Remuneration Committee, as the case may be) shall have regard to the purpose of this Scheme, the position, contributions and importance of the Grantee to the Group in making such determinations, and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Grantee(s).
- 6.5 Subject to paragraphs 3.4 and 15.8 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this paragraph 6.5, and paragraph 6.6 below by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (seven days in the case of an exercise pursuant to paragraph 6.6(c) below) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditor or the independent financial advisers pursuant to paragraph 9 below, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.6(a) below, to the estate of the Grantee) fully paid and issue and deliver to the Grantee (or his/her estate in the event of an exercise by his/her Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.
- 6.6 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period, who may be subject to a vesting period of less than 12 months only under the circumstances stated in paragraph 6.2 above, provided that:
- (a) if the Grantee is an Employee Participant and in the event of his/her ceasing to be an Employee Participant by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Option in full, his/her Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.5 above within a period of 12 months following the date of cessation of

employment which date shall be the last day on which the Grantee was at work with the Group whether his/her salary is paid in lieu of notice or not, or, if any of the events referred to in paragraph 6.6(c) or 6.6(d) below occur during such period, exercise the Option pursuant to paragraph 6.6(c) or 6.6(d) below respectively;

- (b) if the Grantee is an Employee Participant and in the event of his/her cessation to be an Employee Participant for any reason other than his/her death, ill-health or retirement in accordance with his/her contract of employment or the termination of his/her employment on one or more of the grounds specified in paragraph 7.1(c) below before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary whether his/her salary is paid in lieu of notice or not;
- (c) if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his/her Option was granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.5 above at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.5 above and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation equally with the holders of the issued Shares on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of the Company;
- (e) in the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and the Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the

Rule  
17.03(10)

meeting to the Shareholders or creditors of the Company to consider such a scheme or arrangement, and thereupon any Grantee (or his/her Personal Representative(s)) may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two Business Days (excluding any period(s) of closure of the register of members of the Company) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the register of members of the Company) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof; and

- (f) if the Grantee is a company wholly owned by one or more Eligible Participants:
- (i) the provisions of paragraphs 6.6(a) and 6.6(b) above, and paragraph 7.1(c) and 7.1(d) below shall apply to the Grantee and to the Option granted to such Grantee, mutatis mutandis, as if such Option had been granted to the relevant Eligible Participants, and such Option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 6.6(a) and, 6.6(b) above, and paragraph 7.1(c) and 7.1(d) below shall occur with respect to the relevant Eligible Participants; and
  - (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant unless the Board may in its absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

- 6.7 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank equally in all respects with the then existing fully paid issued Shares on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members of the Company ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

Rule  
17.03(10),  
17.03(15)

## **7. EARLY TERMINATION OF OPTION PERIOD**

- 7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse automatically on the earliest of:
- (a) the expiry of the Option Period;
  - (b) the expiry of any of the periods referred to in paragraph 6.6 above;
  - (c) in respect of a Grantee who is an Employee Participant, the date on which the Grantee ceases to be an Employee Participant by reason of termination of his/her employment on the grounds that he/she has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has

Rule  
17.03(12)

become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Grantee or the Group into disrepute) and shall not in any event be exercisable on or after the date of cessation to be an Employee Participant;

- (d) in respect of a Grantee other than an Employee Participant, the date on which the Board shall at their absolute discretion determine that (i) (aa) such Grantee has committed any breach of any contract entered into between such Grantee on the one part and the Group on the other part; or (bb) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally; or (cc) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (i)(aa) to (cc) above; and
- (e) the date on which the Board shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 6.1 above by the Grantee in respect of that or any other Option.

7.2 A resolution of the Board to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 7.1(c) above or that any event referred to in paragraph 7.1(d)(i) above has occurred shall be conclusive and binding on all persons who may be affected thereby.

7.3 Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered cessation of employment. It shall not be considered cessation of employment if a Grantee who is an Employee Participant is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

## **8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 8.1 The total number of Shares which may be allotted and issued upon exercise of all Options to be granted under this Scheme and any other share scheme(s) of the Company must not, in aggregate, exceed 10% of the total number of issued Shares as of the Adoption Date of this Scheme ("**Scheme Mandate Limit**") unless the Company obtains an approval from the Shareholders pursuant to paragraphs 8.3 and 8.4 below. The Options which are cancelled or lapsed in accordance with the terms of this Scheme and any other share scheme(s) of the Company shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.  
Rule  
17.03(3),  
17.03B(1)  
  
Note to  
Rule  
17.03(14)
- 8.2 Subject to paragraph 8.1 above, the total number of Shares which may be allotted and issued in respect of all Options to be granted under this Scheme and any other share scheme(s) of the Company to Service Providers shall be within the Scheme Mandate Limit and must not, in aggregate, exceed 1% of the total number of issued Shares as of the Adoption Date of this Scheme ("**Service Provider Sublimit**") unless the Company obtains an approval from the Shareholders pursuant to paragraphs 8.3 and 8.4 below.  
Rule  
17.03(3),  
17.03B(2)
- 8.3 Without prejudice to paragraph 8.4 below, the Company may seek approval of its Shareholders in a general meeting to refresh the Scheme Mandate Limit and Service Provider Sublimit after three years from the approval of the Shareholders for the  
Rule  
17.03C(1)(a)

adoption of this Scheme or the last refreshment.

- 8.4 Any refreshment within any three-year period must be approved by Shareholders of the issuer subject to: Rule 17.03C(1)(b)
- (a) any Controlling Shareholders of the Company and their associates (or if there is no Controlling Shareholders, 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
  - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under paragraphs 8.4(a) and 8.4(b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro-rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of issued Shares) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share. Rule 17.03C(1)(c)

- 8.5 The total number of Shares which may be allotted and issued upon exercise of all Options to be granted under this Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the issued Shares as at the date of approval of the limit. Rule 17.03C(2)

- 8.6 The Company may seek separate Shareholders' approval in general meeting to grant Options under this Scheme beyond the Scheme Mandate Limit or, if applicable, the extended limit referred to in paragraph 8.3 or 8.4 above provided the Options in excess of the limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options to be granted to such Eligible Participants must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price. Rule 17.03C(3)

- 8.7 Subject to paragraph 8.8 below, the total number of issued Shares which may fall to be issued upon exercise of the Options and the options or awards granted under any other share scheme(s) of the Company (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each Grantee in any 12-month period up to and including the date of such grant shall not exceed one 1% of the issued share capital of the Company for the time being ("**1% Individual Limit**"). Where any further grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all options and awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) under this Scheme and any other share scheme(s) of the Company in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit, such further grant must be separately approved by Shareholders in a general meeting with such Grantee and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms of the options to be further granted to such Grantee must be fixed before Shareholders' approval. In respect of any options to be further granted, the date of the Board Rule 17.03(4) and Rule 17.03D



meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

- 8.8 Where there is any grant of Options to the Directors, chief executive or Substantial Shareholders of the Company or any of their respective associates, it must be approved by the independent non-executive Directors. Without prejudice to this paragraph 8.8, where any grant of Options to a Substantial Shareholder of the Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued Shares, such further grant of Options must be approved by the Shareholders in a general meeting that the Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. An independent non-executive Director shall not be an Eligible Participant under this Scheme. Rule  
17.04(1)
- 8.9 Any change in the terms of Options granted to a participant who is a Director, chief executive or Substantial Shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the manner as set out in this paragraph 8.9 if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme). The requirements for the grant of Options to a Director or chief executive of the Company set out in paragraphs 4.2 and 8.8 above do not apply where the participant is only a proposed director or chief executive of the Company. Rule  
17.04(4)
- 8.10 For the purpose of seeking the approval of the Shareholders under paragraphs 8.3, 8.4, 8.6, 8.7, 8.8 and 8.9 above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the general meeting convened to obtain the requisite approval shall be taken on a poll with those connected persons required under the Listing Rules abstaining from voting. Note (1) to  
Rule 17.04
- 8.10 For the purpose of seeking the approval of the Shareholders under paragraphs 8.3, 8.4, 8.6, 8.7, 8.8 and 8.9 above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the general meeting convened to obtain the requisite approval shall be taken on a poll with those connected persons required under the Listing Rules abstaining from voting. Rule  
17.03C(2),  
17.03C(3),  
17.03D(2),  
17.04(4)

## 9. **ADJUSTMENTS TO THE SUBSCRIPTION PRICE**

- 9.1 In the event of any alteration in the capital structure of the Company, whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditor or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to: Rule  
17.03(13)
- (a) the number or nominal amount of Shares to which this Scheme or any Option(s) relate(s) (insofar as it is/they are unexercised); and/or
  - (b) the Subscription Price of any Option; and/or
  - (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option,

and an adjustment as so certified by the Auditor or such independent financial adviser shall be made, provided that: Note to  
Rule  
17.03(13)

- (d) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes), rounded to the nearest whole share, for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (e) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (f) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (g) any such adjustment shall be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the Auditor or such independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1 above, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.5 above, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditor or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditor or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1 above.

9.3 In giving any certificate under this paragraph 9, the Auditor or the independent financial adviser appointed under paragraph 9.1 above shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

## **10. CANCELLATION OF OPTIONS**

10.1 Subject to paragraph 6.1 above and Chapter 17 of the Listing Rules, any Option granted may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Board. Rule 17.03(14)

10.2 Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with the available Scheme Mandate Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 8.3 or 8.4 above (excluding, for this purpose, the Options so cancelled). Note to Rule 17.03(14)

## **11. SHARE CAPITAL**

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to allot the Shares for the exercise of any Option.

## **12. DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares which may fall to be issued of an Option, the amount of the Subscription Price or otherwise) or any adjustment under paragraph 9.1 shall be referred to the decision of the Auditor who shall act as an expert and not as an arbitrator and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

## **13. ALTERATION OF THIS SCHEME**

13.1 Subject to paragraphs 13.2 and 13.4 below, this Scheme may be altered in any respect by a resolution of the Board except that any alterations to: Rule 17.03(18)

- (a) the provisions of this Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in paragraph 1.1;
- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules; and
- (c) the terms and conditions of this Scheme which are of a material nature;

to the advantage of Grantees or prospective Grantees must be approved by the Shareholders in a general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the articles of association for the time being of the Company for a variation of the rights attached to the Shares. Note 1 to Rule 17.03(18)

13.2 Subject to paragraph 13.3 below, any change to the terms of Options granted to a participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of this Scheme. Note 2 to Rule 17.03(18)

13.3 Any change to the authority of the Board or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in a general meeting. Note 4 to Rule 17.03(18)

13.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements of the Listing Rules. Note 3 to Rule 17.03(18)

## **14. TERMINATION AND CLAWBACK MECHANISM**

14.1 The Company may by an ordinary resolution in general meeting, at any time Rule 17.03(16)

terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

- 14.2 Unless the Board otherwise determined and stated in the offer of the grant of Options to a Grantee, there is no clawback mechanism under this Scheme to recover or withhold the remuneration (which may include any Options granted) to any Eligible Participants.
- 14.3 Although this Scheme does not prescribe a clawback mechanism, where there has been an occurrence of misconduct such as:
- (a) any material misstatements or omissions in the Company's financial statements by a Grantee;
  - (b) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information;
  - (c) any termination of employment contracts by a Grantee without notice or payment in lieu of notice;
  - (d) any conviction of any criminal offence by a Grantee involving integrity or honesty; or
  - (e) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group, the Options may be subject to clawback as determined by the Board from time to time where appropriate. The clawback of Options or option Shares granted to the Directors and senior management of the Group, and any grants of Options or option Shares to the Directors and senior management of the Group without clawback, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

Rule  
17.03(19)

## **15. MISCELLANEOUS**

- 15.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary and any Employee Participant. The rights and obligations of any Employee Participant under the terms of his/her office or employment shall not be affected by his/her participation in this Scheme or any right which he/she may have to participate in it. This Scheme shall afford such an Employee Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditor or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.
- 15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders at the same time or within a reasonable time of any such notices or documents being sent to Shareholders.

- 15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his/her address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his/her last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 15.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one day after the date of posting, if sent by mail; and
  - (b) when delivered, if delivered by hand.
- 15.8 A Grantee shall, before accepting an Offer or exercising his/her Option, obtain all necessary consents that may be required to enable him/her to accept the Offer or to exercise the Option and the Company to allot and issue to him/her the Shares falling to be allotted and issued upon the exercise of his/her Option in accordance with the provisions of this Scheme. By accepting an Offer or exercising his/her Option, the Grantee thereof is deemed to have represented to the Company that he/she has obtained all such consents. Compliance with this paragraph 15.8 shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his/her Option. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.9 A Grantee shall pay all taxes and discharge all other liabilities to which he/she may become subject as a result of his/her participation in this Scheme or the exercise of any Option.
- 15.10 By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him/her for loss of any rights under this Scheme.
- 15.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

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