

**YOHO GROUP HOLDINGS LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

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**Rules of the**  
**SHARE OPTION SCHEME**  
**Adopted on 20 May 2022**

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## TABLE OF CONTENTS

<u>Clause</u>	<u>Page</u>
1. DEFINITIONS AND INTERPRETATIONS.....	1
2. PURPOSE OF THIS SCHEME.....	6
3. CONDITIONS.....	6
4. DURATION AND ADMINISTRATION.....	7
5. ELIGIBILITY CRITERIA .....	8
6. GRANT OF OPTIONS.....	8
7. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES .....	10
8. EXERCISE PRICE .....	11
9. EXERCISE OF OPTIONS .....	12
10. LAPSE OF OPTION.....	14
11. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION .....	15
12. REORGANISATION OF CAPITAL STRUCTURE .....	16
13. SHARE CAPITAL .....	17
14. DISPUTES .....	17
15. ALTERATION OF THIS SCHEME.....	17
16. TERMINATION .....	18
17. CANCELLATION.....	18
18. MISCELLANEOUS.....	18

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**Rules of the  
SHARE OPTION SCHEME**

**1. DEFINITIONS AND INTERPRETATIONS**

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

- “Articles of Association”** means the articles of association of the Company for the time being;
- “Adoption Date”** means 20 May 2022, the date on which this Scheme is conditionally adopted by resolution of the shareholders of the Company at general meeting;
- “Affiliates”** means (i) the Substantial Shareholder(s) of each member of the Group; and (ii) the subsidiaries of each of the Substantial Shareholder(s) referred to in (i) above;
- “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;
- “Auditors”** means the auditors of the Company for the time being;
- “Bankruptcy”** means, in respect of any Grantee, any of the following events,:
- (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 CWUMPO) 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;
- (v) a bankruptcy order has been made against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction; or
- (vi) a petition for bankruptcy has been presented against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction;

<b>“Board”</b>	means the board of Directors of the Company or a duly authorised committee thereof;
<b>“Business Day”</b>	shall have the meaning as may be ascribed to it in the Listing Rules;
<b>“Category A Eligible Participant”</b>	means any Employee and any of his/her Close Associates;
<b>“Category B Eligible Participant”</b>	means (i) any director or proposed director of any member of the Group or any company which is an Affiliate; and (ii) a Close Associate of any of the persons referred to in (i);
<b>“Category C Eligible Participant”</b>	means (i) any consultant, professional, customer, supplier, agent, franchisee, partner, adviser or contractor of any member of the Group or any of the Affiliates; and (ii) a Close Associate of any of the persons referred to in (i);
<b>“Chief Executive”</b>	shall have the meaning ascribed to it in the Listing Rules;
<b>“Close Associate”</b>	shall have the meaning ascribed to it in the Listing Rules;
<b>“Commencement Date”</b>	means, in respect of any particular Option, the Business Day on which that Option is deemed to have been granted in accordance with clause 6.4;
<b>“Companies Act”</b>	means the Companies Act (2021 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time;

<b>“Companies Ordinance”</b>	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
<b>“Company”</b>	means Yoho Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability;
<b>“Connected Person”</b>	shall have the meaning ascribed to it in the Listing Rules;
<b>“Consolidated Entities”</b>	<b>Affiliated</b> means the entities that are under the control of the Company through contractual arrangements;
<b>“Core Connected Person”</b>	shall have the meaning ascribed to it in the Listing Rules;
<b>“Culpable Termination”</b>	means the termination of the employment of an Employee on the grounds that he has been guilty of serious misconduct, or there exist grounds allowing summary dismissal under the relevant employment contract or under common law, or he has been convicted of any criminal offence involving his integrity or honesty;
<b>“CWUMPO”</b>	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;
<b>“Director(s)”</b>	means the director(s) of the Company;
<b>“Disability”</b>	in respect of a Grantee who is a Category A Eligible Participant or a Category B Eligible Participant, 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, <b>“Disability”</b> 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 determinable 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;	
<b>“Effective Date”</b>	means the date on which the conditions referred to in clause 3.1 are fulfilled;	
<b>“Eligible Participant”</b>	means a Category A Eligible Participant, Category B Eligible Participant, or Category C Eligible Participant;	R17.03(2)
<b>“Employee”</b>	means any employee or officer employed by any member of the Group or an Affiliate (whether full time or part time);	
<b>“Exercise Period”</b>	means, in respect of any particular Option, the period within which a Grantee may exercise of the Option pursuant to the terms and conditions of this Scheme 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 Commencement Date;	R17.03(5)
<b>“Exercise Price”</b>	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;	
<b>“Grantee”</b>	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);	
<b>“Group”</b>	means the Company, its Subsidiaries and the Consolidated Affiliated Entities;	
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China;	
<b>“HK\$”</b>	means Hong Kong dollars, the lawful currency of Hong Kong;	
<b>“Listing Date”</b>	means the date on which dealings in the Shares on the Stock Exchange commence;	
<b>“Listing Rules”</b>	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;	
<b>“Offer”</b>	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;	

<b>“Offer Letter”</b>	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;
<b>“Option”</b>	means a right to subscribe for Shares granted pursuant to the terms and conditions of this Scheme;
<b>“Other Schemes”</b>	means schemes adopted by the Company involving the issue or grant of options or similar rights over Shares or other securities by the Company, other than this Scheme;
<b>“Personal Representative(s)”</b>	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);
<b>“Refreshed Limit”</b>	shall have the meaning ascribed to it in clause 11.2;
<b>“Scheme”</b>	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 Scheme;
<b>“Scheme Mandate Limit”</b>	shall have the meaning ascribed to it in clause 11.1;
<b>“Share(s)”</b>	means ordinary share(s) of US\$0.0001 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;
<b>“Stock Exchange”</b>	means The Stock Exchange of Hong Kong Limited;
<b>“Subsidiary(ies)”</b>	shall have the meaning ascribed to it in the Listing Rules;
<b>“Substantial Shareholder”</b>	shall have the meaning ascribed to it in the Listing Rules; and
<b>“Takeover or Merger Offer”</b>	a takeover or merger offer however effected,

including a scheme of arrangement which has similar commercial effect to a takeover or merger, partial offer, and an offer by a parent company for shares in its subsidiary and share buy-backs by the Company by general offer (other than any relocation schemes as contemplated in Rule 7.14(3) of 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 (or may have) made or may make to the Group (whether directly or indirectly);
- (b) attract and retain and appropriately remunerate the best possible quality of Employees and other Eligible Participants;
- (c) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group;
- (d) enhance its business, employee and other relations; and/or
- (e) retain maximum flexibility as to the range and nature of rewards and incentives which the Group can offer to Eligible Participants.

**3. CONDITIONS**

**3.1** This Scheme shall take effect upon the fulfillment of the following conditions: R17.02(1)(a)

- (a) the passing of the necessary resolution by the shareholders of the Company at general meeting as required by the Articles of Association for approving the adoption of this Scheme;



- (b) the Stock Exchange granting 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; and
  - (c) the commencement of dealings in the Shares on the Stock Exchange.
- 3.2** If any of the above conditions is not satisfied on or before 30 June 2022 (or such later date as the Board may determine), this Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 3.3** 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 16, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Effective 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 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. R17.03(11)
- 4.2** This Scheme shall be subject to the administration of the Board, whose decision shall (save as otherwise provided herein) be final 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 15, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary;
  - (e) subject to clause 15, 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 order for a person to satisfy the Board that he is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his eligibility (or continuing eligibility).
- 5.3** Subject to clause 9, a Grantee must continue to qualify as an Eligible Participant (whether as a Category A Eligible Participant, Category B Eligible Participant or Category C Eligible Participant) during the period when any Option granted to him remains outstanding, or otherwise the Company would (subject to the 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 9:
- (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;
  - (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) a Category A Eligible Participant shall not be regarded as ceasing to be a Category A Eligible Participant by reason of the transfer of the relevant Employee's employment from a member of the Group or an Affiliate to another member of the Group or another Affiliate; and
  - (e) a Category B Eligible Participant shall not be regarded as ceasing to be a Category B 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. GRANT 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

Effective 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 Shares to which the Option to be granted to the Eligible Participant relates;
- (c) the procedure for acceptance of the Option and the last date by which the Offer must be accepted, which shall be not earlier than three (3) Business Days from the date of the Offer, except that for any Offer which is made within the last three (3) Business Days before the expiry of the life of this Scheme, the Offer shall remain open for acceptance on a Business Day by the Eligible Participant concerned for a period of not longer than the remaining life of this Scheme; R17.03(8)
- (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 be qualified 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. Such remittance shall in no circumstances be refundable. Once accepted, the Option shall be deemed to have been granted as from the date on which it was offered to the relevant Eligible Participant. No Offer shall be capable of or open for acceptance after the expiry of ten (10) years from the Effective Date. R17.03(8)

**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. To the extent that the Offer is not accepted 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 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) the continuing eligibility of the Grantee under this Scheme, and in particular, where the Board determines that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent not already exercised) shall lapse, subject to the requirements of clause 9;
- (b) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent exercisable and not already exercised) shall lapse unless otherwise determined to the contrary by the Board, subject to the requirements of clause 9;
- (c) vesting period and conditions, restrictions or limitations relating to the achievement of operating or financial targets; and
- (d) if applicable, the satisfactory performance of certain obligations by the Grantee as the Board may determine from time to time.

R17.03(6)  
R17.03(7)

**6.7** Without prejudice to the generality of the foregoing and subject to the 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:

R17.05

- (a) 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 such inside information has been announced by the Company pursuant to the relevant requirements of the Applicable Laws; or
- (b) during the period commencing one month immediately before the earlier of:
  - (i) the date of the Board meeting (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 result 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, or during any period of delay in publication of a results announcement.

## **7. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES**

**7.1** Without prejudice to clause 6:

R17.04

- (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);

(b) where any grant of Options to a Substantial Shareholder of the Company or an independent non-executive Director or their respective Associates would result in the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such grant:

R17.04

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by the shareholders of the Company. The Company must send a circular to its shareholders containing such information as required under the Applicable Laws. 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. EXERCISE PRICE**

**8.1** Subject to any adjustment made pursuant to clause 12, 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)

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Offer, 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 date of the Offer (where the Company has been listed for less than five (5) Business Days, the new issue price shall be used as the closing price for any Business Day falling within the period before the Listing Date); and

(c) the nominal value of a Share prevailing on the date of the Offer.

**8.2** 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.

## **9. EXERCISE OF OPTIONS**

- 9.1** 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. R17.03(17)
- 9.2** Subject to the relevant Exercise Period and the other terms and conditions of the Offer, an Option shall be exercised in whole or in part by the Grantee 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 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-one (21) 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 12, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted and issued. R17.03(5)
- 9.3** Subject to the 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: R17.03(12)
- (a) in the event of death of the Grantee (being an individual) before exercising the Option in full, 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 the Exercise Period and the expiry of 12 months following his death or such longer period as the Board may determine;
  - (b) in the event of the Grantee (being a Category A Eligible Participant and/or a Category B Eligible Participant) ceasing to be an Eligible Participant by reason of Disability of the relevant Employee or director (or proposed director), the Grantee 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 the Exercise Period and the expiry of six months following such cessation or such longer period as the Board may determine;
  - (c) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than his death or Disability, Bankruptcy or Culpable Termination of the relevant Employee or director (or proposed director), the Grantee 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 the Exercise Period and the expiry of thirty (30) days following such cessation or such longer period as the Board may determine;
  - (d) in the event of a Takeover or Merger Offer other than by way of a scheme of arrangement) being made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such Takeover or Merger Offer becomes or is declared unconditional, the Grantees may exercise the Options (to the extent exercisable and not already exercised) either in full or in part at any time up to the close of such offer (or any revised offer) unless the Board shall

determine to the contrary;

- (e) in the event of a Takeover or Merger Offer by way of a scheme of arrangement (other than for the purpose of reconstruction or amalgamation of the Company) being made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the scheme of arrangement is approved by the requisite resolutions of shareholders of the Company at general meeting, the Grantees may exercise the Options (to the extent exercisable and not already exercised) either in full or in part by giving notice in writing to the Company accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given not later than three (3) Business Days (excluding any period(s) of closure of the Company's share register(s)) immediately preceding the date of the proposed meeting, and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share register(s)) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the Grantees which falls to be issued on such exercise. With effect from the date of the proposed meeting, the rights of all Grantees to exercise the Options shall forthwith suspended. Upon the scheme of arrangement becoming effective, all Options shall lapse. If the scheme of arrangement is not approved by the relevant court, the rights of the Grantees to exercise the Options shall with effect from the date of the court's decision be restored in full. No claim shall lie against the Company or the Board for any loss or damage sustained by any Grantee as a result of the aforesaid suspension;
- (f) in the event of a notice being given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to all Grantees on the same date as it gives notice of the meeting to its shareholders, and thereupon the Grantees may exercise the Options (to the extent exercisable and not already exercised) either in full or in part by giving notice in writing to the Company accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given not later than three (3) Business Days (excluding any period(s) of closure of the Company's share register(s)) immediately preceding the date of the proposed meeting, and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share register(s)) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the Grantees which falls to be issued upon such exercise; and
- (g) in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall forthwith give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Grantees may exercise the Options (to the extent exercisable and not already exercised) either in full or in part by giving notice in writing to the Company accompanied by a remittance for the full

amount of the Exercise Price for the Shares in respect of which the notice is given not later than three (3) Business Days (excluding any period(s) of closure of the Company's share register(s)) immediately preceding the date of the proposed meeting, and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share register(s)) immediately preceding the date of the proposed meeting, allot and issue such number of Shares to the Grantees which falls to be issued on such exercise.

- 9.4** The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Articles of Association and the 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 participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date. R17.03(10)  
R17.03(15)
- 9.5** 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.

**10. 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 expiry of any of the periods referred to in clauses 9.3(a) to (e);
- (c) subject to clause 9.3(f), the date of the commencement of the winding-up of the Company;
- (d) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in clause 9.3(g);
- (e) in the case of the Grantee being a Category A Eligible Participant, the date on which the relevant Employee ceases to be an Employee by reason of Culpable Termination;
- (f) the occurrence of Bankruptcy of the Grantee, unless otherwise determined to the contrary by the Board;
- (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; and
- (h) the date on which the Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be



prescribed pursuant to clause 6.6(a).

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

- 11.1** Subject to clauses 11.2, 11.3 and 11.4, the maximum number of Shares which may be issued upon exercise of all options to be granted under this Scheme and Other Schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”) unless approved by the shareholders of the Company pursuant to clause 11.3. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. R17.03(3)  
Note (1)
- 11.2** Subject to clauses 11.3 and 11.4, the Scheme Mandate Limit may be refreshed if so approved by the shareholders of the Company at general meeting from time to time provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by shareholders of the Company at general meeting (the “**Refreshed Limit**”). Upon such renewal, all Options granted under this Scheme and Other Schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of this Scheme or Other Schemes of the Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Refreshed 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. R17.03(3)  
Note (1)
- 11.3** Subject to clause 11.4, the Board may seek separate approval by the shareholders of the Company at general meeting to grant Options beyond the Scheme Mandate Limit or the Refreshed Limit provided that the Options in excess of the Scheme Mandate Limit or the Refreshed 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. R17.03(3)  
Note (1)
- 11.4** The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and Other Schemes must not, in aggregate, exceed 30% of the Shares in issue from time to time. Notwithstanding anything contrary to the terms of this Scheme, no Options may be granted under this Scheme or Other Schemes if this will result in the said 30% limit being exceeded. R17.03(3)  
Note (2)
- 11.5** No Option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Participant under this Scheme (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue 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)
- (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 8, the date of board meeting for proposing such grant of further Options shall be taken as the date of Offer of such Options.

## **12. REORGANISATION OF CAPITAL STRUCTURE**

**12.1** In the event of any alteration in the capital structure of the Company while any Option remains exercisable, and such event arises from, including a capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of capital of the Company, the Board may, if it deems appropriate, direct that such corresponding adjustments (if any) 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; and/or
- (c) the number of Shares subject to the Scheme.

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

**12.2** Any adjustments required under clause 12.1 must be made in accordance with the following requirements:

- (a) the adjustments must give a Grantee the same proportion of the equity capital 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;
- (b) the adjustments must be made in accordance with the Listing Rules and any other requirements or guidance by the Stock Exchange (including the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 relating to share option schemes), if applicable;
- (c) if the Company conducts a consolidation or subdivision of the Shares after the Listing Date, the maximum number of Shares that may be issued upon exercise of all options to be granted under this Scheme and Other Schemes under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same; and

R17.03(3)  
Note (3)

- (d) if the Company conducts a consolidation or subdivision of the Shares after the date of approval of the renewal of the Scheme Mandate Limit by shareholders of the Company at general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under this Scheme and Other Schemes under the Refreshed Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

**12.3** In respect of any adjustments required under clause 12.1 (other than any made on a capitalisation issue), the Auditors or an independent financial adviser appointed by the Company must certify the Directors in writing that the adjustments satisfy the requirements set out in clause 12.2.

**12.4** In giving any certificate under clause 12.3, the Auditors or the independent financial adviser appointed by the Company shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

**12.5** The costs of the Auditors 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.

### **13. 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.

### **14. DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to Options, (where applicable) whether all or part of the Option has been vested, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser appointed by the Company, who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

### **15. ALTERATION OF THIS SCHEME**

**15.1** 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:

- (a) 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;

R17.03(18)

- (b) any alterations to the terms and conditions of this Scheme which are of a material nature 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 and any other Applicable Laws.

## **16. TERMINATION**

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.

R17.03(16)

## **17. CANCELLATION**

**17.1** Any Option may be cancelled in whole or in part and at any time:

R17.03(14)

- (a) if agreed between the Company and the relevant Grantee; or
- (b) if the Board offers to grant to the Grantee replacement Options of equivalent value of the Options being cancelled; or
- (c) if the Company pays or procures to be paid to the Grantee an amount equal to the cash value of the Options being cancelled as at the date of cancellation as determined by the Board by reference to the difference between the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of the cancellation and the Exercise Price.

**17.2** 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 11.

## **18. MISCELLANEOUS**

**18.1** 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 or any Affiliate directly or indirectly or give rise to any cause of action at law or in equity against any member of the Group or any Affiliate.

**18.2** This Scheme shall not form part of any contract of employment between any member of the Group or any Affiliate 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 or the relevant

Affiliate 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.

- 18.3** By accepting an Option, a Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 18.4** 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.
- 18.5** The Company shall bear the costs of establishing and administering this Scheme.
- 18.6** A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to its shareholders.
- 18.7** Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong from time to time and, in the case of the Grantee, his address as notified to the Company from time to time.
- 18.8** Any notice or other communication served:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
  - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 18.9** This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.