
RUNHUA LIVING SERVICE GROUP HOLDINGS LIMITED

SHARE OPTION SCHEME

Conditionally approved and adopted by the board of directors of the Company on 14 December 2022.

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Runhua Living Service Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

SHARE OPTION SCHEME

1. DEFINITIONS

1.1 In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:

“Adoption Date”	14 December 2022 (the date on which this Scheme is conditionally approved and adopted by the Shareholders by way of written resolution), with effect from the Listing Date;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of Directors or a duly authorised committee thereof;
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Memorandum and Articles of Association”	the amended and restated memorandum of association conditionally approved and adopted on 14 December 2022, with immediate effect, and the articles of association of the Company conditionally approved and adopted, with effect from the Listing Date, as amended or supplemented, restated or as otherwise modified from time to time;
“chief executive”	has the meaning ascribed to it under the Listing Rules;
“close associate”	has the meaning ascribed to it under the Listing Rules and "close associates" shall be construed accordingly;
“Company”	Runhua Living Service Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability;
“Cayman Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Director(s)”	director(s) (including any independent non-executive director) of the Company from time to time;
“Financial Adviser”	an independent financial adviser appointed by the Company;
“Grantee”	any Participant who accepts the Offer of the grant of any Option in accordance with the terms of this Scheme (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative(s) of such person;
“Group”	the Company and any entity in which the Company directly

	or indirectly holds any equity interest;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Listing Date”	the date on which the Shares of the Company are listed and from which dealings therein are permitted to take place on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time;
“Offer”	an offer of the grant of an Option made in accordance with Clause 6;
“Offer Date”	the date on which an Option is offered to a Participant;
“Option”	an option to subscribe for Shares granted and accepted pursuant to this Scheme and for the time being subsisting and “Options” shall be construed accordingly;
“Option Period”	the period for the exercise of an Option to be notified by the Board to the Grantee at the time of making an Offer, but in any event shall not exceed 10 years from the Offer Date, unless terminated earlier by the Shareholders in general meeting;
“Participant”	any person who satisfies the eligibility requirements set out in Clause 4;
“Scheme”	this share option scheme in its present form or as amended in accordance with the provisions hereof;
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time;
“Share(s)”	the ordinary share(s) in the capital of the Company with a par value of US\$0.0001 each (or of such other nominal amount of the shares comprising the ordinary share capital of the Company as shall result from a capitalisation issue, rights issue, subdivision or a consolidation of such shares or reduction of capital in the share capital from time to time) of the Company;
“Shareholders”	holders of the Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for

Shares on the exercise of an Option as described in Clause 7;

“substantial shareholder” has the meaning ascribed to it under the Listing Rules; and

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong.

- 1.2 Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References herein to Clauses are to clauses of this Scheme.
- 1.3 References to masculine gender include references to the feminine and neuter gender and references to the singular include references to the plural and vice versa.
- 1.4 Any reference to a time of a day in this Scheme is a reference to Hong Kong time.
- 1.5 References to persons include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal entity.

2. CONDITIONS

This Scheme shall take effect subject to the passing of the necessary resolution to adopt this Scheme by the Shareholders and is conditional upon the Stock Exchange granting the listing of and permission to deal in any Shares to be issued pursuant to the exercise of any Options under this Scheme and commencement of dealings in the Shares on the Stock Exchange. Rule 17.02(1)(a)

3. PURPOSES OF THIS SCHEME

- 3.1 This Scheme is a share incentive scheme and is established to recognise, motivate and provide incentives to those who make contributions to the Group. The purpose of this Scheme is to attract and retain the best available personnel, to provide additional incentive to employees or directors of the Group and to promote the success of the business of the Group. Rule 17.03(a)
- 3.2 This Scheme will give the Participants an opportunity to have a personal stake in the Company and will help achieve the following objectives:
 - (a) motivate the Participants to optimise their performance and efficiency; and
 - (b) attract and retain the Participants whose contributions are important to the long term growth and profitability of the Group.

4. DETERMINATION OF ELIGIBILITY

- 4.1 The Board may, at its absolute discretion, invite any person belonging to any of the following classes of persons of any member of the Group, to be a Participant of this Scheme and to take up an Option to subscribe for Shares:- Rule 17.03(2)
Rule 17.03A
 - (a) any director or employee of any member of the Group (including any person who is granted Option(s) as an inducement to enter into employment contract with any member of the Group) (each an **“employee participant”**); and
 - (b) any director or employee of any of the holding companies, fellow subsidiaries or associated companies of the Company (each a **“related entity participant”**).

For the avoidance of doubt, the grant of any options by the Company for the subscription of

Shares or any other securities of the Group to any person who fall within any of the above classes of Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under this Scheme.

- 4.2 The basis of eligibility of any Participant to the grant of any Option shall be determined by the Board (or as the case may be, including, where required under the Listing Rules, the independent non-executive Directors) from time to time on the basis of the Participant's contribution or potential contribution to the development and growth of the Group.

5. DURATION AND ADMINISTRATION

- 5.1 Subject to Clauses 2 and 15, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting, after which no further Options shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects 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 provisions of this Scheme. Options granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of grant within the Option Period. Rule 17.03(11)
- 5.2 This Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein and in the absence of manifest error) shall be final and binding on all parties.

6. GRANT OF OPTION

- 6.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time and from time to time within the Scheme Period to make an Offer to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, which may include a condition that the Grantee shall not dispose of the Shares issued upon exercise of the Option within such period of time or under such conditions as the Board may at its absolute discretion determine, minimum period for which an Option must be held and performance targets such as growth rate of revenue, earnings per share and/or total shareholder return that must be achieved before an Option can be exercised, to subscribe during the Option Period for such number of Shares (being, subject to Clause 15, a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may determine at the Subscription Price provided always that an Offer made to such Participant will not constitute an invitation to the public to subscribe for the Shares under any applicable legislations. For the purpose of this Scheme, the minimum period for which an Option must be held before exercise shall be 12 months. Rule 17.03(6)
Rule 17.03(7)
- 6.2 An Offer shall be made to a Participant on a business day in writing in such form as the Board may from time to time determine, requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of 5 business days from the Offer Date (inclusive of the Offer Date) provided that no such Offer shall be open for acceptance after the Scheme Period (subject to early termination thereof).
- 6.3 An Offer shall be deemed to have been accepted and an Option to which the Offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the Board may from time to time determine signifying acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 5 business days from the Offer Date (inclusive of the Offer Date). Such remittance shall in no circumstances be Rule 17.03(8)

refundable.

6.4 Any Offer must be accepted in its entirety and can under no circumstances be accepted of less than the number of Shares for which it is offered. To the extent that the Offer of the grant of an Option is not accepted within 5 business days in the manner indicated in Clause 6.3, it will be deemed to have been irrevocably rejected by the Participant and the Offer shall lapse and become null and void.

6.5 No Offer may be made after any inside information (as defined in the SFO) has come to the knowledge of the Company until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. No Option may be granted during the period commencing one month immediately preceding the earlier of:

Rule 17.05

(i) the date of the meeting of the Board (such date to first be notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and

(ii) the last day on which the Company shall publish an announcement of its results for any year, half-year and quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

6.6 Further to the restrictions in Clause 6.5, no Option may be granted to a Director on any day on which financial results of the Company are published and:

(i) 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

(ii) during the period of 30 days immediately preceding the publication date of the half year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

6.7 As soon as possible upon the granting by the Company of an Option under this Scheme, the Company must publish an announcement in accordance with the Listing Rules.

Rule 17.06A

7. SUBSCRIPTION PRICE

7.1 The Subscription Price shall be a price solely determined by the Board and notified to a Participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on Offer Date, provided that in the event of fractional prices, the Subscription Price per Share shall be rounded upwards to the nearest whole cent.

Rule 17.03(9)

7.2 For the purpose of calculating the Subscription Price where the Company has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

8. EXERCISE OF OPTIONS

8.1 An Option shall be personal to the Grantee and shall not be transferrable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal

Rule 17.03(17)

or beneficial) in favour of any third party over or in relation to any Option (where the Grantee is a company, any change of its major shareholder or any substantial change in its management as determined by the Board at its sole discretion will be deemed to be a sale or transfer of interest as aforesaid, if so determined by the Board at its sole discretion), subject to the Stock Exchange granting a waiver, on a case-by-case basis, to allow a transfer to vehicle (such as a trust or a private company) for the benefit of the Participant and any family members of such Participant (for example, for estate planning or tax planning purposes) that would continue to meet the purpose of this Scheme and comply with the requirements under Chapter 17 of the Listing Rules. Any breach of the foregoing by a Grantee shall entitle the Company to cancel, revoke or terminate any Option granted to such Grantee to the extent not already exercised.

8.2 An Option may be exercised in whole or in part in the manner as set out in Clauses 8.3 and 8.4 by the Grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price of the Shares in respect of which the notice is given together with the reasonable administration fee specified by the Company from time to time. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' certificate or the confirmation of the Financial Adviser (as the case may be) pursuant to Clause 11, and where required, obtaining of the approval from the Cayman Islands Monetary Authority in respect of the allotment and issue of the relevant Shares, the Company shall issue and allot the relevant Shares, fully paid, to the Grantee.

8.3 Subject as hereinafter provided in this Scheme, an Option may be exercised by the Grantee at any time during the Option Period provided that:- Rule 17.03(5)

- (a) in the event that the Grantee (provided that none of the events which would be a ground for termination of employment referred to in Clause 9(d) below arises within a period of three years prior to the death, in the case the Grantee is an employee at the date of grant) dies, his/her legal personal representative(s) may exercise the Option up to the Grantee's entitlement (to the extent which has become exercisable and not already exercised) within the period of 12 months following his/her death provided that where any of the events set out in Clause 8.3(d), (e) and (f) occurs prior to his/her death or within such 12-month period following his/her death, then his/her legal personal representative(s) may so exercise the Option within such of the various periods respectively set out in such clauses;
- (b) in the event that the Grantee is an employee of the Group when an Offer is made to him/her and he/she subsequently ceases to be an employee of the Group for any reason other than (i) his/her death or (ii) the termination of his/her employment on one or more of the grounds specified in Clause 9(d), the Option (to the extent not already lapsed or exercised) shall lapse automatically on the date of cessation of his/her employment or engagement with our Group;
- (c) in the event that the Grantee is an employee of the Group when an Offer is made to him/her and he/she subsequently ceases to be an employee of the Group by reason of a termination of his/her employment on one or more of the grounds specified in Clause 9(d), his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with the Group and in the event the Grantee has exercised the Option in whole or in part pursuant to Clause 8.2, but Shares have not been allotted to him/her, the Grantee shall, unless the Board determines otherwise, be deemed not to have so exercised such Option and the Company shall return to the

Grantee the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option;

- (d) in the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offerer) the Company shall use its best endeavours to procure that an appropriate offer is extended to all the Grantee (on comparable terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, as Shareholders). If such offer becoming or being declared unconditional, the Grantee (or, as the case may be, his legal personal representative(s)) shall, notwithstanding any terms on which his/her Options were granted, be entitled to exercise the Option in full (to the extent not already lapsed or exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional;
- (e) in the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation or merger with any other company or companies pursuant to the Cayman Companies Law, the Company shall give notice thereof to all the Grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement and the Options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than 2 business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement, or the date of the general meeting of the Company to be convened for the purposes of considering the amalgamation or the merger, as applicable (the “**Suspension Date**”), by giving notice in writing to the Company in accordance with Clause 8.2, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the Grantee credited as fully paid. If the resolution(s) approving such a compromise, arrangement, amalgamation or merger is/are passed at such proposed general meeting with effect from the Suspension Date, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise, arrangement amalgamation or merger becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determined. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this Clause 8.3(e) shall for the purposes of such compromise, arrangement, amalgamation or merger form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of this Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of the Company or any of its officers;

- (f) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or, in the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his/her/its Options (to the extent not already lapsed or exercised) at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company in accordance with Clause 8.2, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

- 8.4 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date which allottee is registered as a member of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date which allottee is registered as a member of the Company, save that the Shares allotted upon the exercise of any Option shall not carry any voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

Rule 17.03(10)
Rule 17.03(15)

9. LAPSE OF OPTION

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

Rule 17.03(12)

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods or the occurrence of the relevant event referred to in Clauses 8.3(a), (b), (d), (e) or (f);
- (c) subject to Clause 8.3(f), the date of the commencement of the winding-up of the Company;
- (d) in the event that the Grantee is an employee of the Group when an Offer is made to him/her and he/she subsequently ceases to be an employee of the Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group, the date of cessation of his/her employment with the Group. A resolution of the Board or the board of directors of the relevant member of the Group to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 9(d) shall be conclusive and binding on the Grantee;
- (e) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her/its creditors generally by the Grantee, or conviction of the Grantee of any criminal offence involving his/her/its integrity or

honesty;

- (f) the date on which the Board exercises the Company's right to cancel, revoke or terminate the Option on the ground that the Grantee commits a breach of Clause 8.1 in respect of that or any other Option; or
- (g) subject to the compromise, the arrangement, the amalgamation or the merger as referred to in sub-paragraph 8.3(e) becoming effective, the date on which such compromise, arrangement, amalgamation or merger becomes effective.

10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

Rule 17.03(3)

10.1

- (a) Subject to Clauses 10.1(c) and (d), the maximum number of Shares issuable upon exercise of all options to be granted under this Scheme as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of this Scheme) must not in aggregate exceed 10% of the relevant class of Shares in issue upon the date on which the Shares are listed and permitted to be dealt in the Stock Exchange.
- (b) Subject to Clause 10.1(c), the limit set out under Clause 10.1(a) may be refreshed at any time after three years from the date of Shareholders' approval for the last refreshment (or the Adoption Date, as the case may be) by approval of the Shareholders in general meeting
- (c) provided that (i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) must abstain from voting in favor of the relevant resolution at the general meeting; and (ii) the Company must comply with the requirements under rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 under the Listing Rules. The requirements under (i) and (ii) of this Clause above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in rule 13.36(2)(a) under the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole Share.
- (d) The total number of Shares which may be issued upon exercise of all options to be granted under this Scheme under the scheme mandate as refreshed must not exceed 100% of the relevant class of Shares in issue as at the date of approval of the refreshed scheme mandate. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (e) The Company may seek separate approval by the Shareholders in general meeting for granting options beyond the scheme mandate limit provided the options beyond the scheme mandate limit are granted only to Participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified persons who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified persons with an explanation as to how the terms of the Options will serve such purpose and all other information required under the Listing Rules. The date of meeting of the Board proposing such grant should be taken as the Offer Date for the purpose of calculating the Subscription

Price under Clause 7.

- 10.2 Where any grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (excluding any Options lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Participant and his/her close associates (or his/her associates if the Participant is a connected person) abstaining from voting, and the number and terms (including the Subscription Price) of Options to be granted to such Participant must be fixed before the approval of the Shareholders. In such event, the Company must send a circular to the Shareholders containing the identity of the Participant, the number and terms of Options to be granted (and options previously granted to such person), and all other information required under the Listing Rules. The date of meeting of the Board proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price under Clause 7. Rule 17.03(4)
- 10.3 The maximum number of Shares referred to in Clauses 10.1 and 10.2 will be adjusted, in such manner as the Auditors shall certify in writing or the Financial Adviser shall confirm in writing (as the case may be) to the Board to be fair and reasonable in accordance with Clause 11 (no such certification or confirmation is required in case of adjustment made on a capitalisation issue), in the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of the Company.
- 10.4 Notwithstanding the aforesaid, each 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 a Grantee). Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates would result in the total number of Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the Scheme) under this Scheme and any other schemes of the Company to such person in any 12-month period up to and including such Offer Date representing in aggregate over 0.1 % of the Shares in issue, such further grant of Options must be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). The Company must comply with the requirements under rules 13.40, 13.41 and 13.42 of the Listing Rules. Any change in the terms of an option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner. Rule 17.04
- 11. REORGANISATION OF CAPITAL STRUCTURE**
- 11.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which any member of the Group is party), such corresponding adjustments (if any) shall be made in: Rule 17.03(13)
- (a) the number of Shares subject to the Option so far as unexercised; and/or

(b) the Subscription Prices of any unexercised Option,

as the Auditors shall certify in writing or the Financial Adviser shall confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable and in compliance with the relevant provisions of the Listing Rules (or any guideline or supplementary guideline as may be issued by the Stock Exchange from time to time) (no such certification or confirmation is required in case of adjustment made on a capitalisation issue), provided that any such alteration shall give a Grantee as near as possible the same proportion of the issued share capital (rounded to the nearest whole Share) of the Company as (but in any event shall not be greater than) that to which he/she/it was previously entitled and any such adjustments shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than, except upon any consolidation of the Shares pursuant to this Clause 11) it was before such event, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

11.2 The capacity of the Auditors or the Financial Adviser (as the case may be) in this Clause 11 is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on the Company and the Grantees. The costs of the Auditors or the Financial Adviser (as the case maybe) shall be borne by the Company.

11.3 Upon any adjustment pursuant to Clause 11.1, the Company shall notify the Grantees in writing the adjustments that have been made. If there has been any alteration in the capital structure of the Company, and if the Company has not yet informed the Grantees of any necessary adjustments to be made to their Options in accordance with the certificate of the Auditors or the confirmation of the Financial Adviser (as the case may be), the Company shall, upon receipt of a notice from a Grantee in accordance with Clause 8.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the aforesaid certificate or confirmation obtained by the Company for such purpose or, if no such certificate or confirmation has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the Financial Adviser as soon as practicable thereafter to issue a certificate or provide a written confirmation in that regard in accordance with Clause 11.1.

12. SHARE CAPITAL

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

13. MALUS AND CLAWBACK

The Board may, at its absolute discretion, determine such malus and/or clawback provisions to be applied to an Option or an Offer so as to provide, upon the occurrence of the applicable malus and/or clawback event(s) such as serious misconduct, a material misstatement in the Company's financial statements and fraud. If the Board exercises its discretion under this provision, it will give the relevant Grantee written notice of such determination and the Board's interpretation of and determination pursuant to this provision shall be final, conclusive and binding.

14. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the

decision of the Auditors or the Financial Adviser (as the case may be) 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 except that the provisions of this Scheme as to: Rule 17.03(18)

- (a) the definitions of “Participant” and “Grantee” and “Option Period” in Clause 1.1;
- (b) the provisions of Clauses 3, 4, 5, 6, 7, 8, 9, 10, 11, 16, 17 and this Clause 15; and
- (c) terms and conditions of this Scheme which are of a material nature, shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of the Shareholders by a resolution in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction such majority of the Grantees as would be required of the Shareholders under the Memorandum and Articles of Association for a variation of the rights attached to the Shares.

15.2 Any change to the terms of Options granted to a Participant must be approved by the board, the remuneration committee, 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, the independent non-executive directors and/or the Shareholders of the Company (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Scheme.

15.3 Notwithstanding anything to the contrary contained in Clauses 15.1 and 15.2, the Board may at any time alter or modify this Scheme in any way to the extent necessary to cause this Scheme to comply with any statutory provisions or the regulations of any regulatory or other relevant authority. Any amendment to any terms of this Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

16. TERMINATION

The Company by resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options will be offered but Options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of this Scheme. Rule 17.03(16)

17. CANCELLATION

Any cancellation of Options granted may be effected on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation. Where the Company cancels Options granted to a Participant and makes a new grant to the same Participant, such new grant may only be made under this Scheme with available limit referred to under Clause 10. The Options cancelled will be regarded as utilized for the purpose of calculating the limits under Clause 10. Rule 17.03(14)

18. MISCELLANEOUS

- 18.1 This Scheme shall not constitute, affect or form part of any contract of employment or appointment between the Company or any member of the Group and any Participant nor confer upon such person any right to employment or continued employment with the Company or any member of the Group and the rights and obligations of any Participant under the terms of his/her office or employment or appointment shall not be affected by his/her participation in this Scheme or any right which he/she may have to participate in it and this Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or appointment for any reason.
- 18.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 18.3 No person shall, under any circumstances, hold the Board and/or the Company and/or other Participants liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with this Scheme or the administration thereof.
- 18.4 Save for liabilities referred to in Clause 18.7, the Company shall bear the costs of establishing and administering this Scheme.
- 18.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or as notified to the Grantees from time to time and, in the case of the Grantee, his/her/its address in Hong Kong as notified to the Company from time to time.
- 18.6 Any notice or other communication served by post:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post;
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 18.7 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 or exercise of the Option. The obtaining of such consents shall be a condition precedent to an acceptance of an Offer and an exercise of his/her/its Option by a Grantee. By accepting an Offer or exercising his/her/its Option, the Grantee is deemed to have represented to the Company that he/she/it has duly fulfilled such condition. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his/her/its participation in this Scheme the grant of an Option to him/her/it and/or the exercise of the Option by him/her/it.
- 18.8 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.