
IDREAMSKY TECHNOLOGY HOLDINGS LIMITED

NEW SHARE OPTION SCHEME

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1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Scheme, the following expressions have the following meanings, unless the context otherwise requires:

"**Administrative Committee**" means the committee comprising of any two executive Directors from time to time, or any person(s) designated by the Board to exercise its power and authority under this Scheme from time to time.

"**Adoption Date**" means the day when this Scheme is adopted by the Shareholders, being [*] 2023.

"**associate(s)**" shall have the meaning ascribed to it under the Listing Rules from time to time.

"**Auditors**" means the auditors of the Company from time to time.

"**Board**" means the board of Directors from time to time or a duly authorized committee thereof.

"**Business Day**" means any day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing securities.

"**Cause**" means, with respect to a Grantee, the summary termination of employment or office on any one or more of the following grounds: the Grantee has been guilty of misconduct or a material misstatement in the Company's financial statements, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board in its sole and absolute discretion) on any other ground on which the relevant employing company would be entitled to terminate his employment or office summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with the employing company. Notwithstanding the foregoing, the Board shall have the sole and absolute discretion to determine whether the employment or office of a Grantee has or has not been terminated on one or more of the grounds specified herein.

"**Companies Ordinance**" means the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time.

"**Company**" means iDreamSky Technology Holdings Limited.

"**connected person(s)**" shall have the meaning ascribed to it under the Listing Rules from time to time.

"**controlling shareholder(s)**" shall have the meaning ascribed to it under the Listing Rules from time to time.

"**core connected person(s)**" has the meaning ascribed to it under the Listing Rules.

"**Directors**" means directors of the Company from time to time.

"Exercise Period" shall have the meaning given to it in sub-clause 8.1(b).

"Excluded Person" means (i) at the time of the proposed grant of an Option, any connected person of the Company other than any directors or substantial shareholders of the Company or any subsidiary of the Group, or (ii) any Participant who is resident in a place where the grant of the Options and/or the vesting and transfer of the Shares underlying the vested Options pursuant to the terms of this Scheme is not permitted under the laws and regulations of such place such that in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant.

"Grant" means the offer of the grant of Options made in accordance with this Scheme.

"Grant Date" means the date of the Grant Letter.

"Grant Letter" means the document in writing for each grant of Options to an eligible Participant in such form as the Board may from time to time determine.

"Grantee" means any eligible Participant who accepts a Grant in accordance with the terms of this Scheme, or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee.

"Group" means the Company and its subsidiaries and a **"member of the Group"** shall be construed accordingly.

"Listing Rules" means the Rules Governing the Listing of Securities on the Stock Exchange.

"Option(s)" means the right to subscribe for a specified number of Shares in issue at the Exercise Price.

"Hong Kong" means Hong Kong Special Administrative Region of the People's Republic of China.

"Participant(s)" means an individual who may be eligible to participate in this Scheme as set out in Clause 5.1.

"RMB" means the lawful currency of the People's Republic of China.

"Scheme" means this share option scheme, in its present or any amended form.

"SFO" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time.

"Shareholders" means shareholders of the Company from time to time.

"Shares" means the ordinary share(s) of a par or nominal value of US\$0.0001 each in the capital of the Company, or if there has been a capitalization issue, sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such capitalization issue, sub-division, reduction, consolidation, reclassification or reconstruction.

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited.

"**Exercise Price**" means the price per Share at which a Grantee may subscribe for Shares on the exercise of Options calculated in accordance with sub-clause 8.1(a).

"**subsidiary**" has the meaning given to it in the Listing Rules from time to time.

"**US\$**" means United States dollars, the lawful currency of the United States.

"**%**" means per cent.

1.2 In this Scheme, unless otherwise defined or unless the context or subject matter otherwise requires:

1.2.1 any reference to Clause is a reference to a Clause of this Scheme;

1.2.2 any reference to a statutory body includes the organization or body established to replace such statutory body or for performing the functions of such statutory body;

1.2.3 any reference to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), shall include any subsidiary statute enacted under the relevant statute;

1.2.4 words and phrases defined in the Companies Ordinance shall have the same meanings in this Scheme;

1.2.5 headings are inserted for convenience only and shall not affect the construction of any provisions of this Scheme; and

1.2.6 the singular includes the plural and *vice versa*, words importing gender or the neuter include both genders and the neuter and references to persons includes corporations and unincorporates.

2. **PURPOSE**

The purposes of this Scheme are to (i) recognise the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximise the value of the Group for the benefits of both the Participants and the Group, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of Shares.

3. CONDITIONS AND DURATION

- 3.1 This Scheme shall take effect on the date of the passing of the resolution to adopt this Scheme by the Board and the Shareholders.
- 3.2 Subject to any early termination as may be determined by the Board pursuant to Clause 17 of this Scheme, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Options will be 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 provisions of this Scheme.

4. ADMINISTRATION

- 4.1 Without prejudice of Clauses 16.1 and 16.2 of this Scheme and subject to the terms and conditions of this Scheme, this Scheme shall be subject to the administration of the Board in accordance with the terms and conditions of this Scheme. The Board shall have the sole and absolute right to (i) interpret and construe the provisions of this Scheme, (ii) determine the Grantees who will be offered Options under this Scheme, the Exercise Price in relation to such Options in accordance with the provisions of this Scheme, and when the Options granted to Grantees pursuant to this Scheme may vest, and (iii) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (i), and (ii). All the above decisions, determinations and interpretations shall be made by a simple majority of the votes of members of the Board with each member having one vote. All the decisions, determinations and interpretations made by the Board in accordance with this Scheme shall be final, conclusive and binding on all parties.
- 4.2 The Board may delegate the authority to administer this Scheme to the Administrative Committee.
- 4.3 The Administrative Committee shall be responsible for: (i) applying to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under this Scheme on the Stock Exchange; (ii) approving the draft announcement and/or circular to be published by the Company in connection with the grant of Options; and (iii) other work of this Scheme as delegated by the Board and the Chairman from time to time.

5. ELIGIBILITY

- 5.1 The eligible Participants for this Scheme include any employee (whether full time or part time), executive or officer and director of any subsidiary of the Group (excluding the independent non-executive Directors) subject to Clause 9.2 of the Scheme.
- 5.2 Subject to compliance with Listing Rules, on and subject to the terms of this Scheme, the Board shall be entitled at any time during the operation of this Scheme, at its sole and absolute discretion, to make an offer of Options to an

eligible Participant by letter in such form as the Board may from time to time determine. In determining the basis of offering Options to an eligible Participant, the Board shall take into account, without limitations, the employee grade, years of service, overall performance, values and importance of the position of such eligible Participant, and/or such factors as the Board may at its discretion consider appropriate, for the purpose of management.

6. SCHEME LIMIT

- 6.1 Without prejudice to Clause 6.2 of this Scheme, the total number of Shares which may be issued upon exercise of all Options that may be granted under this Scheme shall not in aggregate exceed 56,415,933 (excluding Shares underlying Options that have lapsed or been cancelled in accordance with this Scheme), representing 4% of the issued share capital of the Company as of the Adoption Date ("**Scheme Limit**") unless otherwise permitted by the Listing Rules or the Company obtains the approval of the Shareholders to refresh the Scheme Limit.
- 6.2 Subject to Clause 6.1 of this Scheme,
- (a) and without prejudice to Clauses 6.2(b) and 6.3, the Company may seek approval of its shareholders at general meeting to refresh the Scheme Limit after three years from the date of Shareholders' approval for the last refreshment (or the Adoption Date);
 - (b) any refreshment within any three-year period under Clause 6.2(a) of this Scheme must be approved by Shareholders subject to the following provisions:
 - (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 favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules;
 - (c) the requirements under Clause 6.2(b) of this Scheme do not apply if the refreshment is made immediately after an issue of Shares by the Company to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of Shares, rounded to the nearest whole Share.
- 6.3 The total number of Shares which may be issued in respect of all Options to be granted under this Scheme, and all options and awards to be granted under any other schemes of the Group as refreshed must not exceed 10% of the total issued Shares as at the Adoption Date.
- 6.4 Any Share covered by an Option which is lapsed (whether voluntarily or involuntarily) in accordance with the terms of this Scheme shall be deemed not to

have been issued and shall not be counted for purposes of calculating the Scheme Limit. For the avoidance of doubt, 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 a scheme with available scheme mandate limit approved by shareholders as referred to in Rule 17.03B or Rule 17.03C of the Listing Rules, such Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit.

- 6.5 The Company may seek separate Shareholders' approval at general meeting for granting Options beyond the Scheme Limit provided the Options in excess of the Scheme Limit are granted only to Participants specifically identified by the Company before such approval is sought. In such event, the Company will send a circular to Shareholders containing the name of each specified Participant who may be granted such Options ("**Selected Person**"), the number and terms of Options to be granted to each Selected Person and the purpose of granting Options to the Selected Person(s) with an explanation as to how the terms of the Options serve such purpose. The number and terms of Options to be granted to the Selected Person(s) must be fixed before Shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Exercise Price under Clause 8.1(a).
- 6.6 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. Where any grant of Options to a substantial Shareholder, or any of its associates, would result in the Shares issued and to be issued in respect of all Options, and other options and awards granted (excluding any Options lapsed in accordance with the terms of this Scheme) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by Shareholders in general meeting (with such Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such event, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.
- 6.7 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 in respect of all Options, options over new Shares and awards over new Shares already granted or to be granted to such eligible Participant under this Scheme (including exercised, cancelled and outstanding Options) in the twelve (12)-month period up to and including the Grant Date of such new grant representing in aggregate over 1% of the issued share capital of the Company in issue.

7. GRANT OF OPTIONS

- 7.1 On and subject to the Listing Rules and the terms of this Scheme, the Board shall be entitled at any time during the operation of this Scheme, at its sole and absolute discretion, to make an offer of Options to an eligible Participant.

- 7.2 Subject to limitations and conditions of this Scheme, the Board may by written notification grant to each of the selected Participants an offer of grant of Option by way of a Grant Letter for acceptance by the selected Participant, subject to additional terms and conditions that the Board thinks fit which shall be stated in the Grant Letter. The Board may, from time to time, authorize the chief executive officer of the Company to sign and execute such Grant Letter. If the selected Participant intends to accept the Grant as specified in the Grant Letter, he/she is required to sign the Grant Letter to confirm his acceptance and return it to the Company within the time period and in a manner prescribed in the Grant Letter. Upon the receipt from the selected Participant of a duly executed acceptance notice (in the form as set out in the Grant Letter), the Options are granted to such Participant who becomes a Grantee pursuant to this Scheme. To the extent that the Grant or any term or condition set out in the Grant Letter is not accepted by any selected Participant within the time period or in a manner prescribed in the Grant Letter, it shall be deemed that such Grant has irrevocably lapsed and terminated and that the Options that would have been granted under the Grant have immediately lapsed.
- 7.3 An offer of Options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board, or any person designated by the Board, for such period as the Board may determine and notify to the Grantee concerned, **provided that** no such offer shall be open for acceptance after the expiry of the duration of this Scheme or after this Scheme has been terminated in accordance with the provisions hereof. An offer of Options not accepted within this period shall lapse. An offer may not be accepted unless the Grantee remains an eligible Participant on acceptance.
- 7.4 An amount of RMB1.00 is payable by the Grantee to the Company upon acceptance of the offer of Options, and such remittance shall not be refundable and shall not be deemed to be a part payment of the Exercise Price.
- 7.5 Any offer of Options may be accepted or deemed to have been accepted for a number of Shares less than those offered under the relevant Options **provided that** the number of Shares in respect of the Options accepted constitutes a board lot or an integral multiple thereof for the purposes of trading on the Stock Exchange. If the offer of Options is not accepted within the period in the manner indicated in Clause 7.3, such offer shall lapse automatically.
- 7.6 The Company may issue a statement in such form as the Administrative Committee shall from time to time determine to any Grantee who has accepted an offer within seven (7) calendar days after the end of the period for acceptance of the offer.
- 7.7 The Options shall not be listed on any stock exchange.
- 7.8 For as long as the Shares are listed on the Stock Exchange, an Option must not be granted after inside information has come to the knowledge of the Company until (and including) the trading day after such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, an Option

must not be granted during the period commencing one (1) month immediately preceding the earlier of:

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

In the event that the Company publishes any results announcement subsequent to the deadline for such results announcement under the Listing Rules (where applicable), such period shall end on the delayed publication date of the results announcement

- 7.9 For as long as the Shares are listed on the Stock Exchange, where any Option is proposed to be granted to a Director, it shall not be granted on any day on which the financial results of the Company are published and during the period of:
 - 7.9.1 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
 - 7.9.2 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.
- 7.10 No Option may be granted to any Participant:
 - (a) in any other circumstances where dealings by selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted;
 - (b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of this Scheme, unless the Board determines otherwise;
 - (c) where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its Directors; or
 - (d) the Grant would result in breach of the Scheme Limit stipulated in Clause 6 above or other rules of this Scheme.

8. **OPTION TERMS AND EXERCISE OF OPTIONS**

- 8.1 The Grant Letter issued by the Company to the relevant eligible Participant shall specify, among others, the number of Shares under the Options, the Exercise Price, the Exercise Period, the vesting schedule of the Options and any conditions (including, without limitation, if applicable, any performance targets which shall

be achieved before the Options can be exercised) in respect of which an offer of the Options are made, and requiring the eligible Participant to undertake to hold the Options on the terms on which it is to be granted and to be bound by the provisions of this Scheme, in particular:

- (a) **Exercise Price:** The Exercise Price shall be a price determined by the Board and notified to any Grantee (subject to any adjustments made pursuant to Clause 11), 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 Grant Date, which must be a Business Day; (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the Grant Date; and (iii) the nominal value per Share on Grant Date, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.
 - (b) **Exercise Period:** The Board may specify the Exercise Period and the vesting schedule of the Options in the Grant Letter, and in all circumstances all Options shall automatically lapse and expire not later than the last day of the ten (10)-year period after the Grant Date. Unless otherwise determined by the Board, the vesting period shall commence on the date of the grant of the Option. Unless the Options have been withdrawn and cancelled or been forfeited in whole or in part, and subject to the provisions in Clauses 8.8, 8.9, 8.10 and 9, the Grantee may exercise his rights under this Scheme according to the vesting schedule set out in the relevant Grant Letter. The vesting period shall be determined by the Board or the Chairman (as the case may be) and in no case the vesting period of shall be less than twelve (12) months or such period as the Listing Rules may prescribe or permit.
- 8.2 Proposed performance targets include financials (e.g. revenue and operating profits), business (non-financial) (e.g. the number of registered customers and daily active users), operations and creation of capital value for the Group's business segments (e.g. increase in revenue and net profit) as well as that for the Participants based on individual performance indicators (e.g. the achievement of their roles and responsibilities as well as their adherence to corporate culture). The Board (or, as the case may be, the Administrative Committee as authorized by the Board) will conduct assessment at the end of a performance period by comparing the performance of the business segments and the individual performance of the Participants with the pre-agreed targets on a case-by-case basis to determine whether the targets and the extents to which have been met. The assessment will be based on the individual's overall performance, performance of the team or department that the Grantee belongs to and the performance of the Group as a whole. Specific weightings will be given to the various factors identified above, with reference to the position and role of the Grantee in the Group, in order to provide a fair and objective appraisal.
- 8.3 Subject to Clause 8.1 and the restrictions which may be imposed by the Board, any Options may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) at any time to be specified by the Company from time to time during the Exercise Period by the Grantee (or in the case of his death, his legal personal representatives subject to Clause 8.8(b)) giving notice in writing (in such form as the Company may from time to time

specify) to the Company stating that the Options are 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.

- 8.4 When the Options are exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole of the Options granted and a new statement may be issued accordingly by the Company as soon as reasonably practicable after such partial exercise.
- 8.5 The Company shall use all reasonable endeavours to procure that Shares to be allotted and issued upon exercise of any Options shall, upon the allotment and issue thereof (or as soon as practicable), become listed on the Stock Exchange upon which Shares already in issue are listed.
- 8.6 In the event a general offer for Shares (whether by way of voluntary offer, takeover, scheme of arrangement or otherwise) is made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror), the Board may, prior to or immediately upon the offer becoming or being declared unconditional, determine at its absolute discretion whether any Option shall vest and the period within which such Option shall vest and be exercisable. If the Board determines that such Option shall vest, it shall notify the Grantees that such Option shall vest and the period within which such Option shall vest and be exercisable. In the absence of such determination by the Board, the Options shall continue to vest in accordance with their respective vesting timetable.
- 8.7 Notwithstanding any provisions herein, if at the time a Grantee wishes to exercise any Options, the exercise of such Options or the consequence of such exercise is not permitted by applicable laws or the Listing Rules, the Grantee shall not be entitled to exercise his Options until such exercise becomes permissible by the applicable laws and the Listing Rules.
- 8.8 Subject to Clause 9, any Options may be exercised by a Grantee at any time or times during the Exercise Period **provided that:**
- (a) subject to Clauses 8.8(b) and 9, if a Grantee ceases to be an eligible Participant for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in Clause 9, the Grantee may only exercise the vested Option within a period of three (3) months thereafter, provided any Option that are not vested as at the date of termination of employment shall lapse and not be exercisable immediately upon termination of employment;
 - (b) if a Grantee dies before exercising the vested Option in full and none of the events which would be a ground for termination of his or her employment specified in Clause 9 arises, the personal representative(s) of the Grantee may only exercise the vested Option within a period of twelve (12) months thereafter, provided any Option that are not vested as at the date of termination of employment shall lapse and not be exercisable immediately upon termination of employment;

(c) for any other situation not mentioned above, the handling of the Options shall be separately submitted to and approved by the Board on a case-by-case basis.

- 8.9 If a compromise or arrangement between the Company and its members or creditors is proposed, the Company shall give notice to the Grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under this Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.
- 8.10 If a notice is given to each Grantee of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, each Grantee shall be entitled to exercise all or any of his Options at any time not later than two (2) Business Days prior to the proposed general meeting of the Company. 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 and issue the relevant Shares to the Grantee, credited as fully paid. The right to exercise the Options shall, to the extent that they have not been exercised, terminate immediately on the date of the commencement of the voluntary winding-up of the Company.

9. LAPSE

- 9.1 Any Options shall automatically lapse forthwith and not exercisable (to the extent not already exercised), with immediate effect or after such period the Board may determine, the earliest of:
- 9.1.1 the expiry of the Exercise Period;
 - 9.1.2 the expiry of any of the Exercise Periods referred to in Clause 8.8
 - 9.1.3 subject to the compromise or arrangement (for the purpose of or in connection with reconstruction or amalgamation) becoming effective, the expiry of the period referred to in Clause 8.9; or
 - 9.1.4 the date on which the Grantee ceases to be an eligible Participant in accordance with Clause 9.2;

- 9.1.5 subject to the provision in the Clause 8.10, the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- 9.1.6 the date on which the Participants are found to be an Excluded Person.
- 9.2 Subject to the Board's determination otherwise, a Participant ceases to be an eligible Participant: if (i) the Participant's service or employment with the Group has been terminated by any member of the Group for Cause; (ii) the Participant has been convicted for any criminal offence involving his integrity or honesty; (iii) the Participant has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time; or (iv) the Participant retires by agreement with a member of the Group. The Board shall have the right to determine what constitutes Cause, whether the Grantee's employment has been terminated for Cause and the effective date of such termination, and such determination by the Board shall be final and conclusive.
- 9.3 Notwithstanding the aforesaid, in each case, the Board may in its sole and absolute discretion decide that any Option shall not lapse or shall be subject to such conditions or limitations as the Board may decide.

10. TRANSFERABILITY

- 10.1 Any Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Options. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any Options or part thereof granted to such Grantee (to the extent not already exercised) without incurring any liability on the part of the Company.

11. CHANGES IN CAPITAL STRUCTURE

- 11.1 Subject to the terms and conditions in the Scheme, in the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:
- 11.1.1 the number of Shares (without fractional entitlements) subject to the Options so far as unexercised; and/or
- 11.1.2 the Exercise Price; and/or
- 11.1.3 the maximum number of Shares for which further Options may be granted under this Scheme.
- 11.2 Except alterations made on a capitalisation issue, any alteration to the number of Shares which is the subject of the Options and/or the Exercise Price shall be conditional on the Auditors or the independent financial adviser appointed by the Company confirming by the issue of certificate to the Board that the alteration is in their opinion fair and reasonable, is made on the basis that the proportion of the

issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration. No such alteration shall be made to the effect which would be to enable any Share to be issued at less than its nominal value (where applicable) or which would result in the aggregate amount payable on the exercise of any Options in full being increased. The capacity of the Auditors or an independent financial adviser appointed by the Company in this Clause 11 is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees in the absence of manifest error. The costs of the Auditors or an independent financial adviser appointed by the Company in so certifying shall be borne by the Company.

12. SHARE CAPITAL

12.1 No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to any Options that have not been exercised. Shares allotted and issued on the exercise of any Options will be subject to all provisions of the articles of association of the Company and will rank equally in all respects with the Shares in issue on the date of allotment and issuance. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment and issuance.

12.2 The exercise of any Options shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of the Company (where required). Subject thereto the Board shall make available sufficient authorized but unissued share capital of the Company (where applicable) to meet subsisting requirements on the exercise of Options.

13. MALUS AND CLAWBACK

Without prejudice to the terms of this Scheme, in the case that a Participant commits a misconduct or is involved in a material misstatement in the Company's financial statements, all Options of such Participant shall automatically lapse. The Board may, at its absolute discretion, determine whether a Participant commits a misconduct or is involved in a material misstatement in the Company's financial statements. 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. COMPLIANCE

14.1 No discretion shall be exercised as to the grant, vesting or exercise pursuant to this Scheme where such exercise of discretion or giving of instructions (as applicable) is prohibited under the Listing Rules, the SFO and other applicable laws, regulations and rules from time to time (and such prohibition has not been waived in respect of the Company). Where such prohibition causes a timeline under this Scheme (including but not limited to the vesting date or the exercise of any discretion by the Board) to be impracticable, such timeline shall be treated as extended until as soon as practicable after the first date on which the prohibition no longer prevents the relevant action or event, or as soon as practicable after a

decision has been made as to whether the discretion should or should not be exercised, as the case may be.

- 14.2 The Board shall comply with all applicable requirements in connection with the administration and operation of this Scheme, including but not limited to the requirements under the Listing Rules and applicable laws, the SFO, regulations and rules from time to time.

15. **DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares which is the subject of any Option, the amount of the Exercise Price of any Option, or otherwise) shall be referred to the decision of the Board and whose decision shall be final and binding.

16. **ALTERATION OF THIS SCHEME**

- 16.1 The terms of this Scheme may be altered, amended or waived in any respect by the Board provided that any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions of this Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the eligible Participants must be approved by Shareholders in general meeting.

- 16.2 Any change to the terms of Options granted to a Participant must be approved by the Board, the remuneration and appraisal 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 and appraisal 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.

- 16.3 No alterations shall operate to affect adversely the terms of issue of any options granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares. The amended terms of this Scheme or the Options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

- 16.4 Any change to the authority of the Directors in relation to any alteration to the terms of this Scheme must be approved by the Shareholders in general meeting.

- 16.5 The amended terms of this Scheme or the Options shall comply with the relevant requirements of the Listing Rules (including, without limitation, Chapter 17 of the Listing Rules).

- 16.6 Notwithstanding the foregoing, this Scheme may be amended or altered in any aspect by resolution of the Board without the approval of the Shareholders or the Grantees to the extent such amendment or alteration is required by the Listing Rules and/or any applicable legal or regulatory requirements from time to time.

16.7 The Company must provide to all eligible Participants details relating to amendments in the terms of this Scheme during the life of this Scheme immediately upon such amendments taking effect.

17. **TERMINATION**

This Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. For the avoidance of doubt, no further Options shall be granted after this Scheme is terminated but the provisions of this Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under this Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

18. **CANCELLATION**

The Board shall have the right to cancel the Options if the Grantee commits a breach of Clauses 10 or 19. Unless otherwise provided for in this Scheme, any cancellation of Options granted in accordance with this Scheme but not exercised must be approved by the Grantee concerned in writing. In the event that the Board elects to cancel any Options and issue new ones to the same Grantee, the issue of such new Options may only be made with the available unissued Options (excluding the cancelled Options) within the limit set out in Clause 6 above. The Options cancelled will be regarded as utilized for the purpose of calculating the limits under Clause 6.

19. **CONFIDENTIALITY**

All Grantees shall strictly comply with the rules of confidentiality. Unless the relevant laws or competent authorities require otherwise, the Grantees shall not ask others or disclose information regarding the granted Options and other relevant information. Any violation of the confidentiality obligation can be deemed as violation of the employment contract, and the Board shall have the absolute right to cancel any Option of such Grantee or beneficiary.

20. **MISCELLANEOUS**

20.1 This Scheme shall not form part of any contract of employment or engagement of services between the Group and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement in services shall not be affected by the participation of the Participants in this Scheme or any rights 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, employment or engagement for any reason.

20.2 If any Option or any provision of this Scheme or the Grant Letters is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to

any person, entity or Option, or would disqualify this Scheme or any Option under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of this Scheme or the Option, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Option and the remainder of this Scheme, such Grant Letter and any such Option shall remain in full force and effect.

- 20.3 This Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Board, the Company or any member of the Group directly or indirectly or give rise to any cause of action at law or in equity against the Board, the Company or any member of the Group.
- 20.4 The provisions of Options need not be the same with respect to each Grantee, and such grant of Options to individual Grantees need not be the same in subsequent years.
- 20.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by post to the address as notified to the Grantee from time to time and, in the case of the Grantee, his/her address as notified to the Company from time to time. Notices may also be sent electronically to Grantees by sending it to the e-mail address notified by the Grantee to the Company and the Board from time to time.
- 20.6 Except as otherwise expressly provided under this Scheme,
- (a) any notice or other communication served by post:
 - (i) by the Company, the Board or the Administrative Committee shall be deemed to have been served twenty-four (24) hours after the same was put in the post; and
 - (ii) by the Participant or Grantee shall not be deemed to have been received until the same shall have been received by the Company, the Board or the Administrative Committee;
 - (b) any notice or other communication served by hand shall be deemed to have been served at the time of delivery;
 - (c) any notice or other communication served by electronic means by the Company or the Board or the Grantee shall be deemed to have been served if the sender did not receive a failure of receipt notification.
- 20.7 Any notice or other communication shall not be withdrawn once it is delivered by the Grantee, except for those which shall only become effective upon a confirmation of the receipt by the Company or the Board.
- 20.8 The Participant or Grantee, as the case may be, shall be responsible at his sole costs and expenses for obtaining any government or other official consent that may be required by any country or jurisdiction in order to permit the grant or

exercise of any Options, as the case may be. None of the Company or its subsidiaries shall be responsible for any failure by such person to obtain any such consent or for any tax or other liability to which that person may become subject as a result of his participation in this Scheme.

- 20.9 The Board shall procure that details of this Scheme and other schemes of the Company and its subsidiaries are disclosed in the annual reports and interim reports of the Company in compliance with the Listing Rules in force from time to time.
- 20.10 This Scheme and all Options granted hereunder shall in all respects be governed by and construed in accordance with the laws of Hong Kong.