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**VTECH HOLDINGS LIMITED**

**SHARE OPTION SCHEME**

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(Approved pursuant to a resolution passed by the Shareholders at the annual general meeting held on 13 July 2021)  
(Amended and adopted by a resolution passed by the Shareholders at the annual general meeting held on [●] 2023)

**VTECH HOLDINGS LIMITED**  
*(incorporated in Bermuda with limited liability)*

**SHARE OPTION SCHEME**

1. **DEFINITIONS**

1.1 In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:-

"Adoption Date"	[●] 2023, the date on which this Scheme is amended and adopted by an ordinary resolution of the Shareholders;
"associate(s)"	has the meaning given to that term in the Listing Rules;
"Auditors"	the auditors for the time being and from time to time of the Company;
"Board"	the board of directors of the Company or any committee from time to time established by the board of directors of the Company for the purpose of administering this Scheme or the Remuneration Committee, as any of them may have taken action or made decision or determination at any time in relation to this Scheme;
"business day"	has the meaning given to that term in the Listing Rules;
"chief executive"	has the meaning given to that term in the Listing Rules;
"close associate(s)"	has the meaning given to that term in the Listing Rules;
"Company"	VTech Holdings Limited, a company incorporated in Bermuda with limited liability;
"connected person(s)"	has the meaning given to that term in the Listing Rules;
"controlling shareholder(s)"	has the meaning given to that term in the Listing Rules;
"core connected person(s)"	has the meaning given to that term in the Listing Rules;
"Date of Grant"	in respect of an Option, subject as mentioned in paragraph 4.2A, 8.2(b) and 8.3, the date on which the Board resolves to make an Offer of that Option to the Participant, which date must be a business day;
"Grantee"	any Participant who accepts an Offer in accordance with the terms of this Scheme, or (where the context so permits) any person who is entitled to any such Option in

	consequence of the death of the original Grantee, or the legal personal representative of such person;
"Group"	the Company and its Subsidiaries from time to time;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Individual Limit"	has the meaning stated in paragraph 8.3;
"inside information"	has the meaning given to that term in the Listing Rules;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
"Offer"	the offer of the grant of an Option made in accordance with paragraph 4.1;
"Option"	a right granted for the subscription of Shares pursuant to this Scheme;
"Option Period"	a period to be notified by the Board to each Grantee at the time of making an Offer, which shall not expire later than ten (10) years from the Date of Grant;
"Participants"	the employees and directors of any member (from time to time) of the Group;
"PRC"	the People's Republic of China which, for the purposes of this Scheme, exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
"Remuneration Committee"	the committee appointed by the Board to determine matters relating to, inter alia, the remuneration of the directors and senior management of the members of the Group;
"Scheme"	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
"Scheme Mandate Limit"	has the meaning given to that term in paragraph 8.1;
"Share Registrar"	the Hong Kong branch share registrar of the Company from time to time;
"Shareholder(s)"	holder(s) of Share(s);

"Share(s)"	ordinary share(s) of US\$0.05 each in the issued share capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such any sub-division, reduction, consolidation, reclassification or reconstruction from time to time;
"Share Scheme(s)"	the share option scheme(s) and/or share award scheme(s) involving issuance of new Shares adopted and to be adopted by the Company from time to time;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in paragraph 5;
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere;
"substantial shareholder"	has the meaning given to that term in the Listing Rules;
"US\$"	United States of America dollars, the lawful currency of the United States of America;
"Vesting Date"	in relation to any Grantee, the earliest date on which the Option (or a tranche thereof) granted to him may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Option; and
"Vesting Period"	in relation to any Grantee, the period commencing on the date on which the Grantee accepts the Option granted to him and ending on the Vesting Date (both dates inclusive).

1.2 In this Scheme, save where the context otherwise requires:-

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to paragraphs are references to paragraphs of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or

re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;

- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender or the neuter shall include other genders and the neuter; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal identity.

## 2. **APPROVAL CONDITIONS**

2.1 This Scheme shall take effect subject to:

- (a) the passing of an ordinary resolution approving, inter alia, the adoption of this Scheme by the Shareholders and authorising the Board to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme, and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under this Scheme.

2.2 If the above condition 2.1(b) is not satisfied on or before the date following six (6) months after the Adoption Date (or such later date as the Board may decide), this Scheme shall forthwith determine, and any Option granted or agreed to be granted pursuant to this Scheme and any offer of such grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme or any such Option.

## 2A. **PARTICIPANTS**

The Participants of this Scheme are the employees and directors of any member (from time to time) of the Group.

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

- 3.1 (a) The purposes of this Scheme are (i) to attract potential employees; (ii) motivate and retain the Participants to support the Group's long term development; and (iii) to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group.
- (b) In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider

appropriate, including but not limited to:

- (1) the Participant's (i) individual performance, (ii) years of service, and/or (iii) potential and/or actual contribution to the business affairs of and benefits to the Group; and/or
- (2) whether the Participant is regarded as a valuable human resource of the Group based on his work experience, professional qualifications, industry knowledge or other relevant factors (including but not limited to technical know-how, business and/or market development capability, and market reputation).

3.2 Subject to paragraphs 2 and 12, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date. After the expiry of the ten (10) year period, no further Options shall be offered or granted, but in all other respects the provisions of this Scheme shall remain in full force and effect. Options complying with the provisions of the Listing Rules which are granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of issue after the end of the said ten (10) year period.

3.3 This Scheme shall be subject to the administration of the Board, and the decision of the Board shall be final and binding on all parties. The Board shall have the right to (i) interpret and construe the provisions of this Scheme, (ii) determine the persons who will be offered Options under this Scheme, the number of Shares and the Subscription Price, subject to paragraph 5, in relation to such Options, (iii) subject to paragraphs 9 and 11, make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

3.4 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board or for any mistake of judgment made in good faith for the purposes of this Scheme, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own fraud or bad faith.

#### 4. **GRANT OF OPTION**

4.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time within ten (10) years after the Adoption Date to make an Offer to any Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may include the Vesting Date(s) and/or any minimum performance target(s) that must be reached before the

Option can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed either on a case by case basis or generally.

- 4.2 Any grant of Options to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Options).
- 4.2A Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted under this Scheme and any other Share Scheme(s) (excluding any options and awards lapsed in accordance with the terms of the Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares then in issue, such further grant of Options must be approved by the Shareholders in general meeting. The Company must send a relevant circular to the Shareholders. The proposed recipient of the grant of Options, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith. In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing). The number and terms of the Options to be granted to such Participant 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.
- 4.3 No Offer shall be made and no Option shall be granted to any Participant after inside information has come to the Company's knowledge until (and including) the trading day after the Company has announced the information. In particular, no Offer shall be made and no Option shall be granted during the period commencing one (1) month immediately preceding the earlier of:-
- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of 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
  - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on (and including) the trading day after the date of the results announcement. For the avoidance of doubt, no Offer shall be made and no Option shall be granted during any period of delay in publishing the results announcement of the Company.

Furthermore, no Offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules or at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. For example, pursuant to Appendix 10 to the Listing Rules (and subject to any amendments as may from time to time be made to the Listing Rules), a director of the Company must not deal in any securities of the Company on any day on which its financial results 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 (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional.

- 4.4 An Offer shall be made to a Participant by a written notice in such manner or form as the Board may from time to time determine requiring the 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 and shall remain open for acceptance by the Participant to whom the Offer is made for a period of thirty (30) days from the date on which the written notice containing the Offer is issued to that Participant (or such other period of time as the Board may determine and specify in the aforementioned written notice), provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof or after the person/entity to whom the Offer is made has ceased to be a Participant.
- 4.5 An Offer shall be deemed to have been accepted by the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the written notice comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a payment in favour of the Company of HK\$1.00 (or its equivalent) (or such other reasonable amount as determined by the Board) by way of consideration for the grant thereof, is received by the Company. Such payment shall not be refundable in any circumstances and shall be made within thirty (30) days from the date on which the written notice containing the Offer is issued to that Participant (or such other period of time as the Board may determine and specify in the aforementioned written notice).
- 4.6 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the period specified in paragraph 4.4 (or in the aforementioned written notice containing the Offer to be issued to that Participant, as the case may be) in the manner indicated in paragraph 4.5, it shall be deemed to have been irrevocably declined.
- 4.7 The Vesting Period in respect of any Option granted to any Grantee shall not be shorter than 12 months. The Board shall have the authority to determine a shorter Vesting Period if the Board considers that a shorter Vesting Period is appropriate to



align with the purpose of this Scheme, and in any one (or more) of the situations set out below:

- (a) grants of “make-whole” Options to a Participant who newly joined the Group to replace the share options he forfeited when leaving the previous employers;
- (b) grants to a Participant whose employment is terminated due to death, illness or disability or the occurrence of any out of control event;
- (c) grants of Options with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative or compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;
- (e) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months; or
- (f) grants of Options with a total vesting and holding period of more than 12 months.

#### **4A. PERFORMANCE TARGETS AND CLAWBACK MECHANISM**

- 4A.1 Subject to terms and conditions of this Scheme, the Board may establish performance targets upon the fulfillment of which the Options granted to the Participant concerned would then be vested in accordance with the terms of this Scheme. The Board shall have the authority, after the grant of any Option which is performance linked as aforesaid, to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be considered fair and reasonable by the Board.
- 4A.2 Proposed performance targets, may include, without limitation, goals that can be benchmarked to or measured against different business and operational segments of the Group such as product research and development, supply chain operations, business development, sales and marketing, financial management and performance, business operations, human resources and administration support and efforts leading to the creation of value for the Group as well as those relating to the Participant concerned based on the individual performance indicators relevant to their roles and responsibilities. The Board will conduct assessment at the end of the performance period by comparing the actual performance level against the pre-agreed goals to determine whether the targets have been met, or the extents to which they have been met.
- 4A.3 There is no clawback mechanism under this Scheme to claw back the Options granted to any Participant in any event.

## 5. **SUBSCRIPTION PRICE**

The Subscription Price shall be such price determined by the Board at its absolute discretion and notified to the Participant in the Offer and shall be no less than the highest of:-

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) business days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share on the Date of Grant.

## 6. **EXERCISE OF OPTIONS**

- 6.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option, except for the following circumstances: (i) the transmission of an Option on the death of the Grantee to his personal representative(s) on terms of and as permitted by this Scheme or (ii) a waiver is granted by the Stock Exchange to allow the transfer of Option(s) to a vehicle (such as a trust or a private company) for the benefit of the relevant Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Scheme and comply with the requirements of the Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company.
- 6.2 An Option may, subject to the terms and conditions upon which such Option is granted, be exercised in whole or in part in the manner as set out in paragraph 6.3 by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within ten (10) business days after receipt of the notice and, where appropriate, receipt of the Auditors' or the relevant financial adviser's (retained for such purpose) certificate pursuant to paragraph 9, the Company shall allot and issue, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.
- 6.3 Subject to the terms and conditions upon which such Option was granted, an Option may be exercised by the Grantee at any time during the Option Period, provided that:-
- (a) in the event the Grantee (being an employee or director of any member of the Group) ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or engagement specified in paragraph 7(f) (and the date on which the Grantee so

ceases to be a Participant shall be referred to as the "**Cessation Date**"), the Option shall lapse on the Cessation Date and not be exercisable unless the Board otherwise determines having taken into account such factors as the Board may at its discretion consider appropriate, including but not limited to the Grantee's past contribution to the business affairs of and benefits brought to the Group, in which event the Option shall be exercisable to the extent and within such period as the Board may determine; and, for the purposes of this paragraph 6.3(a), with respect to an employee and who may or may not be a director of any member of the Group, the Cessation Date shall be the date of the notice of termination or the date of the letter of resignation (as the case may be), instead of the last actual working day on which the Grantee was physically at work with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not;

- (b) in the event the Grantee dies before exercising the Option in full and none of the events for termination of employment or engagement under paragraph 7(f) then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of six (6) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death;
- (c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of a scheme of arrangement pursuant to paragraph 6.3(d) below) is made to all the holders of Shares (or all such holders other than the offeror, any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof (the "**Offer Notice**") to the Grantee and the Grantee may at any time within one (1) month after the date of the Offer Notice exercise the Option to its full extent (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice containing the Offer);
- (d) if a general offer for Shares by way of a scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof (the "**Scheme Notice**") to the Grantee and the Grantee may at any time within one (1) month after the date of the Scheme Notice exercise the Option to its full extent (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice containing the Offer);
- (e) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent (for the avoidance of doubt, all the

Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice containing the Offer) or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 6.4(b), and the Company shall as soon as practicable allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option;

- (f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 6.3(d) above, between the Company and its members and/or creditors being proposed 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 first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice containing the Offer) or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 6.4(b), and the Company shall as soon as practicable allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

6.4 For the purpose of this paragraph 6:-

- (a) 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;
- (b) pursuant to paragraphs 6.3(e) and (f), the Company may 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 a Grantee that his or her Option may be exercised at any time within such period as shall be notified by the Company 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
- (c) if the Company gives notice under paragraph 6.4(b) that an Option can be exercised in part only, the balance of the Option shall lapse.

6.5 The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the bye-laws of the Company for the time being and from time to time in force and will rank *pari passu* with, and shall have the same voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, as attached to, the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any

voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.

- 6.6 Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee provided that such new Options are granted within the limits prescribed by paragraph 8 and otherwise comply with the terms of this Scheme. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

## 7. **LAPSE OF OPTION**

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

- (a) the expiry of the Option Period (subject to the provisions of paragraph 2.2);
- (b) the date or the expiry of the periods for exercising the Option as referred to in paragraphs 6.3(a), (b) and (c) (as the case may be);
- (c) subject to the scheme of arrangement (referred to in paragraph 6.3(d)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 6.3(d);
- (d) subject to paragraph 6.3(e), the date of the commencement of the winding-up of the Company; and, subject to the compromise or arrangement (referred to in paragraph 6.3(f) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 6.3(f);
- (e) the date on which the Grantee commits a breach of paragraph 6.1;
- (f) the date on which the Grantee ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (g) where the Grantee is an employee or director of a member of the Group (other than the Company), the date on which such member ceases to be a Subsidiary; and
- (h) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 6.3(a) or (b), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment or engagement or relationship from one member of the Group to another member of the Group shall not be considered as a cessation of employment, engagement or relationship.

8. **SCHEME MANDATE LIMIT**

8.1 Without prejudice to paragraph 8.2, the maximum number of new Shares which may be allotted and issued in respect of all Options to be granted under this Scheme and all options and awards to be granted under any other Share Schemes must not exceed 10% of the Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no options or awards may be granted under this Scheme or any other Share Scheme(s) if the grant of such option or award will result in the limit referred to in this paragraph 8.1 being exceeded.

8.2 Subject to paragraph 8.1 and without prejudice to:

- (a) paragraph 8.2(b), the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit, provided that:
  - (i) the total number of new Shares which may be allotted and issued in respect of all Options to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) must not exceed 10% of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, Options lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised; and
  - (ii) where the refreshment of the Scheme Mandate Limit is sought:
    - (A) within three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date):
      - (1) at the general meeting for considering and approving the proposed resolution of such refreshment, 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) shall abstain from voting in favour of the relevant resolution; and
      - (2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this paragraph 8.2(a)(ii)(A) shall 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 (or the successive provision then prevailing) such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) 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; and

(B) after three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date), the requirements under paragraph 8.2(a)(ii)(A) shall not be applicable;

(b) paragraph 8.2(a), the Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit or, if applicable, the refreshed Scheme Mandate Limit referred to in paragraph 8.2(a) to the Participants specifically identified by the Company before such approval is sought. The number and terms of Options to be granted to such Participant 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.

8.3 The maximum number of new Shares issued and to be issued in respect of all options and awards granted under this Scheme and any other Share Scheme(s) to any Participant (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant should not in aggregate exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Subject to paragraph 4.2A, where any grant of Options to a Participant would result in the new Shares issued and to be issued in respect of all options and awards granted under this Scheme and any other Share Scheme(s) to such Participant (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over the Individual Limit, such grant must be separately approved by the Shareholders in general meeting in advance with such Participant and his close associates (or his associates if the Participant is a connected person of the Company) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such Participant(s), the number and terms of the Options granted and to be granted and any other information as required by the Listing Rules. The number and terms of the Options to be granted to such Participant(s) shall be fixed before the Shareholders' approval is sought and the date of the Board meeting for proposing such further grant shall for all purposes be the Date of Grant for the purpose of calculating the Subscription Price.

8.4 The maximum number of Shares referred to in paragraph 8 shall be adjusted, in such manner as the Auditors or the financial adviser of the Company retained for such

purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 9 by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, reduction of the share capital of the Company.

9. **REORGANISATION OF CAPITAL STRUCTURE AND SPECIAL DIVIDENDS**

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable, by way of capitalisation issue, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:-

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option,

or any combination thereof, as the Auditors or a financial adviser engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled, but so that no such adjustments be made to the extent that a Share would be issued at less than its nominal value. The capacity of the Auditors or financial adviser (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or financial adviser (as the case may be) shall be borne by the Company. The Company shall comply with the requirements under the Listing Rules and any applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange in relation to the above.

10. **SHARE CAPITAL**

- 10.1 The exercise of any Option shall be subject to the Shareholders 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 meet subsisting requirements on the exercise of Options.



- 10.2 The Options do not carry any right to vote in general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company.

## 11. **ALTERATION OF THIS SCHEME**

- 11.1 Subject to all other provisions in this paragraph 11, the Board may amend any of the provisions of this Scheme at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date) except that:

- (a) any alterations to the terms and conditions of this Scheme which are of a material nature; and/or
- (b) any alterations to the provisions of this Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Participants,

must be approved by Shareholders in general meeting.

- 11.2 Any changes to the authority of the Board to alter the terms of this Scheme must be approved by the Shareholders in general meeting.

- 11.3 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 of the Company 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 of the Company and/or the Shareholders (as the case may be) This provision shall not apply where the alterations take effect automatically under the existing terms of this Scheme.

- 11.4 The amended terms of this Scheme or the Options must comply with the Listing Rules.

## 12. **TERMINATION**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of this Scheme with immediate effect or otherwise, and in such event no further Options will be offered or granted but in all other respects the provisions of this Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of this Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of this Scheme.

## 13. **DISPUTES**

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

14. **MISCELLANEOUS**

- 14.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Grantee, and the rights and obligations of any such Grantee under the terms of his office or employment or engagement shall not be affected by his participation in this Scheme and this Scheme shall afford such Grantee no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.
- 14.2 This Scheme shall not confer on any person any legal or equitable right (other than those rights 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 or any Subsidiary.
- 14.3 The Company shall bear the costs of establishing and administering this Scheme.
- 14.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares generally.
- 14.5 Any notice or other communication between the Company and a Grantee may be given, in the case of notice and communication to the Company, by sending the same by prepaid post or by personal delivery to its registered office in Hong Kong or such other address as notified to the Grantees from time to time and, in the case of notice and communication to the Grantee (i) by sending the same by prepaid post or by personal delivery to his correspondence address in Hong Kong as notified to the Company from time to time or (ii) to the extent permitted by and in accordance with the Listing Rules and any other applicable laws, by electronic communication including by transmitting the same to any electronic number, address or web site as notified to the Company from time to time or by placing the same on the Company's web site and/or the web site of the Stock Exchange.
- 14.6 Any notice or other communication served by post by:
- (a) the Company shall be deemed to have been served on the Grantee 48 hours after the same was put in the post; and
  - (b) the Grantee shall not be deemed to have been received by the Company until the same shall have been received by the Company.
- 14.7 Any notice or other communication served by electronic communication by the Company shall be deemed to be have been served on the Grantee:
- (a) in the case of placing on the Company's website and/or the website of the Stock Exchange, on the day on which the same is published on such website; and
  - (b) in any other case, on the day on which the same is transmitted to the Grantee if no notification has been received by the Company within 48 hours after the transmission that the electronic communication has not reached the Grantee,

or at such later time as may be prescribed by the Listing Rules or any other applicable laws. Any failure transmission of the electronic communication which is beyond the Company's control shall not invalidate the effectiveness of the notice or communication being served.

- 14.8 All allotments and issues of Shares will be subject to all necessary consents under any relevant legislation for the time being and from time to time in force in Hong Kong and in Bermuda, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant, holding or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Scheme.
- 14.9 Each Grantee shall pay all taxes and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 14.10 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Options to Participants and to determine the Subscription Price, to the designated directors of the Company from time to time.
- 14.11 This Scheme and all Options granted hereunder are governed by and shall be construed in accordance with the laws of Hong Kong.
- 14.12 For the avoidance of doubt, the options granted under the Scheme prior to the Adoption Date (if any) shall continue to be valid and subject to the provisions of the Scheme as at the relevant grant date(s) of such options notwithstanding the adoption and amendment of this Scheme on the Adoption Date.