



**Kafelaku Coffee Holding Limited**  
**貓屎咖啡控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 1869)**

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**SHARE SCHEME**

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Adopted on 24 May 2024 pursuant to an ordinary resolution  
passed by the shareholders at the annual general meeting on 24 May 2024

## SHARE SCHEME

### 1. Definitions

“Actual Selling Price”	the actual price at which the Grant Shares underlying the Award are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy, Accounting and Financial Reporting Council transaction levy and any other applicable costs) on exercise of an Award pursuant to the Share Scheme or in the case of an exercise when there is an event of change in control of the Company pursuant to this terms of the Share Scheme, the consideration receivable under the related scheme or offer
“Adoption Date”	the date on which the Share Scheme is adopted by resolution of the Shareholders
“associate”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules
“Award”	an award granted to an Eligible Participant under the Share Scheme, which will upon vesting entitle such participant to receive Award Shares for free or at the Actual Selling Price of the Award Shares in cash as the Board may in its absolute discretion determine in accordance with the terms of the Share Scheme
“Award Holder”	holder of an Award
“Award Shares”	the Shares to be received by a Grantee upon the vesting of the relevant Award (or any part thereof)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for dealing in securities
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Kafelaku Coffee Holding Limited (猫屎咖啡控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	the Employee Participants, Related Entity Participants and the Service Providers Participants, and for the purposes of the Share Scheme, the Offer may be made to a vehicle (such as a trust or a private company) or similar arrangement for the benefit of a specified Eligible Participant subject to the fulfilment of requirements of the Listing Rules (including but not limited to a waiver from the Stock Exchange, where applicable)
“Employee Participant(s)”	full-time employees and directors (other than independent non-executive directors) of the Company or any of its subsidiaries (including persons who are granted Options or Awards under the Share Scheme as an inducement to enter into employment contracts with these companies)
“Exercise Period”	in respect of any Award, the period to be determined and notified by the Company to the Grantee thereof at the time of making an Offer provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the Offer Date with respect of the relevant Award
“Exercise Price”	the price per Share at which an Option Holder may subscribe for Shares on the exercise of an Option pursuant to the terms of the Share Scheme
“Grant Date”	the date on which the grant of an Award is made to a participant
“Grant Shares”	the Award Shares and/or the Option Shares, as the case may be
“Grantee”	an Option Holder or an Award Holder, as the case may be, being a participant who accepts an Offer in accordance with the terms of the Share Scheme or (where the context permits) the legal personal representative(s) entitled to any Option or Award in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer of the grant of an Option or an Award to be made to a participant by the Board in accordance with the terms of the Share Scheme
“Offer Date”	the date of the meeting of the Board for proposing an Offer for the grant of an Option or an Award
“Offer Letter”	the letter to be issued by the Company to a participant in such form as may be determined from time to time by the Board for the Offer, specifying the Offer Date, the number of Grant Shares, the vesting criteria and conditions, the Vesting Date and such other details as it may consider necessary
“on-market transaction”	the acquisition or sale of Shares through the facilities of the Stock Exchange in accordance with the Listing Rules and other applicable laws and regulations
“Option”	a right granted to a participant to subscribe for Shares upon vesting and exercised pursuant to the terms of an Option granted under the Share Scheme
“Option Holder”	holder of an Option
“Option Shares”	the Shares to be issued to the Option Holder upon his exercise of an Option (or any part thereof)
“Purchase Price”	the price (if any) payable by the Award Holder to acquire the Award Shares under his Award
“Related Entity(ies)”	the holding companies, fellow subsidiaries or associated companies of the Company
“Related Entity Participant(s)”	the directors and full-time employees of the holding companies, fellow subsidiaries or associated companies of the Company
“Related Income”	all or such portion of cash income derived from the Award Shares (including cash dividends declared and paid on the Award Shares) as may be determined by the Board from time to time (excluding any interest earned on such cash income) and held under the Trust for the benefit of the Award Holder
“Remuneration Committee”	the remuneration committee of the Company

“Scheme Mandate Limit”	the total number of new Shares which may be issued in respect of all Options and Awards to be granted under the Share Scheme and all other options and awards to be granted under any other scheme(s) of the Company
“Service Provider Participant Sublimit”	the total number of new Shares which may be issued in respect of all Options and Awards, and other options and awards to be granted to the Service Provider Participants within the Scheme Mandate Limit
“Service Provider Participant(s)”	the independent contractors, consultants, advisors, suppliers and business partners who are the participants, more particularly described in section 4.4 hereof
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Scheme”	the share scheme constituted by the rules hereof
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Trust”	the trust constituted by a trust deed between the Company and the Trustee for the purposes of administering the Awards granted or to be granted under the Share Scheme
“Trustee”	the trustee(s) as may be appointed by the Company from time to time for the purposes of the Trust, which has not yet been appointed as at the Latest Practicable Date and is expected to be appointed prior to the making of any Offer for the Awards
“vest”	the Option Holder becoming entitled to exercise his Option (or any part thereof) to subscribe for Shares, or the Award Holder becoming entitled to receive Shares under his Award (or any part thereof) subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), as the case may be

“Vesting Date”	the date on which a Grantee’s entitlement to the Grant Shares (or any part thereof) is vested in accordance with the Share Scheme
“Vesting Expenses”	all transfer fees, expenses and taxes associated with the vesting and transfer of the relevant Award Shares and Related Income to the Award Holder save for those to be borne by the Company
“%”	per cent

## **2. Purpose of the Share Scheme**

2.1. The purposes of the Share Scheme are

- (a) to bind the interests of the Shareholders, the Company and its employees to focus on the realisation of the Company’s strategic development objectives and to drive the performance growth;
- (b) to improve the Group’s long-term incentive mechanism to attract and retain outstanding talents and to fully mobilise the senior management team and core employees; and
- (c) to retain or otherwise maintain on-going relationships with Eligible Participants.

2.2. The Share Scheme is funded by the issuance of new Shares by the Company and/or the purchase of existing Shares by way of on-market transaction as the Board may in its absolute discretion determine. The Board will take into account, among others, (1) the market price of the Shares from time to time and (2) the potential dilution effect arising from the grants of Shares under the Share Scheme, when determining whether to grant new Shares or existing Shares to participants.

## **3. Conditions**

3.1. The Share Scheme shall take effect upon the fulfilment of the following conditions:

- (a) the passing of a resolution by the Shareholders to approve the adoption of the Share Scheme and to authorise the Board to grant Options and Awards under the Share Scheme, and to approve the Scheme Mandate Limit; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares which may be issued by the Company in respect of all Options and Awards to be granted under the Share Scheme.

#### **4. Participants of the Share Scheme and Basis of Determining Eligibility of Participants**

- 4.1. The Eligible Participants include the Employee Participants, the Related Entity Participants and the Service Provider Participants.
- 4.2. In determining the basis of eligibility for Employee Participants, the factors in assessing whether any person is eligible to participate in the Share Scheme include: (i) the performance of the Employee Participant; (ii) the skill, knowledge, experience, expertise and other personal qualities of the Employee Participant, (iii) the time commitment, responsibilities or employment conditions of the Employee Participant according to the prevailing market practice and industry standard; (iv) the length of employment with the Group; and (v) the contribution or potential contribution of the Employee Participant to the development and growth of the Group.
- 4.3. In determining the basis of eligibility for Related Entity Participants, the factors in assessing whether any person is eligible to participate in the Share Scheme include: (i) the experience of the Related Entity Participant in the Group's business; (ii) the length of service with the related entity; (iii) the amount of support, assistance, guidance, advice, efforts and contributions the Related Entity Participant has exerted and given towards the development, growth and success of the Group; and (iv) the amount of potential support, assistance, guidance, advice, efforts and contributions the Related Entity Participant is likely to be able to give or make towards the development, growth and success of the Group in the future.
- 4.4. A Service Provider Participant refers to any person(s) who provides 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 any of the following persons: (a) person(s) or entity(ies) (as independent contractor(s), consultant(s), advisor(s) or otherwise) that provide(s) support or any advisory, consultancy, professional or other services to any members of the Group, including but not limited to support or services in relation to design, research, development, marketing, strategic or commercial planning on corporate image, investor relations, product quality control, regulations and policies; (b) supplier(s) of goods or services to any members of the Group; and (c) business partner(s), including joint venture partner(s), franchisee(s), agent(s) or other contractual party(ies), of any members of the Group, including but not limited to partners of brand businesses development, franchisees, and agents relating to sale channels or platforms; provided that (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall not be Service Providers for the purpose of the Share Scheme.

- 4.5. In assessing whether a Service Provider Participant provides services of the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided and the recurrences of such services, the nature of the services provided to the Group by the Service Provider Participant, and whether such services form part of or are directly ancillary to the businesses conducted by the Group from time to time. The Board will benchmark such metrics against the performance of the directors and employees of the Group to whom the Group provides equity incentives.

## **5. Maximum Number of New Shares to be Issued in Respect of the Options and Awards**

- 5.1. The Scheme Mandate Limit must not exceed 10% of the Shares in issue (excluding treasury shares) on the Adoption Date, within which the Service Provider Participant Sublimit shall not in aggregate exceed 5% of the total number of Shares in issue (excluding treasury shares) on the Adoption Date.
- 5.2. Options or Awards lapsed in accordance with the terms of the Share Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Participant Sublimit.
- 5.3. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Participant Sublimit has been approved in general meeting of the Company, the maximum number of new Shares that may be issued in respect of all Options and Awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit or the Service Provider Participant Sublimit as a percentage of the total number of issued Shares as at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 5.4. The Company may seek the approval of the Shareholders in general meeting for “refreshing” the Scheme Mandate Limit and the Service Provider Participant Sublimit under the Share Scheme after three years from the date of Shareholders’ approval for the adoption of the Share Scheme or the last refreshment, whichever is later. Any refreshment within any three- year period must be approved by the Shareholders subject to the following provisions:
- (a) any controlling shareholders of the Company and their respective associates (or, if there is no such 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), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under sub-sections (a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on



a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the total number 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. The total number of new Shares which may be issued in respect of all Options and Awards to be granted under all of the schemes of the Company under the scheme mandate as refreshed must not exceed 10% of the total number of Shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate. The Company must send to the Shareholders a circular containing the number of Options and Awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Participant Sublimit, and the reason for the “refreshment”.

- 5.5. The Company may seek separate approval by the Shareholders in general meeting for granting Options or Awards beyond the Scheme Mandate Limit provided that the Options or Awards in excess of the Scheme Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought. The Company must send to the Shareholders a circular containing the name of each specified participant who may be granted such Options or Awards, the number and terms of the Options or Awards to be granted to each participant, and the purpose of granting Options or Awards to the specified participants with an explanation as to how the terms of the Options or Awards serve such purpose. The number and terms of Options or Awards to be granted to such participants must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of grant for the purpose of calculating the exercise price.

## **6. Limit on Granting Options and Awards to Individual Participants**

- 6.1. Where any grant of Options or Awards to a participant would result in the new Shares issued and to be issued in respect of all Options and Awards, and other options and awards granted to such person (excluding any Options and Awards lapsed in accordance with the terms of the Share Scheme) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or, if the participant is a connected person, associates) abstaining from voting. The Company must send a circular to the Shareholders in connection therewith.
- 6.2. The said circular must disclose the identity of such participant, the number and terms of the Options or Awards to be granted (and those previously granted to such participant in the twelve (12)-month period), the purpose of granting Options or Awards to the participant and an explanation as to how the terms of the Options or Awards serve such purpose. The number and terms of the Options or Awards to be granted to such participant must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of grant for the purpose of calculating the exercise price.

**7. Granting Options or Awards to a Director, Chief Executive or Substantial Shareholder of the Company, or Any of Their Respective Associates**

- 7.1. Any grant of Options or Awards to a Director or chief executive or substantial shareholder of the Company, or any of their associates under the Share Scheme must be approved by the independent non-executive Directors.
- 7.2. Where any grant of Awards (excluding grant of Options) to a Director or chief executive of the Company, or any of their respective associates would result in the new Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Share Scheme) to such person in the twelve (12)-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares), such further grant of Awards must be approved by the Shareholders in general meeting in the manner mentioned below.
- 7.3. Where any grant of Options or Awards to a substantial shareholder of the Company, or any of their respective associates, would result in the new Shares issued and to be issued in respect of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the Share Scheme), and all other options and awards granted under other scheme of the Company (excluding any other options and awards lapsed in accordance with the terms of such other scheme) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options or Awards must be approved by the Shareholders in general meeting in the manner mentioned below.
- 7.4. In connection with the aforesaid approvals by the Shareholders, the Company must send a circular to the Shareholders. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. The circular must contain: (i) details of the number and terms of the Options or Awards to be granted to each participant, which must be fixed before the Shareholders' meeting; (ii) the views of the independent non-executive Directors as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) the other information required by Rule 17.04(5) of the Listing Rules. Any change in the terms of Options or Awards granted to a participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the aforesaid manner if the initial grant of the Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of the Share Scheme). The requirements for the grant to a Director or chief executive of the Company mentioned above do not apply where the participant is only a proposed Director or chief executive of the Company.

## **8. Grant of Options and Awards**

- 8.1. Subject to and in accordance with the provisions of the Share Scheme and the Listing Rules, the Board shall be entitled (but shall not be bound), at any time and from time to time and within a period commencing on the Adoption Date and ending on the Termination Date (both dates inclusive), to make an Offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.
- 8.2. An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine specifying the terms of the Option or Award which may include the number of Option or Award Shares, the Purchase Price or Exercise Price (as applicable), the vesting criteria and conditions, the Exercise Period, any minimum performance targets that must be achieved, the clawback mechanism for the Company to recover or withhold any Options or Awards granted to any Eligible Participants, and any such other details as the Company may consider necessary, and requiring the Grantee to undertake to hold the Award on the terms of the Offer Letter and be bound by the provisions of the Share Scheme. An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including the Eligible Participant's personal representative) for a period of twenty-one (21) days from the date of offer.
- 8.3. An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Option or Award 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 payment in favour of the Company of HK\$1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company.
- 8.4. Any Offer may be accepted by an Eligible Participant in respect of less than the number of Option or Award Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. The relevant Option or Award Shares offered but not accepted shall lapse.

## **9. Restrictions on the Offer to Grant Options or Awards**

- 9.1. No Offer to grant any Option or Award may be made:
  - (a) where any requisite approval from any applicable regulatory authorities has not been obtained;

- (b) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Option or Award, or the Share Scheme, unless the Board determines otherwise;
- (c) where such Option or Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction (including the Listing Rules);
- (d) where inside information (as defined in the Listing Rules) has come to the knowledge of the Company until (and including) the Business Day after the Company has announced the information;
- (e) during the period commencing one month immediately before the earlier of:
  - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement; and
- (f) during any period of delay in publishing a results announcement of the Company.

## **10. Issue of New Shares and/or Acquisition of Existing Shares to Satisfy the Awards**

- 10.1. The Board shall determine on the Offer Date whether the Awards shall be satisfied by the allotment and issue of new Shares or the acquisition of existing Shares by way of on-market transaction.
- 10.2. For the purposes of satisfying the Awards granted, the Company shall, as soon as reasonably practicable and no later than thirty (30) Business Days from the Offer Date, (i) in the case of the Board having determined on the Offer Date that the Awards shall be satisfied by the allotment and issue of new Share, allot and issue new Shares to the Trustee under the scheme mandate of the Share Scheme and/or (ii) in the case of the Board having determined on the Offer Date that the Awards shall be satisfied by the acquisition of existing Shares by way of on-market transactions, transfer to the Trustee the necessary funds and instruct the Trustee to acquire existing Shares by way of on-market transaction at the prevailing market price.
- 10.3. The Company shall not allot or issue new Shares to satisfy Awards granted to connected persons of the Company without, where required, the approval of the disinterested Shareholders in accordance with the terms of the Share Scheme. The costs of such allotment or purchase of Shares shall be borne by the Company.

## 11. Vesting Period

- 11.1. Subject to section 11.2 the vesting of an Option or Award shall be subject to a minimum period (the “**Vesting Period**”) to be determined by the Board in its absolute discretion. Only insofar as and for so long as the Listing Rules require, the Vesting Period for an Option or Award to all Eligible Participants under the Share Scheme shall not be less than twelve (12) months.
- 11.2. The Board may in its sole discretion determine that the Options or Awards granted to Employee Participants be subject to a shorter Vesting Period under the following circumstances:
- (a) grants of “make-whole” Awards to new joiners to replace the share benefits forfeited when leaving the previous employers;
  - (b) grants to a participant whose employment is terminated due to death or disability or occurrence of any out of control event;
  - (c) grants of Options or Awards with performance-based vesting conditions in lieu of time-based vesting criteria;
  - (d) grants that are made in batches during a year for administrative and compliance reasons, which may include Awards that should have been granted earlier but had to wait for a subsequent batch;
  - (e) grants of Options or Awards with a mixed or accelerated vesting schedule such as where the Options or the Awards may vest evenly over a period of twelve (12) months;
  - (f) grants of Options or Awards with a total vesting and holding period of more than twelve (12) months; and
  - (g) such other circumstance as specified in sections 18 and 19.
- 11.3. The Board’s discretion to determine the Vesting Period, coupled with the power of the Directors to impose any performance target as it deem fit before the Option or Award is vested or other restrictions in respect of the Grant Shares (such as the lock-up period in respect of the Grant Shares as the Board may determine, during which period the Grantee shall not dispose of such Grant Shares), enable the Group to incentivise the Grantees to contribute to the success of the Group.

## 12. Vesting Condition

- 12.1. Options and Awards granted under the Share Scheme are subject to such terms and conditions as may be determined by the Board in its absolute discretion and specified in the Offer of an Option or Award. Such terms and conditions may include any vesting condition (the “**Vesting Condition**”), if any, which must be satisfied before an Option or Award shall become vested so that such Option becomes exercisable by the Option Holder or the Award Shares can be vested unto and transfer to the Award Holder (subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any)).
- 12.2. The Vesting Condition may be a time-based Vesting Condition and/or a performance-based Vesting Condition. Performance-based Vesting Condition requires the Grantee to meet certain performance target, which may be related to the revenue and/or profitability and/or the business goals of the Group or any business unit of the Group to be assessed based on the audited accounts or management account of the Group or the related business unit, or other method as the Board may determine in its absolute discretion.
- 12.3. After the grant of an Award, the Board may in its absolute discretion amend any performance-based Vesting Condition if any event occurs which causes it to consider that the amended performance-based Vesting Condition would, in the absolute discretion of the Board, be a more accurate or reasonable measure of the performance of the Grantee.
- 12.4. The performance target(s) of a performance-based Vesting Condition should take such a form as the Board or the Remuneration Committee (as the case may be) may consider appropriate having regard to the key performance indicators, at corporate, subsidiary, division, operating unit, business line, project, geographic or individual level or otherwise, commonly adopted by businesses operating in the industries and markets in which the Group operates. Such performance targets may be set in terms of sales, revenue, cash flow, cash collection, funding costs, returns on investment, number of instances of commencement and completion of projects, customer satisfaction metrics or such other parameters or matters relevant to the roles and responsibilities of the relevant Grantee as the Board or the Remuneration Committee (as the case may be) may determine from time to time.
- 12.5. The Board or the Remuneration Committee (as the case may be) will conduct assessment at the end of the actual performance period by comparing the performance of the relevant business segment(s) and/or (as the case may be) the actual individual performance of the relevant Grantee with the pre-determined target level(s) to determine whether or to what extent the target(s) has(have) been met, with reference to the position and role of the relevant Grantee in the Group to ensure a fair and objective assessment.
- 12.6. If the Vesting Conditions are not satisfied in full, the Option or the Award shall lapse automatically in respect of such proportion of underlying Shares which have not vested with effect from the date on which the Vesting Conditions are not satisfied.

### **13. Exercise Period**

13.1. The Board may determine in its absolute discretion the Exercise Period for any award of Options and/or Awards and such period shall be set out in the Offer Letter. However, the Exercise Period for any award of Share Options must not be longer than 10 years from the Grant Date.

### **14. Exercise Price and Purchase Price**

14.1. The Exercise Price at which an Option Holder may subscribe for Shares upon the exercise of an Option shall be determined by the Board in its absolute discretion, and shall be at least the higher 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; and
- (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.

14.2. The Board may in its absolute discretion determine whether the Award Holder is required to pay any Purchase Price for the acquisition of the Award Shares and, if so required, the amount of the Purchase Price, after taking into account the practices of comparable companies and the effectiveness of the Share Scheme in attracting talents and motivating the Award Holder to contribute to the long term development of the Group. For the avoidance of doubt, the Board may determine the Purchase Price to be nil.

### **15. Rights Attached to the Options and Awards**

15.1. Options or Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the Grant Shares unless and until such Option Shares are actually issued to the Grantee upon the exercise of the Option or such Award Shares are actually vested into and transferred to the Grantee under the Award. Any Grant Shares shall rank *pari passu* in all respects with the fully-paid Shares in issue then exist on the date of transfer, and accordingly shall entitle the holder of such Shares to participate in all dividends or other distributions paid or made on or after the date of transfer and to exercise all voting rights in respect of such Shares.

## 16. Transferability of Options and Awards

- 16.1. An Option or Award must be personal to the Grantee, and shall not be transferrable or assignable unless a waiver is granted by the Stock Exchange. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option or Award, unless a waiver is granted by the Stock Exchange for such transfer. Where the Grantee is a company, any change of its controlling shareholder or any substantial change in its management (which is to be determined by the Board in its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid.
- 16.2. The Company may apply (but is not bounded to make any application) to the Stock Exchange for the aforesaid waiver to allow a transfer of the Option or Award to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Share Scheme and comply with other requirements of chapter 17 of the Listing Rules. In the event that the Stock Exchange so requires, the Company must disclose the beneficiaries of the trust or the ultimate beneficial owners of the vehicle.

## 17. Rights on Ceasing Employment, Retirement, Disability or Ill-health

- 17.1. If a Grantee is an employee or director of any member of the Group and in the event of such Grantee ceases to be a participant by reason of his/her resignation, expiry of employment contract, retirement, disability or ill-health or termination of his/her employment or directorship for any reason other than his/her death or on any of the grounds for termination of his/her employment or removal from the office of directorship as referred to in section 20(c) of this terms of the Share Scheme (the “**Grounds for Termination**”):
- (a) in the case of the Grantee being an Option Holder, the Option (to the extent exercisable as at the date of such cessation but not yet exercised) shall lapse on the expiry of a one-month period (or, in the case of disability or ill-health, three-month period) after the date of cessation, and shall not be exercisable after the expiry of such one-month period (or, in the case of disability or ill-health, three-month period) unless the Board otherwise determines in which event the Grantee may exercise the Option (to the extent exercisable as at the date of such cessation but not yet exercised) in whole or in part; and
  - (b) in the case of the Grantee being an Award Holder, then notwithstanding any other terms on which the Award was granted, the Board may determine in its absolute discretion, and will give all necessary notification to the Award Holder about, whether following such cessation the Award (to the extent not already vested as at the date of such cessation) and the Related Income shall vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.



17.2. Notwithstanding any contrary provisions set out in section 17.1(b), in using its discretion, the Board will take into consideration that the Vesting Period for an Option Holder or Award Holder shall not be less than twelve (12) months unless the employment of such Option Holder or Award Holder is terminated due to death, disability or occurrence of any out of control event as set out in section 11.2(b) above.

17.3. For the purpose of this section 17, the date of cessation will be taken to be the last day on which the Grantee was actually at work with the relevant member of the Group whether salary or compensation is paid in lieu of notice or not.

## **18. Rights on Death**

18.1. If a Grantee is an employee or director of any member of the Group and in the event of such Grantee ceases to be a participant by reason of the person's death and none of the Grounds for Termination has occurred:

- (a) in the case of the Grantee being an Option Holder, the legal personal representative(s) of the Option Holder may exercise any Option (to the extent exercisable as at the date of death but not yet exercised) within a period of twelve (12) months from the date of death or such other period as the Board may determine; and
- (b) in the case of the Grantee being an Award Holder, then notwithstanding any other terms on which the Award was granted, the Board may determine in its absolute discretion, and will give all necessary notification to the legal personal representative(s) of the Award Holder about, whether following such death the Award (to the extent not already vested as at the date of death) and the Related Income shall vest, and the date on which any such vesting and, subject to payment of the relevant Purchase Price (if any) and Vesting Expenses (if any), any transfer of the vested Award Shares will occur.

## **19. Right on a Corporate Transaction**

19.1. If there is an event of change in control of the Company as a result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Company shall at its sole discretion determine whether the vesting dates of any Awards to Employee Participants will be accelerated and/or determine such conditions or limitations to which the exercise of such Award will be subject.

19.2. For the purpose of this section 19, "control" shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time.

## 20. Lapse of Option and Award

20.1. An Option and an Award shall lapse automatically (to the extent not already vested), and, in the case of Option, not be exercisable (to the extent not already exercised) on the earliest of:

- (a) subject to the provisions of sections 17 to 19 of this terms of the Share Scheme, the expiry of the Exercise Period or Vesting Period;
- (b) the expiry of any of the periods referred to in sections 17 to 19 of this terms of the Share Scheme;
- (c) save as otherwise determined by the Board, the date on which the Grantee, being an employee or a director of a member of the Group, ceases to be a participant by reason of a termination of his/her employment or removal from his/her office of directorship on any one or more of the grounds (as may be determined by the Board in its absolute discretion) that he has been guilty of persistent or serious misconduct, or has become bankrupt or has made any arrangement or composition with his/her creditors generally or undertakes analogous proceedings, 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 Company and its subsidiaries into disrepute);
- (d) in the case of the Grantee being a Related Entity Participant or Service Provider Participant, the date on which the Board in its absolute opinion determines that the Grantee (i) in the case of the Grantee who is a Related Entity Participant, the Grantee ceases to be associated with the Related Entity as a result of resignation, termination, dismissal or retirement; (ii) there has been a breach of contract entered into between the Grantee and any member of the Group; (iii) has committed an act of bankruptcy or has become insolvent or is subject to any winding up, liquidation or analogous proceedings or has made an arrangement or composition with his/her creditors generally; (iv) the Grantee can no longer make any contribution to the growth and development of the Group by reason of the cessation of its relationship with the Group; (v) the Grantee has committed any serious misconduct; or (vi) the Grantee has directly or indirectly involved or engaged in any business which competes or likely to compete with the business of any member of the Group, or has solicited or enticed away any suppliers, customers or employees from any member of the Group;
- (e) in respect of an Option or Award which are subject to performance or other Vesting Condition(s), the date on which the condition(s) to vesting are not capable of being satisfied;
- (f) the date on which the Grantee commits a breach of any restriction on transfer or others as mentioned in section 16 of this terms of the Share Scheme; and

- (g) the date on which the Grantee is found to be resident in a place where the grant of the Award or the Option to him, the vesting and transfer of the Award Shares and/or the Related Income to him, the exercise of the Option by him, and/or the issue of the Option Shares to him pursuant to the terms of the Share Scheme is not permitted under the laws and regulations of such place or where in the absolute opinion of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Grantee.

## **21. Effects of Alterations to Capital**

21.1. In the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital, such corresponding alterations (if any) shall be made to:

- (a) the number of Shares subject to the Option so far as unexercised or the Award so far as unvested; and/or
- (b) the Exercise Price or the Purchase Price (if any); and/or
- (c) in the event of a consolidation and subdivision of the share capital of the Company, the Scheme Mandate Limit and the Service Provider Participant Sublimit,

in such manner which must give a Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, as that to which the Grantee was previously entitled, provided that no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any), and no such adjustment should be made to the advantage of the Grantee without specific Shareholders' approval. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the auditors of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules.

## **22. Cancellation of Options or Awards**

22.1. The Board may, with the consent of the relevant Grantee, in its absolute discretion cancel any Option or Award granted. Where the Company cancels an Option or Award and makes a new grant of Option or Award to the same Grantee, such new grant may only be made under the Share Scheme with available scheme mandate approved by the Shareholders as mentioned above. The Options and Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Participant Sublimit.

## **23. Alteration of the Share Scheme**

23.1. The terms and conditions of the Share Scheme may be altered by resolution of the Board except that:

- (a) any alteration to the terms and conditions of the Share Scheme which are of a material nature or any alteration to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the participants must be approved by the Shareholders in general meeting;
- (b) any alteration to the terms of the Option or Award granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options or Awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where such alteration takes effect automatically under the existing terms of the Share Scheme; and
- (c) any change to the authority of the Board to alter the terms of the Share Scheme must be approved by the Shareholders in general meeting,

provided that (i) the amended terms of the Share Scheme, the Options or the Awards must still comply with the requirements of the Listing Rules and (ii) if such alteration shall operate to affect adversely the terms of issue of any Option or Award granted or agreed to be granted prior to such alteration, such alteration will be further subject to the Grantee's approval in accordance with the terms of the Share Scheme.

## **24. Clawback Mechanism**

24.1. Where certain events specified in this terms of the Share Scheme arise, the Board may determine that, with respect to a Grantee, Options or Awards granted but not yet exercised shall immediately lapse, and with respect to any Shares delivered or amount paid to the Grantee, the Grantee be required to transfer the same value, whether in Shares and/or cash, back to the Company (or its nominee). These circumstances are:

- (a) the granting of any Option or Award, or it's becoming exercisable or vested was based on material misstatements in financial statements or any other materially inaccurate performance metric criteria;
- (b) the performance forming the basis on which grant of the Option or the Award, or its becoming exercisable or vested has been proved not genuine;
- (c) any terms and conditions set out in this terms of the Share Schemes and the Offer Letter in respect of such Option or Award were not satisfied;

- (d) the Grantee ceasing to be an Eligible Participant by reason of termination for cause or without notice, or as a result of being charged/penalised/convicted of an offence involving the Grantee's integrity or honesty;
- (e) the Grantee commits a serious misconduct or breach, including with respect to a policy or code of or other agreement with the Group, which is considered to be material; or
- (f) the Option or Award to the Grantee will no longer be appropriate and aligned with the purpose of the Share Scheme.

## **25. Duration and Termination of the Share Scheme**

- 25.1. The Share Scheme shall be valid and effective for the period (the "**Term**") (i) commencing on the Adoption Date, subject to the fulfilment of the conditions set out in section 3 of this terms of the Share Scheme, and (ii) ending on the earlier of the 10th anniversary of the Adoption Date or the date of early termination of the Share Scheme as mentioned below.
- 25.2. The Company by ordinary resolution in general meeting or the Board may in its absolute discretion terminate the operation of the Share Scheme at any time before the 10th anniversary of the Adoption Date.
- 25.3. After the expiry of the Term, no further Options or Awards may be granted but the provisions of the Share Scheme shall remain in full force and effect in all other respects in respect of Options and Awards granted prior to such expiry, which shall continue to be exercisable, and able to be vested, after the expiry of the Term in accordance with their terms of grants.

## **26. Administration**

- 26.1. The Board will have the responsibility for administering the Share Scheme.

The Company may appoint one or more Trustees to assist with the administration, granting and vesting of the Awards, and may, to the extent permitted by the relevant laws and regulations and the Listing Rules, (a) allot and issue new Shares to the Trustee and/or (b) direct and procure the Trustee to purchase existing Shares by way of on-market transaction, in either case to satisfy the Awards upon vesting.

- 26.2. The Company shall, to the extent permitted by the relevant laws and regulations, provide sufficient funds to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration and vesting of the Awards.

26.3. If a Trustee is appointed, the related trust deed shall provide that the Trustee holding unvested Shares under the Share Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.