

**HUAYI TENCENT ENTERTAINMENT COMPANY LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

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**SHARE OPTION SCHEME**

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Adopted by shareholders of Huayi Tencent Entertainment Company Limited  
on [21 June 2024]

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**Definitions and Interpretation**

*In these rules, unless the context otherwise requires, the following expressions have the following meanings:*

“Adoption Date”	means [21 June] 2024 (the date on which the Share Option Scheme is conditionally adopted by a resolution of the shareholders of the Company in general meeting)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“associated company”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors of the Company
“Business Day(s)”	any day on which the Stock Exchange is open for business of dealing in securities
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Huayi Tencent Entertainment Company Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	the Employee Participants, the Related Entity Participants and the Service Providers
“Employee Participants”	the employees, chief executive and directors (including executive, non-executive or independent non-executive directors) of any member of the Group (including persons

who are granted options under this Share Option Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category

“Exercise Price”	the price per Share at which a Grantee may subscribe for Shares or (as the case may be) be transferred Treasury Shares on the exercise of an Option, as determined in accordance with paragraph 4
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee
“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
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer for the grant of an Option made by the Board or its Corporate Governance Committee in accordance with paragraph 3(d)
“Offer Date”	the Business Day on which an Offer is made to an Eligible Participant
“Option(s)”	an option to subscribe for Shares granted under the Share Option Scheme
“Option Period”	has the meaning as defined in paragraph 3(g) of the Share Option Scheme
“Related Entity”	a holding company, fellow subsidiary or an associated company
“Related Participants”	Entity directors and employees of holding companies, fellow subsidiaries or associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category

“Remuneration Committee”	the remuneration committee of the Company
“Scheme Mandate Limit”	the limit that the total number of Shares which may be issued together with Treasury Shares which may be transferred in respect of all Options to be granted under the Share Option Scheme and any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date
“Service Provider(s)”	person(s) who provide(s) 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, including but not limited to person(s) who work(s) for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are similar to those provided by employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity
“Service Provider Sublimit”	has the meaning given to that term under paragraph 7(b)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company (or of such other nominal value as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company)
“Share Option Scheme”	this share option scheme in its present or any amended form
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules

“Takeovers Code”	the code on Takeovers and Mergers and Share Buy-backs
“Treasury Shares”	Shares repurchased and held by the Company in treasury (if any), as authorised by the laws and regulations of the Cayman Islands and/or the Articles of Association
“%”	per cent.

*Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Share Option Scheme. Unless the context otherwise requires, references to paragraphs or sub-paragraphs are to paragraphs or sub-paragraphs of this Share Option Scheme, words importing the singular include the plural and vice versa, words importing gender include every gender and references to persons includes corporations and unincorporates.*

## 1. PURPOSE, DURATION AND ADMINISTRATION

(a) The purpose of the Share Option Scheme is for the Company to attract, retain and motivate talented Eligible Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants and for such other purposes as the Board may approve from time to time.

(b) The Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

(c) Subject to paragraphs 2 and 13, the Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls ten (10) years after the Adoption Date (the “**Termination Date**”), after which period, no further Options may be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

(d) Grantee shall ensure that the acceptance of an Offer, the holding and exercise of the Option in accordance with the Share Option Scheme, the allotment and issue of Shares to him/her upon the exercise of the 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 Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant to produce such evidence as they may reasonably require for such purpose.

(e) Subject to compliance with the requirements of the Listing Rules and the provisions of the Share Option Scheme, the Board shall have the right (i) to interpret and construe the provisions of the Share Option Scheme; (ii) to

determine the persons who will be awarded Options under this Share Option Scheme and the number of Shares to be issued under the Option; (iii) to determine the Exercise Price; (iv) to make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of the Share Option Scheme.

## **2. CONDITIONS**

- (a) The Share Option Scheme is conditional upon:
  - (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in such number of Shares to be allotted and issued by the Company pursuant to the exercise of Options under the Share Option Scheme; and
  - (ii) the passing of the necessary resolution to approve the adoption of the Share Option Scheme in general meeting or by the Shareholder in general meeting.
- (b) Reference in paragraph 2(a)(i) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

## **3. GRANT OF OPTIONS**

- (a) Subject to paragraph 3(b), the Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Participant 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 Exercise Price, as the Directors shall, subject to paragraph 8 and at their discretion, determine.
- (b) Without prejudice to paragraph 7(d) below, the making of an Offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee).
- (c) The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the Eligible Participant's contribution to the development and growth of the Group. In assessing whether Options are to be granted to any Eligible Participant, the Board shall take into account various factors,

including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the positive impacts which such Eligible Participant has brought to the Group's business and development and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.

(d) In determining the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including:

- (i) his/her skills, knowledge, experience, expertise relevant to the Group's business;
- (ii) his/her performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
- (iii) the amount of support, assistance, guidance, advice, efforts and contributions he/she has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Participant is likely to be able to give or make towards the success of the Group in the future;
- (iv) his/her educational and professional qualifications, and knowledge in the industry in which the Group is currently having operations or the industry in which the Group is going to develop.

(e) In assessing the eligibility of the Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including:

- (i) the responsibility taken up or to be taken up by the Related Entity Participant(s) towards the success of the Group's business;
- (ii) the extent of benefits and synergies brought by, or expected to be brought by, the Related Entity Participant on the Group's business development in terms of financial performance or financial position;
- (iii) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; and
- (iv) the materiality and nature of the business relations of the Related Entity with the Group and the Related Entity Participant's contribution in such Related Entity of the Group which may benefit the principal businesses of the Group through a collaborative relationship.

(f) Amongst the Service Providers eligible for the granting of Options, (i) contractors, suppliers and agents and entities providing research, development or other technological support are to directly contribute to the long-term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The contractors, suppliers and agents and entities providing research, development or other technological support are connected with the Group's day-to-day operations in

the areas of digitized operation services in healthcare industry, smart healthcare services platform and entertainment and media, and their performances will contribute to the operating performance and financial results of the Group; and (ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their skills, experience, knowledge and expertise in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers, possessing industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group, would provide advisory, consultancy and technology services to the Group on areas that form part of or are directly ancillary to the businesses conducted by the Group from time to time, as disclosed in the Company's financial statements and reports (including but not limited to (i) provision of online drug prescription and circulation service and digitized marketing service in the healthcare industry; (ii) healthcare and wellness services; (iii) marketing of pharmaceutical products; (iv) development of entertainment, culture and media businesses; and (v) content production and distributions in Hong Kong, the PRC, Korea, United States and globally). Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group. In assessing the eligibility of the Service Provider(s), the Board will consider all relevant factors as appropriate, including:

(a) in respect of contractors, suppliers and agents and entities providing research, development or other technological support:

- (i) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him/her/it;
- (ii) the performance of the Service Provider and track record;
- (iii) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the financial return attributable to the Service Provider's collaboration with the Group;
- (iv) the scale of the Service Provider's collaboration or business dealings with the Group and the length of business relationships between the Service Provider and the Group; and
- (v) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

(b) in respect of advisers and consultants:

- (i) the expertise, professional qualifications and industry experience of the Service Provider;
- (ii) the performance of the Service Provider and track record;
- (iii) the prevailing market fees chargeable by other services providers;



- (iv) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the financial return attributable to the Service Provider's collaboration with the Group;
  - (v) the Group's length of engagement or scale of collaboration or business dealings with the Service Provider; and
  - (vi) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in revenue or profit.
- (g) An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying how many Shares under the Option applies to and the "**Option Period**" (which means the period which Eligible Participants can exercise a particular Option will be determined by the Board or the Corporate Governance Committee.. The Directors or the company secretary of the Company will notify the Grantee of the Option Period. If no Option Period has been determined, the period will start from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraph 6; and (ii) the expiry date of ten (10) years from the Offer Date of that Option) in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme 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.
- (h) An Offer shall state, in addition to the matters specified in paragraph 3(g), the following:
- (i) the name, address and occupation of the Eligible Participant;
  - (ii) the number of Shares under the Option in respect of which the Offer is made and the Exercise Price for such Shares;
  - (iii) 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 under the Option comprised in the Offer;
  - (iv) the last date by which the Offer must be accepted (which must not be later than 21 days from the Offer Date);
  - (v) the procedure for acceptance;
  - (vi) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
  - (vii) the clawback mechanism for the Company to recover or withhold any Option granted to any Eligible Participants (if any);

- (vii) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the Share Option Scheme; and
- (viii) 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 the Share Option Scheme including, without limitation, the conditions specified in, *inter alia*, paragraphs 3(g) and 5(a).
- (i) The vesting period for the Options shall be determined by the Board or its Corporate Governance Committee, and save for the circumstances prescribed in paragraph 3(j), shall not be less than 12 months after the date of grant.
- (j) A shorter vesting period than the minimum as stated in sub-paragraph (i) above may be granted to the Employee Participants at the discretion of the Board or its Corporate Governance Committee (or the Remuneration Committee where the arrangements relate to grant of Options to Directors and/or senior managers of the Group) only in any of the following circumstances:
  - (i) grants of “make-whole” Options to new Employee Participant(s) to replace the share awards or options they forfeited when leaving the previous employer;
  - (ii) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any uncontrollable event;
  - (iii) grants that are made in batches during a year for administrative and compliance reasons for delay, these Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; or
  - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria; or
  - (vi) such circumstances as set out in paragraph 5(d)

each of which is considered appropriate and serves the purpose of this Share Option Scheme to provide flexibility to grant Options (1) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (i) and (iv)); (2) to reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (ii) and (iii)); (3) to reward exceptional performers with accelerated vesting (sub-paragraph (iv)); (4) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph

(v)); and (5) in exceptional circumstances such as death, ill-health or retirement of Employee Participants to provide appropriate safeguard of the interests of the relevant Employee Participants so as to be in line with market standard (sub-paragraphs sub-paragraph 7(b)(vi)).

- (k) An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option 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.
- (l) Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Option 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.
- (m) Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraphs 3(k) or 3(l), an Option in respect of the number of Shares 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 paragraphs 3(k) or 3(l), it will be deemed to have been irrevocably declined.
- (n) The Option Period of an Option must not be more than ten (10) years after the Offer Date of that Option.
- (o) Options will not be listed or dealt in on the Stock Exchange.
- (p) For so long as the Shares are listed on the Stock Exchange:
  - (i) an Offer may not be made after inside information (having the meaning defined in the Securities and Futures Ordinance as amended from time to time) has come to the Company's knowledge until (and including) the trading day after it has announced the information. In particular, during the period commencing 30 days immediately preceding the earlier of:
    - (aa) 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

or any other interim period (whether or not required under the Listing Rules); and

- (bb) the deadline for the Company to announce its results for any year or half-year, quarter or any other interim period (whether or not required under the Listing Rules)

and ending on the actual date of publication of the results announcement, no offer may be made; and

- (ii) the Directors may 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

#### **4. EXERCISE PRICE**

The Exercise Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 8, be at the discretion of the Board or its Corporate Governance Committee, provided that it must be at least the highest of:

- (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 (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date;

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

#### **5. EXERCISE OF OPTIONS**

- (a) An Option must be personal to the Grantee and must not be transferable or assignable. 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 to do so. 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.
- (b) Unless otherwise determined by the Board or its Corporate Governance Committee and stated in the Offer to a Grantee, a Grantee is not required to achieve any performance targets before the exercise of an Option granted to him/her. Such performance target(s) (if any) may be based on, among others, business or financial performance results, transaction milestones, individual

performance appraisal, results of strategic plans formulated by the Grantee, developments or breakthroughs in certain markets of the Group and/or the Grantee's contribution to the Group (via his/her/its position at the Group or at the Related Entity, or as a Service Provider Participant) and as evaluated by the Group over a specified evaluation period. The methods for assessing how the performance target(s) (if any) are satisfied include but not limited to setting specific targets, establishing a measurement period, evaluating actual performance against these targets, and making any necessary adjustments for exceptional circumstances according to changes in market conditions.

- (c) Subject to, *inter alia*, paragraph 3(d) and the fulfilment 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 during the Option Period in whole or in part, or in the circumstances and in the manner as set out in paragraphs 5(d), 5(e) and 5(f) 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 (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within 21 days (or 7 days in the case of an exercise pursuant to paragraph 5(e), or in the case of an exercise pursuant to paragraph 5(f) below the time limit specified therein) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the independent financial advisers pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares and/or transfer the relevant number of Treasury Shares to the Grantee (or, in the event of an exercise of Option by a personal representative pursuant to paragraph 5(d)(i), to the estate of the Grantee) fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her personal representative as aforesaid) the relevant share certificate(s) in respect of the Shares so allotted and issued (and/to the Treasury Shares so transferred).
- (d) Where the Grantee is an Employee Participant:
  - (i) 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 5(c) within a period of 12 months (or such longer period as the Board may determine) following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 5(e) or 5(f) occur during such period, exercise the Option pursuant to paragraph 5(e) or 5(f) respectively;

- (ii) in the event of his/her ceasing to be an Employee Participant for any reason other than (1) his/her death, ill-health or retirement in accordance with his/her contract of employment or (2) the termination of his/her employment on one or more of the grounds specified in paragraph 6(a)(iv) 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 unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 5(e) or 5(f) occur during such period, exercise the Option pursuant to paragraph 5(e) or 5(f) respectively. 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 salary is paid in lieu of notice or not;
- (e) If a general or partial offer, whether by way of takeover offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, 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, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Options were granted, be entitled to exercise the Option (to the extent that such Options have vested or 12 months have elapsed since the Grant Date of such Options, and such Options have not already been exercised) to the full extent or to the extent specified in the Grantees' notice to the Company in accordance with the provisions of paragraph 5(c) 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.
- (f) In the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, a Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Option (to the extent that such Options have vested or 12 months have elapsed since the Grant Date of such Options, and such Options has not already been exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 5(c) and the Company shall allot and issue to the Grantee the Shares (and/or transfer the Treasury Shares) in respect of which such Grantee has exercised his/her Option not less than one (1) 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 and/or the Treasury transferred to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue 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.

- (g) Shares to be allotted and issued (or Treasury Share to be transferred, as applicable) upon the exercise of an Option will be subject to the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company (or the date of transfer of Treasury Shares, as the case may be) and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, 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 date when the name of the Grantee is registered on the register of members of the Company (or the date of transfer of Treasury Shares, as the case may be). A Share allotted and issued (or Treasury Share transferred, as applicable) 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.

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

- (a) The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:
  - (i) the expiry of the Option Period;
  - (ii) the expiry of any of the periods referred to in paragraph 5(d), (e) and (f);
  - (iii) the date of commencement of the winding-up of the Company;
  - (iv) in respect of a Grantee who is an Employee Participant when an Offer is made to him/her, the date on which the Grantee ceases to be an Employee Participant by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has 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 Directors does not bring the Grantee or the Group into disrepute);
  - (v) in respect of a Grantee other than an Employee Participant—when an Offer is made to him/her, the date on which the Directors shall at their absolute discretion determine that (aa) (1) such Grantee or his/her associate has committed any breach of any contract entered into between

such Grantee or his/her associate and/or the relevant related entity and/or the service provider on the one part and any member of the Group on the other part; or (2) 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 (3) 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 (bb) the Option shall lapse as a result of any event specified in sub- paragraph (1), (2) or (3) above; and

- (vi) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 5(a) by the Grantee in respect of that or any other Option.
- (b) A resolution of the Directors or written communication on behalf 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 6(a)(iv) or that any event referred to in paragraph 6(a)(v)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- (c) Transfer of employment of a Grantee who is an employee of the Group from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an employee of the Group 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.

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

- (a) The total number of Shares which may be allotted and issued (and, together with Treasury Shares which may be transferred, as applicable) upon exercise of all Options and awards to be granted under the Share Option Scheme and any other share scheme(s) of the Company that involve(s) the issuance of new Shares and the transfer of Treasury Shares must not exceed the Scheme Mandate Limit.
- (b) Within the Scheme Mandate Limit, the total number of Shares which may be issued (and, together with Treasury Shares which may be transferred, as applicable) in respect of all options and awards to be granted to Service Providers under the Share Option Scheme and any other schemes of the Company ("**Service Provider Sublimit**") must not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date (Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such Scheme Mandate Limit and Service Provider Sublimit), provided that:
  - (i) without prejudice to paragraph 7(b)(ii), the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate



Limit (and the Service Provider Sublimit) under the Share Option Scheme after 3 years from the Adoption Date or the date of the Shareholders' approval for the last refreshment provided that the total number of Shares which may be allotted and issued (and, together with Treasury Shares which may be transferred, as applicable) upon exercise of all Options to be granted under the Share Option Scheme and any other share scheme(s) of the Company that involve(s) the issuance of new Shares and the transfer of Treasury Shares must not exceed 10% (and the Service Provider Sublimit as refreshed shall not exceed 1%) of the Shares in issue (excluding Treasury Shares) as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share scheme(s) of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share scheme(s) of the Company) will not be counted for the purpose of calculating the limits as refreshed. Any "refreshment" within any three year period must be approved by independent Shareholders where (i) any controlling shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and (ii) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules; and

- (ii) without prejudice to paragraph 7(b)(i), the Company may seek separate Shareholders' approval in general meeting to grant Options under the Share Option Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in paragraph 7(b)(i) to Eligible Participants specifically identified by the Company before such approval is sought.
- (c) Subject to paragraph 7(d), the total number of Shares issued and which may fall to be issued (and, together with Treasury Shares which may be transferred, as applicable) upon exercise of the Options, share options or awards granted under the Share Option Scheme and any other share scheme(s) of the Company that involve(s) the issuance of new Shares and the transfer of Treasury Shares (including both exercised or outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) to each Grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue (excluding Treasury Shares). Where any further grant of Options, share options or awards to a Grantee would result in the Shares issued and to be issued upon exercise of all Options, share options or awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) under the Share Option 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 representing in aggregate over 1% of the Shares in issue (excluding Treasury Shares), such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his/her close associates (or his/her associates if the Grantee is a connected person) abstaining from voting. The number and terms (including the Exercise Price) of Options to be granted to such Grantee must be fixed before the Shareholders' approval.

(d) Subject to the Scheme Mandate Limit:

(i) any grant of Options to a Director, chief executive or a substantial shareholder of the Company, or any of their respective associates, shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options or awards);

(ii) where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options granted and awards under the Share Option Scheme and any other share scheme(s) of the Company (excluding any options and awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) 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 total number of issued Shares (excluding Treasury Shares), such grant of Options shall be approved by Shareholders in general meeting in the manner as set out in sub-paragraph (iii) below;

(iii) in the circumstances described in sub-paragraph (ii) above, the Company shall send a circular to the Shareholders containing such details and information as required under the Listing Rules. The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The Company shall comply with the relevant requirements under the Listing Rules.

(e) For the purpose of seeking the approval of the Shareholders under paragraphs 7(b), 7(c) and 7(d), 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 Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

## **8. ADJUSTMENTS TO THE EXERCISE PRICE**

(a) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, reduction of the share capital of the Company or any other capitalisation issue, then, in any such case the

Company (other than any made on capitalisation issue) shall request the auditors 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:

- (i) the number or nominal amount of Shares to which the Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (ii) the Exercise Price of any Option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he/she exercised all the Options held by him/her immediately prior to such adjustment;
- (ii) 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;
- (iii) 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
- (iv) any such adjustment shall be made in compliance with the Listing Rules and such applicable rules, codes and guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this paragraph 8(a), other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- (b) If there has been any alteration in the capital structure of the Company as referred to in paragraph 8(a), the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 5(c), 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 auditors 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 auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 8(a).
- (c) In giving any certificate under this paragraph 8, the auditors or the independent financial adviser appointed under paragraph 8(a) 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.

## **9. CANCELLATION OF OPTIONS**

- (a) Subject to paragraph 5(a) and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- (b) 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 available unissued Options (excluding, for this purpose, the Options so cancelled) within the Scheme Mandate Limit (and Service Provider Sublimit) or the limits approved by the Shareholders pursuant to paragraph 7(b)(i) or 7(b)(ii).

## **10. SUFFICIENT SHARE CAPITAL**

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 Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

## **11. DISPUTES**

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

## **12. ALTERATION OF THE SHARE OPTION SCHEME**

- (a) Subject to paragraphs 12(b) and 12(d), the Share Option Scheme may be altered in any respect by a resolution of the Board or its Corporate Governance Committee except that:
  - (i) the provisions of the Share Option Scheme which are of material nature pursuant to the Listing Rules; and
  - (ii) the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Shareholders in 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 Shareholders under the Articles of Association for a variation of the rights attached to the Shares.

- (b) Any change to the terms of the Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Share Option Scheme.
- (c) Any change to the authority of the Board or its Corporate Governance Committee or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.
- (d) The amended terms of the Share Option Scheme and/or any Options pursuant to this paragraph 12 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

### **13. TERMINATION AND CLAWBACK MECHANISM**

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered, but in all other respects the provisions of the Share Option 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 the Share Option Scheme, and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

Unless the Board otherwise determined and provided in the Offer, in the event that prior to or on the date(s) of vesting, a Grantee ceases to be or is deemed to cease to be an Eligible Participant, the relevant Options shall, unless otherwise determined by the Board or its absolute discretion, lapse and automatically be forfeited or otherwise deemed to have been waived or given up by the Grantee forthwith. A Grantee shall be treated as having ceased to be an Eligible Participany if (including but not limited to):

- (a) such person has committed any act of fraud, dishonesty or serious misconduct;
- (b) such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (c) such person has been convicted of any criminal offence;

- (d) such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time;
- (e) the company by which such person is employed or of which such person is a director or chief executive (a) ceases to be a member of the Group (or if such person is employed in or appointed as a director or chief executive of more than one company within the Group, all such companies cease to be members of the Group); or (b) ceases to be an associated company of the Group;
- (f) where such person ceases to be service providers of the Group after a notice of termination has been served by the relevant member of the Group, or that relevant member of the Group ceases to be a member of the Group; or
- (g) such person is in breach of the Share Option Scheme or has done or failed to take any action or execute any document which the Board, in its absolute discretion, determines to be a breach of any provision of the Share Option Scheme.

The clawback of Options granted to the Directors and senior management of the Group, and any grants of Options to the Directors and senior management of the Group without clawback mechanism, shall be further subject to the approval of the Remuneration Committee and satisfaction of any other requirements under the Listing Rules. The Options that are clawed back pursuant to this paragraph (including the conditions (a) to (g) mentioned above shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Scheme Mandate Limit as refreshed, as the case may be).

For the avoidance of doubt, without prejudice to the above, no clawback provisions will apply to Options to the extent they have been vested.

#### **14. MISCELLANEOUS**

- (a) This Share Option 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/her office or employment or engagement shall not be affected by his/her participation in this Share Option Scheme and this Share Option 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.
- (b) All allotments and issues of Shares pursuant to the Share Option Scheme shall be subject to any necessary consents under the relevant laws, enactments or regulations for the time being to which the Company is subject. A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction for, or in connection with the grant or exercise of an Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in the Share Option Scheme.

- (c) The Share Option 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.
- (d) The Company shall bear the costs of establishing and administering this Share Option Scheme.
- (f) Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by electronic communication or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantees from time to time and, in the case of the Grantee, his/her correspondence address in Hong Kong as notified to the Company from time to time.
- (g) Any notice or other communication served by post:
  - (i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
  - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- (h) The Board shall procure that details of the Share Option Scheme are disclosed in the Company's annual reports and interim reports of the Company in compliance with the Listing Rules in force from time to time.
- (h) The Grantee shall pay all tax and discharge other liabilities to which he/she
- (i) may become subject as a result of his/her participation in this Share Option Scheme or the exercise of any Option.
- (j) This Share Option Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

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