

CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

正大企業國際有限公司

(incorporated in Bermuda with members' limited liability)

SHARE OPTION SCHEME

Adopted on [*] 2025



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Warning

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Scheme the following expressions have the following meanings:

“Adoption Date”	means [*] 2025, the date on which this Scheme is conditionally adopted by resolution of the shareholders of the Company at general meeting;
“Allotment Date”	means the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of an Option hereunder;
“Applicable Laws”	means any applicable laws and regulations of Hong Kong or other relevant jurisdictions (including but not limited to the Listing Rules);
“Associate”	shall have the meaning ascribed to it in the Listing Rules;
“Auditor”	means the auditor of the Company for the time being;
“Bankruptcy”	means, in respect of any Grantee, any of the following events: <ul style="list-style-type: none"> (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee (being a corporation); (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the C(WUMP)O), or otherwise become insolvent; (iii) there is unsatisfied judgment, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;

- (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-clauses (i), (ii) and (iii) above; or
- (v) a bankruptcy or winding up order has been made against the Grantee or any director or shareholder of the Grantee (being a corporation) in any jurisdiction;

“Board”	means the board of Directors of the Company or a duly authorised committee thereof;
“Business Day”	means any day on which the Stock Exchange is open for the business of dealing in securities;
“Bye-Laws”	means the memorandum of association and bye-laws of the Company (as amended from time to time);
“Chief Executive”	shall have the meaning ascribed to it in the Listing Rules;
“Close Associate”	shall have the meaning ascribed to it in the Listing Rules;
“Companies Act”	means the Companies Act 1981 of Bermuda as amended, supplemented or otherwise modified from time to time;
“Company”	means Chia Tai Enterprises International Limited (正太企業國際有限公司), an exempted company incorporated in Bermuda whose Shares are listed and traded on the Main Board of the Stock Exchange under stock code 3839;
“Connected Person”	shall have the meaning ascribed to it in the Listing Rules;
“Core Connected Person”	shall have the meaning ascribed to it in the Listing Rules;
“Culpable Termination”	means the termination of the employment of the Grantee on the grounds that he has been guilty of serious misconduct, including but not limited to (i) material negligence or derelict in his duties; (ii) any act in breach of relevant local laws or regulations or the Bye-Laws; (iii) conviction of criminal offence involving his integrity or honesty; (iv) during his employment, he has accepted or asked for bribes, committed graft and embezzlement, or has disclosed operational or technical secrets of the Group, or has engaged in connected transactions which damage the interests and reputation of the Group, or has acted otherwise that would have material adverse effects on the image of the Group and result in loss to the Group (as sufficiently proved by a Group member); or (v) any violation of the Group’s internal rules and regulations;
“C(WUMP)O”	means the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong

Kong) as amended, supplemented or otherwise modified from time to time;

“Director(s)”

means the director(s) of the Company;

“Disability” or “Disabled”

shall have the meaning as defined under the long-term disability policy (if any) of the relevant company to which the Grantee provides services regardless of whether the Grantee is covered by such policy. In the event the relevant company to which the Grantee provides services does not have a long-term disability policy in place, **“Disability”** or **“Disabled”** shall mean that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determined physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Board in its discretion;

“Eligible Participant”

means any Employee Participant;

“Employee Participant(s)”

means a director (including executive, non-executive and independent non-executive director) or an employee (whether full time or part time) of any member of the Group (including persons who are granted Options under this Scheme as an inducement to enter into employment contracts with such companies);

“Exercise Period”

means, in respect of any particular Option, the period within which a Grantee may exercise the Option pursuant to the terms and conditions of this Scheme (including the vesting period set out in clause 8) to be notified by the Board to each Grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the Grant Date;

R17.03(5)

“Exercise Price”

means the price per Share at which a Grantee may subscribe for Shares upon the exercise of an Option pursuant to the terms and conditions of this Scheme;

“Grant Date”

the date of the Offer Letter;

“Grantee”

means any Eligible Participant who accepts an Offer pursuant to the terms and conditions of this Scheme or (where the context permits) the Personal Representative of that Eligible Participant (being an individual);

“Group”

means the Company together with its Subsidiaries from time to time, and the expression *member of the Group* shall be construed accordingly;

“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means 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 of Hong Kong Limited as amended, supplemented or otherwise modified from time to time;
“Offer”	means an offer of the grant of an Option by the Company to an Eligible Participant pursuant to the terms and conditions of this Scheme;
“Offer Letter”	means a letter, in such form as the Board may from time to time determine, granting an Offer to an Eligible Participant pursuant to the terms and conditions of this Scheme;
“Option”	means a right to subscribe for Shares granted pursuant to the terms and conditions of this Scheme;
“Other Schemes”	means schemes adopted by the Company involving the issue or grant of options or awards or similar rights over new Shares by the Company, other than this Scheme;
“Personal Representative(s)”	means 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 any Option granted to such Grantee (to the extent not already exercised);
“Refreshed Scheme Mandate Limit”	shall have the meaning ascribed to it in clause 13.3;
“Scheme”	means this share option scheme in its present or any amended form as adopted by the Company on the Adoption Date or as otherwise altered in accordance with this share option scheme;
“Scheme Mandate Limit”	shall have the meaning ascribed to it in clause 13.1;
“Share(s)”	means ordinary share(s) of US\$0.1 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 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”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	shall have the meaning ascribed to it in the Listing Rules; and
“Substantial Shareholder”	shall have the meaning ascribed to it in the Listing Rules.

1.2 In this Scheme:

- (a) clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme;
- (b) references to clauses are to clauses of this Scheme;
- (c) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or unincorporate;
- (d) references to any ordinance or law shall include any statutory modification, amendment or re-enactment thereof; and
- (e) references to a grant or offer of any Option include references to a conditional grant or offer thereof.

2. PURPOSE OF THIS SCHEME

2.1 This Scheme is a share incentive scheme and is established to enable the Group to:

R17.03(1)

- (a) recognise and acknowledge the contributions that Eligible Participants have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Eligible Participants, and attract, retain and motivate the Eligible Participants to continue to contribute to the growth and development of the Group;
- (b) provide Eligible Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Eligible Participants; and
- (c) to align the interest of the Eligible Participants with those of the shareholders of the Company to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

3. CONDITIONS

3.1 This Scheme shall take effect upon the fulfilment of the following conditions:

- (a) the passing of the necessary resolution(s) by the shareholders of the Company at general meeting as required by the Bye-Laws for approving the adoption of this Scheme and authorising the Directors to grant Options to subscribe for the Shares under this Scheme and to allot, issue and deal with the Shares pursuant to the exercise of any Options to be granted under this Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company pursuant to the exercise of the Options in accordance with the terms and conditions of this Scheme.

3.2 References in clause 3.1 to the Stock Exchange granting the approvals, listing and permission referred to therein shall include where such approvals, listing and permission are granted subject to conditions.

4. DURATION AND ADMINISTRATION

4.1 Subject to clauses 3 and 18, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which no further Options may be offered or granted under this Scheme but the provisions of this Scheme shall remain in full force and effect to the extent

R17.03(11)

necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the terms and conditions of this Scheme.

- 4.2 This Scheme shall be subject to the administration of the Board, whose decision shall (save as otherwise provided herein) be final, conclusive and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall, subject to Applicable Laws, have the absolute discretion to:
- (a) interpret and construe the provisions of this Scheme;
 - (b) determine the persons to whom Options are offered or granted under this Scheme, the number of Shares subject to an Option and the Exercise Price of Options so offered or granted;
 - (c) determine the Exercise Period and other relevant terms and conditions for each Option;
 - (d) subject to clause 14, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary;
 - (e) subject to clause 17, adopt rules and regulations for carrying out this Scheme;
 - (f) prescribe the form or forms of instruments to be issued as evidence of any Options granted under this Scheme; and
 - (g) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

5. ELIGIBILITY CRITERIA

- 5.1 The Board shall have the absolute discretion to determine whether a person is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant.
- 5.2 In determining the basis of eligibility of each Eligible Participant, the Board shall take into account of factors including but not limited to the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group, the individual performance, time commitment, responsibilities or employment conditions with reference to the prevailing market practice and industry standard and the individual contribution or potential contribution to the development and future growth of the Group.
- 5.3 Subject to clause 11, a Grantee must continue to qualify as an Eligible Participant during the period when any Option granted to him remains outstanding, or otherwise the Company would (subject to Applicable Laws) be entitled to deem any outstanding Option or any part thereof, granted to such Grantee and to the extent not already exercised, as lapsed.
- 5.4 For the purpose of clauses 6 and 11:
- (a) an Eligible Participant which is a corporation (wherever incorporated or unincorporated) will be regarded as ceasing to be an Eligible Participant if there is any change of the management and/or shareholding of the Eligible Participant, unless otherwise determined to the contrary by the Board;
 - (b) an Eligible Participant which is a trust will be regarded as ceasing to be an Eligible Participant if there is any change of the beneficiary or beneficiaries of the Eligible Participant, unless otherwise determined to the contrary by the Board;

R17.03(2)
R17.03A

- (c) an Eligible Participant which is a discretionary trust will be regarded as ceasing to be an Eligible Participant if there is any change of the discretionary object(s) of the Eligible Participant, unless otherwise determined to the contrary by the Board;
- (d) an Eligible Participant shall not be regarded as ceasing to be an Eligible Participant by reason of the transfer of the relevant Employee's employment from a member of the Group to another member of the Group; and
- (e) an Eligible Participant shall not be regarded as ceasing to be an Eligible Participant by reason of his retirement as a director of the relevant company by rotation at general meeting if he is re-elected as a director at the same general meeting pursuant to the articles of association or bye-laws of that company.

6. OFFER AND ACCEPTANCE OF OPTIONS

- 6.1 Subject to the terms and conditions of this Scheme, the Board shall be entitled at any time on a Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer or Offers to any Eligible Participant(s) as the Board may in its absolute discretion select.
- 6.2 An Offer shall be made to an Eligible Participant by an Offer Letter, which shall specify the following:
- (a) the name and address of the Eligible Participant;
 - (b) the number of Options granted to the Eligible Participant and the number of Shares issuable upon the exercise of the Option;
 - (c) the procedure for acceptance of the Option and the last date by which the Offer must be accepted, which in principle, being a date not more than twenty-eight (28) days after the Grant Date ("**28-Day Period**");
 - (d) the Exercise Period, the Exercise Price and the manner of payment of the Exercise Price;
 - (e) without prejudice to the generality of clause 6.6, such other terms and conditions of the Offer as may be imposed by the Board at its discretion either on a case-by-case basis or generally as are not inconsistent with this Scheme; and
 - (f) a statement requiring the Eligible Participant to undertake to hold the Option on and subject to the terms on which it is to be granted and to be bound by the provisions of this Scheme.
- 6.3 An Offer cannot be accepted by an Eligible Participant who ceases to qualify as an Eligible Participant after the Offer has been made.
- 6.4 An Offer shall be deemed to have been accepted when the Company receives a duplicate Offer Letter duly signed from the Grantee together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof within the 28-Day Period or such other period as the Board determines. Such remittance shall in no circumstances be refundable. Once accepted, the Option shall be deemed to have been granted as from the Grant Date. No Offer shall be capable of or open for acceptance after the expiry of ten (10) years from the Adoption Date.
- 6.5 Unless otherwise stated in the terms of the Offer Letter, any Offer may be accepted for a number of Shares less than which is offered, provided that it is accepted in respect of a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate Offer Letter constituting acceptance of the Offer. To the extent that the Offer is not

accepted within the 28-Day Period or such other period as the Board determines, or in the manner set out in the Offer Letter and subject to clause 6.3, the Offer shall be deemed to have been irrevocably declined and lapsed automatically without notice.

6.6 Subject to the provisions of this Scheme and Applicable Laws, the Board or the remuneration committee of the Company may, on a case-by-case basis and at its discretion when making an Offer, impose any conditions, restrictions or limitations in relation thereto in addition to those expressly set forth in this Scheme as it may think fit (which shall be stated in the Offer Letter) including (without prejudice to the generality of the foregoing):

- (a) vesting period and conditions, restrictions or limitations relating to the achievement of targets. The performance targets (if any) may comprise a mixture of financial targets and management targets which shall be determined based on the (i) performance of the Group; (ii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Grantee; and/or (iii) individual performance. For example, performance targets may be set in terms of sales, revenue, margins, cash flow, cash collection, return on investment, commencement and completion of projects, customer satisfaction metrics or such other parameters or matters relevant to the roles and responsibilities of the relevant Grantee. For the avoidance of doubt, (i) the Option shall not be subject to any performance targets, criteria or conditions if none are set out in the related Offer Letter, and (ii) the performance targets (if any) are not applicable to independent non-executive Directors; R17.03(7)
- (b) clawback mechanism for the Company to recover or withhold any remuneration (which may include Options granted) to any Eligible Participants in the event of serious misconduct or other circumstances; and
- (c) if applicable, the satisfactory performance of certain obligations by the Grantee as the Board may determine from time to time.

6.7 Without prejudice to the generality of the foregoing and subject to Applicable Laws and clause 8, the Board may grant Options in respect of which the Exercise Price is fixed at different prices for different periods during the Exercise Period.

6.8 The Board shall not make any Offer after inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time) has come to its knowledge until (and including) the Business Day after such inside information has been announced by the Company pursuant to the relevant requirements of Applicable Laws. In particular, no Options shall be granted during the period commencing 30 days immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual, half-year, quarterly or other interim period results (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of its annual or half-year, or quarterly or other interim period results (whether or not required under the Listing Rules),

and ending on the date of actual publication of the results announcement. In addition, where an Option is granted to a Director:

- (a) no Option shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

R17.05

- (b) no Option shall be granted during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly (if any) or half-year period up to the publication date of the results.

7. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR RESPECTIVE ASSOCIATES

7.1 Without prejudice to clause 6:

- (a) any grant of Options to a 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 proposed Grantee of such Options); R17.04
- (b) where any grant of Options to a Substantial Shareholder of the Company or an independent non-executive Director or any of their respective Associates would result in the new Shares issued and to be issued in respect of all Options and all options and awards under any Other Schemes granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any treasury shares) or such percentage as prescribed by the Listing Rules from time to time, such further grant of Options must be approved by the shareholders of the Company. The number and terms of the Options to be granted must be fixed before obtaining the shareholders' approval. The Company must send a circular to its shareholders containing such information as required under Applicable Laws (including Rule 17.04 of the Listing Rules). The relevant Grantee, his Associates and all Core Connected Persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll in accordance with the Listing Rules.

8. VESTING PERIOD

8.1 An Option must be held for at least 12 months from the Grant Date before such Option can be exercised, except that the Board or the remuneration committee of the Company (as applicable) may grant a shorter vesting period to an Employee Participant in the following circumstances:

R17.03(6)
R17.03F

- (a) grants of "make-whole" share options to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or Disability or event of force majeure;
- (c) grants with performance-based vesting conditions provided in this Scheme or as specified in the offer letter in lieu of time-based vesting criteria;
- (d) grants of Options that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the Employee Participants and the Group are subject to and not connected with the performance of the relevant Employee Participant, which include Options that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting period may be shortened to reflect the time from which the Options would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward Employee Participants in case of delays due to administrative or compliance requirements;

- (e) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months; or
- (f) grants with a total vesting and holding period of more than 12 months.

9. **CLAWBACK**

9.1 Upon the occurrence of any of the following events (and whether an event is to be regarded as having occurred for the purpose of this paragraph is subject to the sole determination of the Board) in relation to a Grantee, no further Options shall be granted to such Grantee and the Options granted to such Grantee shall be clawed back and such Options shall lapse accordingly on the date as determined by the Board:

R17.03(19)

- (a) the Grantee is involved in serious misconduct or malfeasance or otherwise caused negative impact on the business operation, financial condition or reputation of the Group;
- (b) the Grantee has contravened the relevant laws and regulations of any Applicable Laws or the provisions of the articles of association or bye-laws of any member of the Group;
- (c) the Grantee has, during his tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, or conducted other unlawful acts and misconducts, in each case, which prejudiced the interest and reputation of and caused significant negative impact to the image of any member of the Group;
- (d) the Grantee has failed to discharge, or failed to discharge properly, his duties or fail to comply with the Company's internal policies, adhere to the terms of his employment agreement, or demonstrate a satisfactory level of performance and thereby resulting in serious loss in assets and other serious and adverse consequences to any member of the Group;
- (e) the Grantee has been sanctioned by the Stock Exchange, or was subject to any disciplinary actions imposed by the Securities and Futures Commission of Hong Kong or has been convicted of any criminal offence; or
- (f) the Grantee has failed to comply with any non-compete covenants or restrictive covenants or any terms and conditions of a similar effect applicable to the Grantee (if any) pursuant to any internal guideline(s) adopted by the Company (as amended, supplemented or modified from time to time) or the terms of his employment agreement.

9.2 Where an Option granted to any Grantees has vested but not yet exercised at the time when such Option is clawed back pursuant to clause 9.1, the relevant Option shall automatically lapse on the date as determined by the Board and shall no longer be exercisable.

9.3 Where an Option granted to any Grantee has vested and already exercised at the time when such Option is clawed back pursuant to clause 9.1, the Grantee shall return to the Company, as determined by the Board at its sole and absolute discretion, either (i) the exact number of the relevant vested and clawed back underlying Shares in respect of such Option, or (ii) the monetary amount equivalent to the Value of the relevant underlying Share(s) of the Option (I) on the Grant Date, or (II) on the date of vesting of the relevant Option or (III) on the date of such clawback.

9.4 For the purpose of clause 9.3, "Value" of one relevant underlying Share of the Option is the average closing price of one ordinary share of the Company as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the relevant date of determination (being the Grant Date, the date of vesting or the date of clawback, as applicable).

10. **EXERCISE PRICE**

10.1 Subject to any adjustment made pursuant to clauses 10.2 and 14, the Exercise Price in respect of any particular Option shall be a price determined by the Board and stated in the Offer Letter, and shall not be less than the higher of:

R17.03(9)
R17.03E

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five (5) Business Days immediately preceding the Grant Date; and
- (c) the nominal value of a Share prevailing on the Grant Date.

10.2 In the event the Shares cease to be listed on the Stock Exchange, the Exercise Price in respect of any particular Option shall be determined by the Board in good faith and in a manner consistent with all Applicable Laws taking into account (i) the price at which securities of reasonably comparable corporations (if any) in the same industry are being traded, or (ii) if there are no securities of reasonably comparable corporations in the same industry being traded, the earnings history, book value and prospects of the Company in light of market conditions generally.

11. **EXERCISE OF OPTIONS**

11.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, except for the transmission of an Option on the death of the Grantee or the Grantee becoming Disabled according to the terms of this Scheme and Applicable Laws or where a waiver has been granted by the Stock Exchange. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Eligible Participant.

R17.03(17)

11.2 Subject to the relevant Exercise Period and the other terms and conditions of the Offer and any other reasonable actions required by the Board, an Option shall be exercised in whole or in part by the Grantee (or in the case of clause 11.3(c), by the Personal Representative) 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 exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price and any applicable taxes for the Shares in respect of which the notice is given. Any notice given without such relevant remittance in full shall be invalid. Within twenty-eight (28) Business Days (excluding any period(s) of closure of the Company's share registers) after receipt of the notice together with remittance of the relevant Exercise Price in full and, where appropriate, receipt of the certificate given by the Auditor or an independent financial adviser pursuant to clause 14.3, the Company shall allot and issue the relevant number of Shares credited as fully paid and issue to the Grantee (or the Personal Representative, as the case may be) a share certificate in respect of the Shares so allotted and issued.

11.3 Subject to Applicable Laws and as provided herein, an Option may be exercised by the Grantee at any time during the applicable Exercise Period, provided that, unless otherwise determined to the contrary by the Board:

- (a) in the event of the Grantee ceasing to be an Eligible Participant due to retirement as determined by the Board, then:
 - (i) he may exercise the Option (to the extent exercisable and not already exercised) either in full or in part until the earlier of the expiry of (x) the Exercise Period; and (y) six (6) months following his retirement, or such longer period as the Board may determine; and

- (ii) the Options that have not become exercisable will lapse automatically on the date of retirement of the Grantee as determined by the Board;
- (b) in the event that the Grantee ceases to be an Eligible Participant due to the reasons of a Group member (including but not limited to layoff or change of business), and the Grantee is not dismissed due to Culpable Termination, then:
 - (i) he may exercise the Option (to the extent exercisable and not already exercised) either in full or in part until the earlier of the expiry of (x) the Exercise Period; and (y) six (6) months following his cessation of employment, or such longer period as the Board may determine; and
 - (ii) the Options that have not become exercisable will lapse automatically on the date of cessation of employment of the Grantee as determined by the Board;
- (c) in the event of death of the Grantee (being an individual) or the Grantee (being an individual) ceasing to be an Eligible Participant by reason of Disability, then:
 - (i) his Personal Representative(s) may exercise the Option (to the extent exercisable and not already exercised) either in full or in part until the earlier of the expiry of (x) the Exercise Period; and (y) twelve (12) months following the date on which, as the case may be, (A) the Personal Representative(s) is granted an authorisation letter (which is issued by the relevant Group member confirming death of the Grantee) or (B) the Grantee becomes Disabled, or such longer period as the Board may determine; and
 - (ii) the Options that have not become exercisable will lapse automatically on the date on which, as the case may be, (A) the Personal Representative(s) is granted the authorisation letter or (B) the Grantee becomes Disabled;
- (d) in the event of the Grantee ceasing to be an Eligible Participant for any reasons other than his death or Disability, Bankruptcy or Culpable Termination of the Eligible Participant or in the circumstances as described in clauses 11.3(a) to 11.3(c) above, and unless otherwise determined by the Board, then the limitations to the Exercise Period and exercise rights of the Option in clauses 11.3(b)(i) and 11.3(b)(ii) above apply;
- (e) in the event that a compromise or arrangement between the Company and its members and/or creditors, pursuant to the Companies Act, is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof (together with a notice of the existence of the provisions of this paragraph) to all the Grantees (or his Personal Representative(s)) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or his Personal Representative(s)) shall be entitled to exercise his Options (to the extent vested but not already exercised) in full or in part (but shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective) at any time prior to 12 noon (Hong Kong time) two Business Days immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under this Scheme. The Company may require the Grantee (or his Personal Representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement;

- (f) if a general offer (whether by way of take-over offer or share buy-back offer or otherwise in like manner (other than by way of scheme of arrangement pursuant to clause 11.3(g)) is made to all the holders of Shares and the Grantees (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), and the same having been approved in accordance with Applicable Laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his Personal Representative(s)) shall be entitled to exercise his Option (to the extent vested but not already exercised) in full at any time within fourteen (14) days after the date on which such general offer becomes or is declared unconditional; and
- (g) if an offer is made to all the holders of Shares by way of a scheme of arrangement and such scheme of arrangement has been approved by the necessary number of holders of Shares and the Grantees (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror) at the requisite meetings prior to the expiry date of the relevant Option, notwithstanding any other terms on which the Option was granted, the Grantee may by notice in writing after the meetings and up to the record date for determining entitlements under such scheme of arrangement exercise his Options (to the extent vested but not already exercised), and to the extent that any Option has not been so exercised, the right to exercise the Option shall terminate immediately on the record date for determining entitlements under such scheme of arrangement.

11.4 The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Bye-Laws and Applicable Laws in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holder to the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to other fully-paid Shares in issue on or after the Allotment Date. Options do not carry any right to vote at general meetings, or any dividend, transfer or other rights (including those arising on the winding-up of the Company). The Shares to be issued upon exercise of the Options granted under this Scheme are not required to be separately designated.

R17.03(10)
R17.03(15)

11.5 Without prejudice to the generality of the foregoing, the Grantee may only exercise an Option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensuring or facilitating compliance with any Applicable Laws, in particular those relating to insider dealing and other prohibitions under the Listing Rules.

12. **LAPSE OF OPTION**

An Option (to the extent not already exercised) shall lapse and not be exercisable on the earliest of:

R17.03(12)

- (a) the expiry of the Exercise Period;
- (b) the breach of the terms under clause 11.1;
- (c) the expiry of any of the periods referred to in clauses 11.3(a) to 11.3(g);
- (d) the date of commencement of the winding-up of the Company;
- (e) the date on which the relevant Eligible Participant ceases to be eligible by reason of Culpable Termination;
- (f) the occurrence of Bankruptcy of the Grantee, unless otherwise determined to the contrary by the Board; and

- (g) the date on which the Grantee commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise determined to the contrary by the Board.

13. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 13.1 Subject to clauses 13.2, 13.3 and 13.4, the maximum number of new Shares which may be allotted and issued upon exercise of all Options to be granted under this Scheme and all options and awards to be granted under any Other Schemes shall not, in aggregate, exceed 10% of the Shares in issue (excluding any treasury shares) as at the Adoption Date (the “**Scheme Mandate Limit**”) or the date of approval of the Refreshed Scheme Mandate Limit, whichever is the latest. Options or awards lapsed in accordance with the terms of this Scheme or the Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit. R17.03(3)
R17.03B(1)
- 13.2 The Company may seek approval by the shareholders of the Company in general meeting for “refreshing” the Scheme Mandate Limit after three (3) years from the date of shareholders’ approval for the last refreshment (or the Adoption Date). Any “refreshment” within any three (3) year period must be approved by the shareholders of the Company subject to the following provisions: R17.03C(1)
- (a) any controlling shareholders and their Associates (or if there is no controlling shareholder of the Company, 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 sub-clauses (a) and (b) of this clause 13.2 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 Limit (as a percentage of total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.

- 13.3 Subject to clause 13.4, the total number of new Shares which may be issued in respect of all Options to be granted under this Scheme and all options and awards to be granted under any Other Schemes under the Scheme Mandate Limit as “refreshed” must not, in aggregate, exceed 10% of the total number of Shares in issue (excluding any treasury shares) as at the date of approval of the refreshed Scheme Mandate Limit (the “**Refreshed Scheme Mandate Limit**”). Upon such renewal, all Options granted under this Scheme and all options and awards granted under any Other Schemes (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of this Scheme or Other Schemes) prior to the approval of such renewal shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit. A circular must be sent to the shareholders of the Company containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought. R17.03C(2)
- 13.4 The Company may seek separate approval by the shareholders of the Company at general meeting to grant Options beyond the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought and the Company must issue a circular to the shareholders of the Company containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants. The number and terms of the Options to be granted to such Eligible Participants must be fixed before obtaining the shareholders’ approval. In R17.03C(3)

respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the Grant Date for the purpose of calculating the Exercise Price.

- 13.5 No Option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of new Shares issued and to be issued upon exercise of the Options already granted or to be granted under this Scheme and all options and awards granted under any Other Schemes to such Eligible Participant (excluding any options or awards lapsed in accordance with the terms of this Scheme or any Other Schemes) in the 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue (excluding any treasury shares) as at the date of such grant. Any grant of further Options above this limit shall be subject to the following requirements:

R17.03(4)
R17.03D

- (a) approval of the shareholders of the Company at general meeting, with such Eligible Participant and his Close Associates (or his Associates if such Eligible Participant is a Connected Person of the Company) abstaining from voting;
- (b) a circular in relation to the proposal for such further grant having been sent by the Company to its shareholders with such information from time to time as required by the Listing Rules;
- (c) the number and terms (including the Exercise Price) of the Options to be granted to such proposed Grantee shall be fixed before the shareholders' approval mentioned in (a) above; and
- (d) for the purpose of calculating the minimum Exercise Price for the Shares in respect of the further Options proposed to be so granted as described under clause 10, the date of board meeting for proposing such grant of further Options shall be taken as the Grant Date.

14. REORGANISATION OF CAPITAL STRUCTURE

- 14.1 In the event of any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of a capitalisation issue, rights issue, bonus issue, subdivision or consolidation of Shares, or a reduction of share capital of the Company, the Board shall determine and direct that such corresponding adjustments be made in:

R17.03(13)

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Exercise Price relating to the Options so far as unexercised.

For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

The adjustments to be made in respect of each adjustment event in principle are set out as follows:

I. Capitalisation issue, rights issue and bonus issue

- (a) the number of Shares subject to the Options so far as unexercised

$$Q = Q_0 \times F$$

Where

Q = number of Shares subject to the Options so far as unexercised after adjustment

Q₀ = number of Shares subject to the Options so far as unexercised before adjustment

F = CUM / TEEP

CUM = closing price of the Share as shown in the Stock Exchange's daily quotations sheet on the last day of trading before going ex-entitlement

$$\text{TEEP (Theoretical Ex Entitlement Price)} = [\text{CUM} + (\text{M} \times \text{R})] / (1 + \text{M})$$

M = entitlement per existing Share

R = subscription price

(b) the Exercise Price relating to the Options so far as unexercised

$$P = P_0 \times \frac{1}{F}$$

Where

P = Exercise Price after adjustment

P₀ = Exercise Price before adjustment

For F, please see the definition in I(a) above

II. Consolidation or subdivision of Shares

(a) the number of Shares subject to the Options so far as unexercised

$$Q = Q_0 \times F$$

Where

Q = number of Shares subject to the Options so far as unexercised after adjustment

Q₀ = number of Shares subject to the Options so far as unexercised before adjustment

F = consolidation or subdivision factor

(b) the Exercise Price relating to the Options so far as unexercised

$$P = P_0 \times \frac{1}{F}$$

Where

P = Exercise Price after adjustment

P₀ = Exercise Price before adjustment

F = consolidation or subdivision factor

14.2 Any adjustments required under clause 14.1 must be made in accordance with the following requirements:

- (a) the adjustments must give a Grantee the same proportion of the equity capital, rounded to the nearest whole number, as that to which that Grantee was previously entitled, but no such adjustments may be made to the extent that Shares would be issued at less than their nominal value; and
- (b) the adjustments must be made in accordance with Applicable Laws and any other requirements or guidance by the Stock Exchange, if applicable.

- 14.3 In respect of any adjustments required under clause 14.1 (other than any made on a capitalisation issue), the Auditor or an independent financial adviser appointed by the Company must certify to the Directors in writing that the adjustments satisfy the requirements set out in clause 14.2.
- 14.4 In giving any certificate under clause 14.3, the Auditor or the independent financial adviser appointed by the Company shall be deemed to be acting as expert and not as arbitrator 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.
- 14.5 The costs of the Auditor or the independent financial adviser appointed by the Company for the purpose of and in connection with this Scheme shall be borne by the Company.

15. SHARE CAPITAL

The exercise of any Option shall be subject to the approval by the shareholders of the Company at general meeting of any necessary increase in the share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

16. DISPUTES

Without prejudice to clause 14.4, any dispute arising in connection with this Scheme shall be referred to the decision of the Board. The decision of the Board on the interpretation of these rules shall be final and binding on all persons affected thereby (in the absence of manifest error).

17. ALTERATION OF THIS SCHEME

- 17.1 This Scheme may be altered in any respect by resolution of the Board save for the following alterations which may be effected only with the prior approval of the shareholders of the Company at general meeting:

R17.03(18)

- (a) any alterations of the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or prospective Grantees;
- (b) any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the shareholders of the Company (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the shareholders of the Company (as the case may be) except where such alterations take effect automatically under the existing terms of this Scheme; and
- (c) any change to the authority of the Board in relation to any alterations to the terms of this Scheme,

provided always that the amended terms of this Scheme must continue to comply with the relevant provisions of the Listing Rules (including Chapter 17 of the Listing Rules) and any other Applicable Laws.

18. TERMINATION

R17.03(16)

The Company by resolution at general meeting or the Board may at any time terminate the operation of this Scheme and in such event, no further Options may be offered or granted under this Scheme but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give

effect to the exercise of any Options granted prior to the termination or otherwise as may be required in accordance with the terms and conditions of this Scheme.

19. CANCELLATION

R17.03(14)

- 19.1 Without prejudice to other provisions in this Scheme, any Option granted may be cancelled in whole or in part and at any time if agreed between the Company and the relevant Grantee.
- 19.2 Where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made under a scheme with available unissued options (excluding for this purpose all cancelled Options) within the limits referred to in clause 13. In other words, Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

20. MISCELLANEOUS

- 20.1 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against any member of the Group directly or indirectly or give rise to any cause of action at law or in equity against any member of the Group.
- 20.2 This Scheme shall not form part of any contract of employment between any member of the Group and any Grantee, and the grant of an Option under this Scheme shall not confer on the Grantee any additional employment rights or limit in any way the right of the relevant member of the Group to terminate the Grantee's employment or confer any additional rights to compensation or damages in consequence of the termination of employment for any reason.
- 20.3 By accepting an Option, a Grantee shall be deemed to have irrevocably waived any entitlement, by way of compensation for loss of office or otherwise, to any sum or any other benefit to be compensated for loss of any rights under this Scheme.
- 20.4 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant, acceptance and/or exercise of his Option. By accepting an offer of the grant of an Option or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents and shall indemnify the Company in full against any loss, claim, penalty, demand, liability, costs and expenses made against or incurred by the Company in respect of a breach by the Grantee of such representation or failure to obtain such consents. The Company shall not be responsible for any failure by a Grantee to obtain any such consents or for any tax or other liability to which a Grantee may become subject arising from or in connection with the grant, acceptance and/or exercise of any Option.
- 20.5 The Board shall procure that details of this Scheme are disclosed in the Company's annual and interim reports in compliance with the Listing Rules in force from time to time.
- 20.6 The Company shall bear the costs of establishing and administering this Scheme.
- 20.7 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to its shareholders.
- 20.8 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 or by email, in the case of the Company, its principal place of business in Hong Kong from time to time or such email address as notified by the Company from time to time (as applicable) and, in the case of the Grantee, his address and email address as notified to the Company from time to time.
- 20.9 Any notice or other communication:

- (a) served by prepaid post or personal delivery:
 - (i) by the Company shall be deemed to have been served 24 hours after the same was posted or delivered; and
 - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
 - (b) served by email by the Company or the Grantee shall be deemed to have been served at the time of sending, provided that receipt shall not occur if the sender receives an automated message that e-mail has not been delivered to the recipient.
- 20.10 By participating in this Scheme, each Grantee consents to the holding and processing of personal data provided by the Grantee to any member of the Group, trustee, third party service provider or other parties for all purposes relating to the operation of this Scheme. These include, but are not limited to:
- (a) administering and maintaining records of the Grantees;
 - (b) providing information to members of the Group, trustees of any employee benefit trust, registrars, brokers or third party administrators of this Scheme;
 - (c) providing information to future purchasers of the Company or the business in which the Grantee works; and
 - (d) transferring information about the Grantees to any country or territory even though it may not provide the same statutory protection for the information as the Grantees' home country.
- 20.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

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