

Hop Fung Group Holdings Limited
合豐集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

SHARE OPTION SCHEME

Conditionally adopted by ordinary resolution
of the shareholders passed at
the extraordinary general meeting held at
5 June 2023

Name:

Position:

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1. DEFINITIONS

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

"Adoption Date"	5 June 2023, being the date of conditional adoption of this Scheme by the Shareholders subject to the conditions set out in paragraph 2.1(a)
"associate"	shall bear the meaning as defined in the Listing Rules
"Auditors"	the auditors for the time being of the Company
"Business Day"	any day on which the Stock Exchange is open for the business of dealing in securities
"Companies Act"	the Companies Act, Cap. 22 (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Company"	Hop Fung Group Holdings Limited (合豐集團控股有限公司) (stock code: 2320) a company incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company (including any non-executive Director and independent non-executive Director) for the time being
"Eligible Participant(s)"	means Employee Participants, Related Entity Participants and "Eligible Participant" shall be construed accordingly
"Employee Participants"	Directors and employees of the Group (including persons who are granted options under this Scheme as an inducement to enter into employment contracts with any member of the Group)
"Exercise Date"	has the meaning ascribed to it in paragraph 6.6
"Grantee"	any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 6.5(a)) his Personal Representative
"Group"	the Company and the Subsidiaries and "member(s) of the Group" shall be construed accordingly
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock

	Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	means the Main Board of the Stock Exchange
"Offer"	an offer for the grant of an Option made in accordance with this Scheme
"Offer Date"	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant
"Option(s)"	option(s) to subscribe for the Shares granted pursuant to this Scheme
"Option Period"	in respect of any particular Option, a period within which the Option may be exercised by the Grantee, which shall be determined and notified by the Directors to the Grantee but in any event shall not be more than ten (10) years from the Offer Date of that Option
"Personal Representative(s)"	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
"PRC"	the People's Republic of China
"Related Entity Participants"	Directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company
"Remuneration Committee"	the remuneration committee of the Board
"Scheme"	this Share Option Scheme in its present form or as may be amended from time to time in accordance with paragraph 13
"Scheme Mandate Limit"	has the meaning ascribed to it in paragraph 8.1
"Shareholders"	holders of the Shares
"Shares"	shares of HK\$0.10 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the price per Share at which a Grantee may subscribe for the

Shares on the exercise of an Option as determined in accordance with paragraph 5

"Subsidiary(ies)" company(ies) which are for the time being and from time to time the subsidiary(ies) (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the PRC, the British Virgin Islands or elsewhere

"Termination Date" close of business of the Company on the date which falls ten (10) years after the Adoption Date

"HK\$" Hong Kong dollars

1.2 In this Scheme:

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

2. **CONDITIONS**

2.1 This Scheme is conditional upon:

- (a) the Stock Exchange granting approval for the listing of and permission to deal in such number of Shares representing the Scheme Mandate Limit to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of the necessary resolution to adopt this Scheme in a general meeting or by way of written resolution of the Shareholders.

2.2 If the condition referred to in paragraph 2.1(a) is not satisfied within two (2) months after the Adoption Date, this Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

2.3 Reference in paragraph 2.1(a) to 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. PURPOSE, DURATION AND ADMINISTRATION

- 3.1 The purpose of this Scheme is to give the Eligible Participants an opportunity to have a personal stake in the Company and help motivate Eligible Participants to optimise their future contributions to the Group and/or reward them for their past and future contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.
- 3.2 This Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 4.2 which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby. The Board may delegate any or all of its powers in relation to this Scheme to any of its committees.
- 3.3 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.
- 3.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his 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 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 or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

4. GRANT OF OPTIONS

- 4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe for such number of Shares (being a board lot for dealings in the Shares on the Main Board or an integral multiple thereof) at such Subscription Price as the Directors shall determine, and for the purpose of this Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under this Scheme.
- 4.2 Without prejudice to paragraph 8.8, 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 is the Grantee of an Option).

- 4.3 The eligibility of each 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 his experience in the business of the Group, the length of his service with the Group, his contribution to the development and growth of the Group and other factors as the Directors may at their discretion consider appropriate.
- 4.4 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 the number of Shares and the Option Period 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 this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to twenty-one (21) days from the Offer Date.
- 4.5 An Offer shall state, in addition to the matters specified in paragraph 4.4, the following:
- (a) the name, address and position of the Eligible Participant;
 - (b) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
 - (d) the last date by which the Offer must be accepted (which may not be later than twenty-one (21) days from the Offer Date);
 - (e) the procedure for acceptance;
 - (f) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
 - (g) such other terms and conditions of the Offer as may be imposed by the Directors as are not inconsistent with this Scheme; and
 - (h) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme including, without limitation, the conditions specified in paragraphs 3.4, 6.1, 15.8 to 15.11, inclusive.
- 4.6 An Offer shall have been accepted by an Eligible Participant in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than twenty-one (21) days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of

Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Main Board 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 twenty-one (21) days from the Offer Date). Such remittance shall in no circumstances be refundable.

- 4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.6 or 4.7, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 4.6 or 4.7, it will be deemed to have been irrevocably declined.
- 4.9 The Option Period of an Option shall not end later than ten (10) years after the Offer Date of that Option.
- 4.10 The Options will not be listed or dealt in on the Stock Exchange.
- 4.11 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not be made after inside information has come to the Company's knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules),and ending on the date of the results announcement, no Offer may be made; and
 - (b) the 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 under such circumstances as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

5. **SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date;

- (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 a Share.

6. EXERCISE OF OPTIONS

- 6.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do, unless a waiver is granted by the Stock Exchange allowing the transfer of the Option to a vehicle for the benefit of the Grantee and any family members of such Grantee for estate planning and tax planning purposes that would continue to meet the purpose of this Scheme and the Listing Rules. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.
- 6.2 The vesting period for Options shall be determined by the Board and in any case, shall not be less than twelve (12) months. A shorter vesting period may be granted to an Employee Participant at the discretion of the Board in the following circumstances:
 - (a) grants of "make-whole" Options to new joiners to replace the share awards they forfeited when leaving the previous employer;
 - (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) grants of Options with performance-based vesting conditions in lieu of time based vesting criteria;
 - (d) grants of Options that are made in batches during a year for administrative and compliance reasons;
 - (e) grants of Options with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; and
 - (f) grants of Options with a total vesting and holding period of more than 12 months.
- 6.3 The Board may determine and set any performance targets, which shall be stated in the Offer to the Grantee, to be attained before the exercise of an Option granted to the Grantee as the Board may think fit. Such performance targets may include: (i) aggregate amount of revenue or business generated by the specific Grantee during a financial year; (ii) annual growth on the revenue of the Group as compared to the immediately preceding financial year; or (iii) any measurable performance benchmark which the Board considers is relevant to the Grantee.
- 6.4 Subject to paragraphs 3.4 and 15.8 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in

paragraphs 6.5 and 6.6 by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within twenty-one (21) days (seven (7) days in the case of an exercise pursuant to paragraph 6.5(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.5(a), to the estate of the Grantee) fully paid and issue and deliver to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.

6.5 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at anytime or times during the Option Period provided that:

- (a) if the Grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.4 within a period of twelve (12) months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or, if any of the events referred to in paragraph 6.5(c) or 6.5(d) occur during such period, exercise the Option pursuant to paragraph 6.5(c) or 6.5(d) respectively;
- (b) if the Grantee is an Employee Participant and in the event of his ceasing to be an Employee Participant for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 7.1(c) 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 6.4 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 sub-paragraph 6.5(c) or 6.5(d) occur during such period, exercise the Option pursuant to paragraph 6.5(c) or 6.5(d) 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;
- (c) if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders, the Grantee shall, notwithstanding any other terms on

which his Option was granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.4 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes;

- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.4 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation equally 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 of the Company;
- (e) in the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and the Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to the Shareholders or creditors of the Company to consider such a scheme or arrangement, and thereupon any Grantee (or his Personal Representative(s)) may, by notice in writing to the Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two (2) Business Days (excluding any period(s) of closure of the share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the share registers of the Company) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof; and
- (f) if the Grantee is a company wholly owned by one or more Eligible Participants:
 - (i) the provisions of paragraphs 6.5(a), 6.5(b), 7.1(c) and 7.1(d) shall apply to the Grantee and to the Option granted to such Grantee, mutatis mutandis, as if such Option had been granted to the relevant Eligible Participant, and such Option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 6.5(a), 6.5(b), 7.1(c) and 7.1(d) shall occur with respect to the relevant Eligible Participant; and

- (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

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

7. EARLY TERMINATION OF OPTION PERIOD

7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse automatically on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraph 6.5;
- (c) in respect of a Grantee who is an Employee Participant, the date on which the Grantee ceases to be an Employee Participant by reason of termination of his employment on the grounds that he 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 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) and shall not in any event be exercisable on or after the date of cessation to be an Employee Participant;
- (d) in respect of a Grantee other than an Employee Participant, the date on which the Directors shall at their absolute discretion determine that (i) (aa) such Grantee has committed any breach of any contract entered into between such Grantee on the one part and the Group on the other part; or (bb) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cession of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (i)(aa) to (cc) above; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other

Option.

- 7.2 A resolution of the Directors to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 7.1(c) or that any event referred to in paragraph has occurred shall be conclusive and binding on all persons who may be affected thereby.
- 7.3 Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered cessation of employment. It shall not be considered cessation of employment if a Grantee who is an Employee Participant is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 8.1 The total number of Shares which may be allotted and issued in respect of all Options to be granted under this Scheme and any other share option scheme(s) and share award scheme(s) of the Group shall not in aggregate exceed ten (10) per cent of the total number of Shares in issue as at the date of approval of this Scheme ("**Scheme Mandate Limit**") unless the Company obtains an approval from the Shareholders pursuant to paragraphs 8.2 and 8.3 below. The Options which are cancelled in accordance with the terms of this Scheme and any other share option scheme(s) or share award scheme(s) of the Company shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. The Options which are lapsed in accordance with the terms of this Scheme and any other share option scheme(s) or share award scheme(s) of the Company shall not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.
- 8.2 Without prejudice to paragraph 8.4, the Company may seek approval of the Shareholders in a general meeting of the Company to refresh the Scheme Mandate Limit after three years from the approval of the Shareholders for the adoption of this Scheme or the last refreshment.
- 8.3 Any refreshment within any three year period must be approved by Shareholders subject to:
- (a) 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
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under paragraphs 8.3(a) and 8.3(b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

- 8.4 The total number of Shares which may be allotted and issued upon exercise of all Options to be granted under this Scheme and any other share option scheme(s) and share award scheme(s)

of the Company under the Scheme Mandate Limit as refreshed shall not exceed ten (10) per cent of the Shares in issue as at the date of approval of the refreshed scheme mandate limit.

- 8.5 The Company may seek separate Shareholders' approval in general meeting to grant Options under this Scheme beyond the Scheme Mandate Limit or, if applicable, the extended limit referred to in paragraph 8.2 or 8.3 to Eligible Participants identified by the Company before such approval is sought. The number and terms of Options or awards to be granted to such Eligible 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.
- 8.6 In the event of a consolidation or sub-division of the Shares after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options and awards to be granted under all of this Scheme and other share schemes of the Group under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 8.7 Subject to paragraph 8.8, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options or awards granted under any other share option scheme and share award scheme of the Group (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each Grantee in any 12-month period up to and including the date of such grant shall not exceed one (1) per cent of the issued share capital of the Company for the time being ("**1% Individual Limit**"). Where any further grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all options and awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) under this Scheme and any other share option schemes and share award scheme of the Company in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit, such further grant must be separately approved by Shareholders in general meeting of the Company with such Grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms of the options to be further granted to such Grantee must be fixed before Shareholders' approval. In respect of any options to be further granted, the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.
- 8.8 Without prejudice to paragraph 4.2, 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 upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent of the Shares in issue, such further grant of options must be approved by the Shareholders in a general meeting. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.
- 8.9 Any change in the terms of Options granted to a participant who is a director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be

approved by the Shareholders in the manner as set out in this paragraph if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme). The requirements for the grant of Options to a director or chief executive of the Company set out in paragraphs 4.2 and 8.8 do not apply where the participant is only a proposed director or chief executive of the Company.

- 8.10 For the purpose of seeking the approval of the Shareholders under paragraphs 8.2, 8.3, 8.5, 8.7, 8.8 and 8.9, 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.

9. ADJUSTMENTS TO THE SUBSCRIPTION PRICE

- 9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the 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:

- (a) the number or nominal amount of Shares to which this Scheme or any Option(s) relate(s) (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option,

and an adjustment as so certified by the 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 (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes), rounded to the nearest whole share, for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (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 rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the 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 and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.4, 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 9.1.
- 9.3 In giving any certificate under this paragraph 9, the Auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

10. CANCELLATION OF OPTIONS

- 10.1 Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Option granted may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2 Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with the available Scheme Mandate Limit or the limits approved by the Shareholders pursuant to paragraph 8.2 or 8.3 (excluding, for this purpose, the Options so cancelled).

11. SHARE CAPITAL

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

12. 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) or any adjustment under paragraph 9.1 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, conclusive and binding on all persons who may be affected thereby.

13. ALTERATION OF THIS SCHEME

- 13.1 Subject to paragraphs 13.2 and 13.4, this Scheme may be altered in any respect by a resolution of the Directors except that any alterations to:
- (a) the provisions of this Scheme as to the definitions of “Eligible Participants”, “Grantee”,

“Option Period” and “Termination Date” in paragraph 1.1;

- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules; and
- (c) the terms and conditions of this Scheme which are of a material nature;

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

- 13.2 Subject to paragraph 13.3, any change to the terms of Options granted to a participant must be approved by the board of Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the board of Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of this Scheme.
- 13.3 Any change to the authority of the Directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in general meeting.
- 13.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements of the Listing Rules.

14. TERMINATION AND CLAWBACK MECHANISM

- 14.1 The Company by an ordinary resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.
- 14.2 Unless the Directors otherwise determined and stated in the offer of the grant of Options to a Grantee, there is no clawback mechanism under this Scheme to recover or withhold the remuneration (which may include any Options granted or extend the vesting period in relation to the Options) to any Eligible Participants in the event of serious misconduct, a material misstatement in the financial statements of the Company or other circumstances. The Company will make relevant disclosure in the announcement to comply with Rule 17.06B when granting Options to the Eligible Participants in the future.

15. MISCELLANEOUS

- 15.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary and any Employee Participant and the rights and obligations of any Employee Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme

shall afford such an Employee Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

- 15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.
- 15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.
- 15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 15.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
 - (a) one (1) day after the date of posting, if sent by mail; and
 - (b) when delivered, if delivered by hand.
- 15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Option. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.9 A Grantee shall pay all tax 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.
- 15.10 By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.11 This Scheme and all Options granted hereunder shall be governed by and construed in

accordance with the laws of Hong Kong.