

CHINA KINGSTONE MINING HOLDINGS LIMITED

中國金石礦業控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 1380)

RULES RELATING TO THE SHARE AWARD SCHEME

TABLE OF CONTENTS

Clause	Page
1. DEFINITIONS	3
2. CONDITIONS	8
3. PURPOSE, DURATION AND ADMINISTRATION	8
4. GRANT OF AWARDS.	13
5. RIGHTS OF A GRANTEE IN RELATION TO AN AWARD OR SHARES REFERRABLE TO THE AWARD	18
6. VESTING OF AWARDS	18
7. CONSEQUENCES OF VESTING	21
8. LAPSE OF AWARDS	22
9. CLAWBACK MECHANISM	22
10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION .	23
11. MAXIMUM ENTITLEMENT OF SHARE OF EACH ELIGIBLE PARTICIPANT.	25
12. REORGANISATION OF CAPITAL STRUCTURE	27
13. SHARE CAPITAL	28
14. DISPUTES	28
15. WITHHOLDING	28
16. ALTERATION OF THIS SCHEME AND AWARDS.	29
17. TERMINATION.	30
18. CANCELLATION OF AWARDS.	30
19. MISCELLANEOUS	30

CHINA KINGSTONE MINING HOLDINGS LIMITED
RULES RELATING TO THE SHARE AWARD SCHEME

1. DEFINITIONS

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

“Administration”	the Board, Remuneration Committee, and/or delegate(s) of the aforementioned in charge of the operation and all other aspects of this Scheme;
“Adoption Date”	the date on which this Scheme is approved and adopted by the Shareholders in general meeting;
“Applicable Laws”	any constitutions, enactments, ordinances, regulations, orders, notices, judgments, common law, treaties and any other legislations or laws of any relevant jurisdictions;
“Associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Award(s)”	an award, in the form of a conditional vesting of Award Shares to a Selected Participant, granted by the Administration to a Selected Participant, under which Award Shares may be vested in accordance with the terms of this Scheme;
“Award Share(s)”	the Shares granted to a Selected Participant pursuant to an Award;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or Sunday or a public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks are open for business in Hong Kong;
“Bye-Laws”	the bye-laws of the Company, as amended from time to time;
“Chairman of the Board”	the chairman of the Board;

“chief executive”	has the meaning ascribed to it in the Listing Rules;
“Close Associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Company”	China Kingstone Mining Holdings Limited (中國金石礦業控股有限公司), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1380);
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules;
“Core Connected Person(s)”	has the meaning ascribed to it in the Listing Rules;
“Date of Grant”	the date on which the grant of an Award is made to a Selected Participant, being the date of a Grant Instrument;
“Director(s)”	the director(s) of the Company;
“Eligible Participant(s)”	any individual being (a) an Employee Participant; (b) a Related Entity Participant; or (c) a Service Provider during the duration of the Scheme, provided that he or she is not an Excluded Participant;
“Employee Participant(s)”	any Director (including an independent non-executive Director) or employee (whether full time or part time) of a member of the Group (including a person who is granted Awards under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group);
“Excluded Participant(s)”	an individual who is a resident in a place where the grant, acceptance or vesting of an Award pursuant to this Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with Applicable Laws in such place makes it necessary or expedient to exclude such individual;
“Expert”	the Auditors or an independent financial advisor selected and appointed by the Company, and acting as expert, at the cost of the Company;
“Grant Instrument”	the offer and acceptance letter between the Company and the Grantee evidencing the terms and conditions of an Award;

“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of this Scheme;
“Group”	the Company and its subsidiaries and the term “Group Company” and “member of the Group” shall be construed accordingly;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Inside Information”	has the meaning ascribed to it in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Offer”	an offer for the grant of an Award made in accordance with paragraph 4;
“Other Share Scheme”	at any time, any other share scheme (as defined in Chapter 17 of the Listing Rules) adopted by the Company pursuant to Chapter 17 of the Listing Rules which is then operational;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, shall represent, manage or administer the estate of the deceased Grantee;
“Related Entity(ies)”	the holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company
“Related Entity Participant(s)”	director(s) and employee(s) (whether full time or part time employees) of the Related Entities
“Remuneration Committee”	the remuneration committee of the Board;

“Renewal Mandate”	has the meaning ascribed to it in paragraph 10.4;
“Scheme”	this Share Award Scheme in its present form or as amended, modified or supplemented from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 10.1;
“Selected Participant(s)”	an Eligible Participant approved for participation in this Scheme and who has been granted any Award;
“Service Provider(s)”	individual or entity (not being an Employee Participant and a Related Entity Participant) that provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business, which are in the interest of the long term growth of the Group. For the avoidance of doubt, Service Providers may include independent contractors, consultants, agents, advisers and suppliers engaged to provide services to any members of the Group, where the continuity and frequency of their services are akin to those of employees, but exclude (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity;
“Service Provider Sublimit”	has the meaning ascribed to it in paragraph 10.2;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder”	a holder of Shares;
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such subdivision, consolidation, reclassification or reconstruction;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“Treasury Shares”	has the meaning ascribed to it in the Listing Rules;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	the trust deed of the Trust made between the Company and the Trustee in relation to the administration of this Scheme (as restated, supplemented and/or amended from time to time);
“Trustee”	such persons as the Company may from time to time appoint as the trustee of the Trust;
“Vesting”	in relation to any Award, means the time from which the Grantee of that Award becoming entitled to have the Shares transferred to him subject to the terms of this Scheme. “Unvested”, “Vest”, “Vests” and “Vested” shall be construed accordingly;
“Vesting Date”	the date or dates, as determined from time to time by the Administration, on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Grant Instrument, unless a different Vesting Date is deemed to occur by the operation of this Scheme, or other Applicable Laws; and
“Vesting Schedule”	timeline(s) that specify when the Eligible Participant can vest the Award, detailing the specific dates and/or vesting conditions as set out in the Grant Instrument; and
“%”	per cent.

1.2 In this Scheme:

- (a) unless otherwise specified, any reference to a paragraph, section or clause is a reference to a paragraph, section or clause of this Scheme; and
- (b) any reference to a person includes an individual, a body corporate, a partnership, any other unincorporated body or association of persons and any state or state agency.

1.3 In this Scheme:

- (a) words importing the plural include the singular and vice versa;
- (b) words importing a gender include every gender; and
- (c) references 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), and shall include any subsidiary legislation enacted under the relevant statute.

1.4 The headings and contents in this Scheme do not affect its interpretation.

2. CONDITIONS

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

- (a) the passing of the necessary resolution(s) by the Shareholders in general meeting for approving the adoption of this Scheme; and
- (b) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company in respect of Awards granted in accordance with the terms and conditions of this Scheme.

3. PURPOSE, DURATION AND ADMINISTRATION

- 3.1 The purpose of this Scheme is to (i) incentivize and motivate Eligible Participants to contribute to the Group, to optimise their performance and efficiency for the benefit of the Group, and to achieve designated goals, (ii) encourage Selected Participants to show continuing commitment to the Group, (iii) incentivize Selected Participants to achieve designated goals, (iv) attract important candidates to join the Group to facilitate the development of the Group, and (v) recognise the contributions that Eligible Participants have or may have made or may make to the Group (whether directly or indirectly).
- 3.2 Subject to paragraph 17, the Listing Rules, the Bye-Laws and any Applicable Laws and other regulations from time to time in force, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Awards will be granted but in all other respects the provisions of this Scheme shall remain in full force and effect for the purpose of giving effect to the acceptance of granted Awards, the vesting of Award Shares, or as otherwise required in accordance with this Scheme. All Awards granted prior to such termination shall remain valid and may continue to be exercisable in accordance with their terms of issue and subject to the terms of this Scheme.
- 3.3 This Scheme shall be subject to the execution of the Administration whose decision shall be final and binding on all persons affected thereby, subject to the

general power of the Board, save as otherwise provided in this Scheme.

- 3.4 Without prejudice to the Administration's general power of administration, to the extent not prohibited by Applicable Laws and other regulations, the Administration may from time to time appoint one or more Trustees in respect of the granting, administration or vesting of any Award. The Trustee shall not be a Director, and no Director shall have any direct or indirect interest in the Trustee. The Trustee shall remain independent of the Company and its Connected Persons, in accordance with the Listing Rules.
- 3.5 Subject to the provisions of the Listing Rules, the Bye-Laws and any Applicable Laws and other regulations from time to time in force and without prejudice to the generality of the foregoing, the Administration may, in its sole and absolute discretion and based on such factors as it shall consider relevant, and to the extent applicable, the approval of the Shareholders, grant Awards on such terms and subject to such conditions as it thinks fit and may specify those circumstances, if any, in which such terms and conditions shall be waived or treated as waived. Without prejudice to the generality of the foregoing, the Administration may:
- (a) grant Awards to those Eligible Participants whom it shall select from time to time in accordance with paragraph 3.6 below;
 - (b) determine the Date of the Grant;
 - (c) determine the number of Shares to be subject to the Award;
 - (d) determine whether the Shares to be subject to the Award shall be acquired by subscription on terms permitted by the Stock Exchange, or by purchase from the market or otherwise or satisfied by transfer of Treasury Shares by the Company out of treasury or reallocated from any Shares then held by the Trustee that were referable to any Award that has lapsed or is otherwise are not capable of Vesting or any combination of the foregoing;
 - (e) determine the terms and conditions of the Award, including:
 - (i) the minimum period for which any Award must be held before it Vests, which shall not be less than twelve (12) months unless paragraph 6.1 and 6.3 applies as determined by the Administration at its discretion;
 - (ii) the performance, operating and financial targets and other criteria, if any, to be satisfied before the Award can Vest (which may be imposed in addition to the Vesting Schedule) provided that any Vesting of the Awards shall be subject to the prior approval of the Administration at its sole and absolute discretion after fulfilling all Vesting conditions (if any);
 - (iii) the period, if any, during which the Shares transferred upon Vesting of the Award shall be subject to restrictions on dealings,

and the terms of such restrictions;

- (iv) the notification period, if any, to be given to the Company of any intended sale of Shares upon Vesting of the Award; and
- (v) clawback mechanism to recover or withhold any Vested or Unvested Award (or any portion thereof) in the event of serious misconduct;
- (f) approve the form of Grant Instrument;
- (g) construe and interpret the terms and conditions of this Scheme and Awards made under it, which absent manifest error, shall be binding to all the Grantees;
- (h) adopt and implement such administrative procedures as may be appropriate in respect of or to facilitate the grant of the Awards and the implementation of this Scheme;
- (i) subject to the other provisions of this Scheme, prescribe, amend and rescind rules and regulations relating to this Scheme; and
- (j) subject to the other provisions of this Scheme, vary the terms and conditions of any Grant Instrument, including waiving or amending (in whole or in part) any conditions to which Awards are subject.

3.6 The Administration is empowered, in its sole and absolute discretion and based on such factors as it shall consider relevant, to grant Awards to Eligible Participants it shall select from time to time. Eligible Participants include Employee Participants and Related Entity Participants, provided that he or she is not an Excluded Participant:

- (a) When determining the eligibility of the Employee Participant, the Administration will take into account, without limitation:
 - (i) the experience, technical expertise and qualifications (including the extent of possession of specialised skills, unique technical knowledge, or leadership capabilities that are essential for the Group's business), as well as level of responsibilities (including the seniority of the position, the size of teams managed, the value of assets overseen, and the complexity of operational or functional responsibilities) of the Employee Participant in relation to the Group's business;
 - (ii) the financial condition (including the Group's recent profitability, cash flow position, and balance sheet assessment) and short-term and long-term objectives of the Group (including the Group's market share growth, project completion, future market expansion plans and strategic objectives);
 - (iii) the current remuneration packages of the Employee Participant, that is, to use the Award to achieve an optimal balance between fixed and

variable remuneration, thereby reinforcing a pay-for-performance culture of the Group;

- (iv) prevailing market practice and industry standard, including making reference to industry benchmarking data to align award levels with competitive market practice for similar roles within the industry and region, in order to ensure awards are appropriate and sufficient to retain the individuals identified; and/or
 - (v) the amount of participation including but not limited to the years of service provided to the Group, support, efforts, future contributions and positive impact the Employee Participant has made/given, or could potentially make/give in the future, to the Group and/or towards the success of the Group. A qualitative and quantitative review of the individual's documented performance, key achievements, and the tangible impact of their efforts on the Group's success would be considered.
- (b) When assessing the eligibility of Related Entity Participants, the Administration will consider on a case-by-case basis based on one or more factors including, among others:
- (i) the participation, support, efforts, and/or future contribution and positive impact to the Group's business, prospects and development. Assessment of contributions will be based on documentary evidence of performance or achievements (e.g. executed contracts, completed projects or board-approved synergies) and other deliverables in respect of the business and prospects of the Group, including but not limited to achievement of financial or operational targets. On the other hand, assessment of future contributions will be based on the Related Entity Participant's commitment to achieving business objectives and prospects. For instance, an Award may vest upon a project meeting agreed-upon milestones related to budget, timeline, or technical performance;
 - (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Related Entity Participant has established with the Group via its role and position held with the Related Entity including the years of service provided to the Group (the Related Entity Participant should generally have a minimum of 12 months of continuous service with the Group, and a higher weighting will be given where the service period exceeds 24 months), which also takes into account the key role of the Related Entity Participant in successfully enhancing the Group's business prospects and development, as well as the quantifiable value derived from the Related Entity Participant's relationships, such as securing and maintaining key clients, including:
 - the extent to which the Related Entity Participant has secured, introduced, maintained or expanded key clients or strategic relationships, with measurable indicators, such as (A) annual revenue or gross profit attributable to such clients introduced

- or retained by the Related Entity Participant; (B) year-on-year growth in such client accounts; (C) the aggregate value of new business generated during the most recent 12-month period; or (D) the duration and stability of client relationships maintained through the Related Entity Participant's efforts;
 - the Related Entity Participant's involvement in material transactions or projects which (i) exceed HK\$5 million in value; or (ii) contribute demonstratable strategic value (such as market entry, expansion into a new business, by reference to the Group's most recent audited financial results; and/or
 - the Related Entity Participant's specialist expertise or leadership functions demonstrably relied upon by the Group in relation to key operational, technological or strategic initiatives;
- (iii) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Related Entity Participant is involved. Future contributions will be assessed against forward-looking KPIs or milestones agreed by the Administration, with vesting conditional upon their achievement (such as revenue thresholds, budget discipline, regulatory approvals or other commercially relevant criteria);
- (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships. The Administration will conduct deal sourcing evaluation and assess whether the Related Entity Participant may introduce a potential target that meets the Board's strategic and financial criteria, play a critical role in negotiations to secure favorable deal terms, and/or commit to a role in the post-acquisition integration phase. The Administration will also evaluate whether such participant has played, or is expected to play, a substantive role in sourcing, negotiating or implementing such opportunities, including successful closing of a transaction or confirmation by the Board that the opportunity is commercially actionable and strategically aligned with the Group's medium-to-long term plan;
- (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increasing its market share; and
- (vi) the materiality and nature of the business relation between the Related Entity (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)) of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship.

The Board retains full discretion to determine the materiality and relevance of the Related Entity Participant's contributions, and may consider both

qualitative and quantitative factors in its assessment.

- (c) The Board shall have full discretion to determine, on a case-by-case basis, whether a Service Provider is eligible. In assessing eligibility, the Board retains full discretion to determine materiality having regard to the nature, relevance and importance of the services to the Group's business operations, which may (but not necessarily) include reference to monetary thresholds. Eligibility of a Service Provider under this category will be considered with reference to both qualitative and quantitative factors, including, among others:
 - (i) the scale or recurring nature of dependency on such services;
 - (ii) the materiality and nature of business relationship (for example, the importance to the Group's core business and strategy, the benefits and strategic value which could be brought and/or attributable to the relevant collaboration (including, the profit and revenue expected to be attributable to such collaboration), the business opportunities and external connection the Group could potentially obtain, the expenses in establishing and maintaining collaboration, and the contract value);
 - (iii) the market norms and industry practices; and
 - (iv) the actual or potential contribution (including but not limited to of support, assistance, guidance, advice and efforts) towards the long-term development and success of the Group.

4. GRANT OF AWARDS

- 4.1 Subject to the terms of this Scheme, the Listing Rules, the Bye-Laws and any Applicable Laws and other regulations from time to time in force, the Administration may at any time within ten (10) years commencing on the Adoption Date offer the grant of an Award to any Eligible Participant as the Administration may in its absolute discretion select. Any such Offer shall be reviewed and, if considered fit, approved by the Remuneration Committee.
- 4.2 An Offer shall be made to an Eligible Participant by the Company in writing on a Business Day in the form of the Grant Instrument (or in such form as the Administration may from time to time determine) and shall specify:
 - (a) the Date of Grant;
 - (b) the number of Shares in respect of which the Offer is made;
 - (c) the date of Vesting or Vesting Schedule, which shall not be more than ten (10) years from the Date of Grant;
 - (d) such other terms and conditions to which the Award shall be subject, including any of the matters referred to in paragraph 3.5 and 3.6, to the extent applicable; and

- (e) that the Grantee is to undertake to hold the Award on the terms upon which it is being granted and to be bound by the provisions of this Scheme.

4.3 An Offer may be made only on a Business Day. No Offer may however be made, no payment shall be made to the Trustee, no Shares shall be acquired by or on behalf of the Company and no instructions to acquire Shares shall be given to the Trustee under this Scheme:

- (a) after Inside Information has come to the Company's knowledge until (and including) the trading day after such inside information has been announced in accordance with the relevant requirements of the Listing Rules; and
- (b) during the period commencing thirty (30) days immediately before the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its 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. No Awards may be granted during any period of delay in publishing a results announcement.

Without prejudice to the above, no Offer may be made to any Director during any other periods of time stipulated by the Listing Rules from time to time in relation to any restriction on the time of grant of awards; or in any period during which dealings by a Selected Participant (including a Director) are prohibited under the Listing Rules, the SFO or other applicable laws or regulations or where the requisite approval from applicable regulatory authorities has not been granted.

4.4 Upon receipt of the Grant Instrument, the Selected Participants are required to confirm their acceptance of the Award by returning to the Company (i) the counterpart of the Grant Instrument or (ii) a notice of acceptance duly executed by them together with all information and documents as requested by the Company in the Grant Instrument within 10 business days after the Grant Date (the "**Acceptance Period**") together with a payment (if any) in favour of the Company as consideration for the grant thereof as the Administration may determine. An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representatives) within the Acceptance Period. To the extent that the Offer is not accepted within the Acceptance Period and/or in the manner indicated in the Grant Instrument it shall be deemed to have been irrevocably declined and the Award shall automatically lapse forthwith.

If applicable, the Company will notify the Trustee accordingly of any Award which has not been accepted as soon as practicable after the expiration of the aforementioned acceptance period.

- 4.5 An Offer shall be deemed to have been accepted on the Date of Grant provided that the Eligible Participant concerned signs the counterpart of the Grant Instrument and such signed counterpart is received by the Company at the place specified in the Grant Instrument. For the avoidance of doubt, an Offer may not be accepted by a person who has ceased to be an Eligible Participant after the Offer has been made and prior to the acceptance of the Offer.
- 4.6 An Offer may be accepted in respect of less than the number of Award Shares for which it is offered provided that it is accepted in respect of a number of Shares equal to a board lot for trading of the Shares on the Stock Exchange from time to time or an integral multiple thereof and such number is clearly stated in the notice of acceptance.
- 4.7 In respect of the Trust (if applicable):
- (a) The Trustee will hold all moneys received from the Company or any Group Company, the Shares issued or transfer to or purchased by it (including any Shares that were referable to any Award that has lapsed or is otherwise are not capable of Vesting) and the income derived therefrom (including any dividends) in accordance with paragraphs 4.7(e) to (j) and the terms of the Trust Deed. For the avoidance of doubt, any Awards that have Vested and Shares which are transferred or to be transferred to the Grantee (or other persons entitled thereto) in accordance with the instructions of the Company or the Board do not form part of the assets to be held upon trust by the Trustee according to the Trust Deed.
 - (b) The Company and any other Group Company may provide money (either by way of contribution or loan, subject to compliance with the Listing Rules, the Bye-Laws and any applicable laws and other regulations from time to time in force) to the Trustee or its nominee to enable them to acquire Shares either by subscription or purchase from the market or otherwise to be held for the purposes of this Scheme, or enter into any guarantee or indemnity for those purposes, to the extent permitted by the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Listing Rules.
 - (c) The Board will, when an Offer is made to and accepted by an Eligible Participant, inform the Trustee of:
 - (i) the name of the Grantee and whether that person is a Connected Person;
 - (ii) the number of Shares referable to that Award (and their nominal value);
 - (iii) the amount of funds to be made available for subscription or

purchase of the relevant number of Shares;

- (iv) whether the Shares referable to that Award are to be acquired by subscription or purchased from the market by or on behalf of the Trustee (for the benefit of this Scheme) or transferred by the Company from treasury or allocated from any Shares then held by the Trustee that were referable to any other Award that has lapsed or is otherwise are not capable of Vesting; and
- (v) the date of Vesting or the Vesting Schedule and such other terms and conditions to which that Award shall be subject, including any matters referred to in paragraph 3.5 and 3.6.
- (d) The Trustee shall abstain from voting any Shares held by it under this Scheme which are referable to Unvested Awards on any matter that requires Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.
- (e) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under this Scheme, the Trustee shall not subscribe for any new Shares unless otherwise determined by the Board in its sole and absolute discretion.
- (f) In the event of a rights issue, the Trustee shall sell such amount of the nil-paid rights allotted to it and the net proceeds of sale of such rights shall be held as income of the trust fund unless otherwise determined by the Board in its sole and absolute discretion.
- (g) In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants unless otherwise determined by the Board in its sole and absolute discretion, and shall sell the bonus warrants, the net proceeds of sale of such bonus warrants shall be held as income of the trust fund unless otherwise determined by the Board in its sole and absolute discretion.
- (h) In the event the Company undertakes a scrip dividend scheme with cash option, the Trustee shall elect to receive cash instead of scrip Shares and the cash shall be held as income of the trust fund unless otherwise determined by the Board in its sole and absolute discretion. In the event the Company undertakes a scrip dividend scheme without cash option, such scrip Share(s) shall be held by the Trustee as Shares for the purpose of this Scheme and be administered in accordance with the terms of this Scheme and the Trust Deed.
- (i) In the event of other non-cash and non-scrip distribution (which are not Shares) made by the Company in respect of Shares held upon the trust established under the Trust Deed, the Trustee shall dispose of such

distribution and the net sale proceeds thereof shall be held as income of the trust fund unless otherwise determined by the Board in its sole and absolute discretion.

- (j) In the event of any other entitlements of the Shares held by the Trustee, the Trustee shall deal with such entitlements as the Board determines in its sole and absolute discretion.
- (k) All the matters stated in paragraphs 4.7(e) to (j) above are subject to decisions made by the Board in its sole and absolute discretion.

- 4.8 The Administration may impose any performance targets as it deems appropriate with respect to the entitlement of a Selected Participant to an Award. Performance targets may vary among Selected Participants having regard to, without limitation, their duties and responsibilities, length of relationship with the Group, time of the grant and/or strategic needs of the Group. For the avoidance of doubt, any grant of Awards to an independent non-executive Director is not subject to any performance targets.
- 4.9 Such performance targets may be a combination of qualitative and quantitative requirements that are established and measured based on, without limitation, appraisal report or job review of a Selected Participant, performance of the Group (which may include revenue, profits (before or after income tax), earnings per share, market value or economic value added, cash flow, return on assets, return on equity, return on investment and share price), particular member(s) of the Group, product lines, functional departments, projects, geographical area and/or a Selected Participant, or other indicators to be prescribed in a Grant Instrument and other targets as the Board may determine from time to time and assess either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, performance or comparison to internal targets or industry performance, in each case as specified by the Board in their sole discretion.
- 4.10 The Board or the Administration will conduct assessment by comparing the actual performance, operating or financial results of the Company, any subsidiary of the Company and the actual performance of the Selected Participant with the pre-determined targets or individual performance indicators to determine whether or to what extent the performance targets have been met. All-rounded qualitative performance of each Eligible Participant will be assessed individually and taken into account when grants are being made. The assessments will be conducted on a continuous basis with expectations on the Eligible Participant's performance being conveyed and agreed between the Company and the relevant Eligible Participant periodically, with performance target(s) specific to each of the Eligible Participant's work scope. The management will assess the performance of each Eligible Participant on a rolling basis over the year. Such pre-determined targets or individual performance indicators may be set by the Board or the Administration on a case-by-case basis with reference to factors including the specific position and role of the relevant Selected Participant, and the overall business plan, strategy and the expected financial performance of the Group in the relevant period, as well as potential acquisition or joint venture targets. The performance target will be deemed to be met when the actual level achieved reaches or exceeds the level of the pre-determined targets or individual performance indicators.

5. RIGHTS OF A GRANTEE IN RELATION TO AN AWARD OR SHARES REFERRABLE TO THE AWARD

- 5.1 Pending and subject to Vesting and the transfer of Shares referable to an Award to the Grantee, the Grantee shall have no interest or rights in respect of those Shares, including (without limitation) any right to vote, receive dividends, transfer, or exercise any other rights of a Shareholder, whether arising in the ordinary course or upon the liquidation of the Company.
- 5.2 An Award granted under this Scheme shall be personal to the Selected Participant to whom it is made and no Selected Participant shall in any way sell, transfer, assign, charge, mortgage, dispose, encumber or create any interest in favour of any third party over or in relation to any Award. Any breach of the foregoing shall entitle the Company to cancel the Award or part thereof granted to such Grantee. The Stock Exchange may consider granting a waiver to allow a transfer to a vehicle (such as a trust or a private company) for the benefit of the participant and any family members of such participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of this Scheme and comply with other requirements of the Listing Rules. Where such waiver is granted, the Company will be required to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle pursuant to Chapter 17 of the Listing Rules, as may be applicable.

6. VESTING OF AWARDS

- 6.1 Subject to the Listing Rules, the Administration may from time to time while the Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions (including but not limited to performance targets) or periods for the Award to be vested hereunder. Subject as hereinafter provided and to due compliance with the Listing Rules, the Bye-Laws, any applicable laws and other regulations from time to time in force and with its terms and conditions, an Award will Vest on the date or dates specified in the Grant Instrument, upon which the relevant number of Award Shares will be transferred and/or issued to the Selected Participant, provided that:
- (a) no Award will Vest unless all relevant conditions (if any) to which it is subject have been satisfied, waived or, by the terms of grant, treated as having been waived, and prior approval from the Chairman or the Board at his or its sole and absolute discretion has been obtained;
 - (b) if a general offer by way of takeover (other than by way of scheme of arrangement) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert (as defined in the Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time) with the offeror), an Award (to the extent not already Vested) shall Vest on the date the offer becomes or is declared unconditional in all respects;
 - (c) if an offer by way of scheme of arrangement is made to all the

Shareholders pursuant to the Companies Act of Bermuda (as amended from time to time) and has been approved by the necessary number of Shareholders at the requisite meetings, the Award (to the extent not already Vested) shall Vest on a date as may be determined by the Board and notified to the Grantees generally such that the Grantees may participate in the scheme of arrangement *pari passu* with the Shareholders as at the date of the relevant meetings);

- (d) if a compromise or arrangement (other than by way of a scheme of arrangement) between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of or the amalgamation of the Company with any other company or companies, the Company shall give notice to the Grantees on the same date as it despatches the notice to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and the Award shall immediately Vest conditional only upon such compromise or arrangement being sanctioned by the court and becoming effective (or such other date as may be determined by the Board and notified to the Grantees generally). The Company may require the Grantee (or his Personal Representatives) to transfer or otherwise deal with the Shares issued or transferred as a result of the Vesting of an Award in these circumstances so as to place the Grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement;
- (e) if the Company gives a notice to its Shareholders to convene a meeting to consider and, if thought fit, pass a resolution to voluntarily wind up the Company, the Company shall give notice to the Grantees on the same date as it despatches the notice to each Shareholder of such meeting and the Award will immediately Vest conditional only upon the resolution being passed (or such other date as may be determined by the Board and notified to the Grantees generally) such that the Grantees shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the Shareholders as at the date of that meeting;
- (f) if the Grantee ceases to be an Eligible Participant by reason of ill health, injury or disability (all evidenced to the satisfaction of the Board) or death subject to such absolute discretion of the Board, the Award (to the extent not already Vested) shall continue to Vest according to the Vesting Schedule as set out the Grant Instrument to such Grantee or the Vesting shall be subject to such conditions or limitations as the Administration may decide in its absolute discretion;
- (g) if the Grantee ceases to be an Eligible Participant by reason of retirement in accordance with his contract of employment or service subject to such absolute discretion of the Board, the Award (to the extent not already Vested) shall continue to Vest according to the Vesting Schedule as set out the Grant Instrument to such Grantee or the Vesting shall be subject to such conditions or limitations as the Administration may decide in its absolute discretion; and

- (h) if the Grantee ceases to be an Eligible Participant by reason of voluntary resignation, redundancy or dismissal, or upon expiration of his term of directorship or employment (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the relevant company, the Award (to the extent not already Vested) shall not Vest and shall lapse automatically and the relevant Awards shall remain part of the trust fund.

Provided always that in each case the Administration in its absolute discretion may decide that such Awards or any part thereof shall not so lapse or shall be Vested to the Grantee subject to such conditions or limitations as it may decide.

- 6.2 The Administration may determine in its sole and absolute discretion in relation to any of the events described in paragraphs 6.1(b) to 6.1(h) a different (including earlier) Vesting Date, subject to applicable legal and regulatory requirements, in order to enable the Grantee to participate in each of those events in respect of Shares referable to his relevant Awards as generally contemplated under those paragraphs.
- 6.3 The Vesting Date in respect of any Awards shall not be a date which is within 12 months from the Date of Grant (or such other period as the Listing Rules may prescribe or permit from time to time), provided that for Employee Participants, the Administration may in its absolute discretion determine that the Vesting Date may be less than 12 months from the Grant Date (including on the Grant Date) in the following circumstances where:
 - (a) grants of “make whole” Award(s) to new Employee Participant to replace the share awards or shares options that such Employee Participant forfeited when leaving his or her previous employer;
 - (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
 - (c) grants of Award(s) to an Employee Participant with specific and objective performance-based Vesting conditions as determined by the Board, in lieu of most time-based Vesting criteria;
 - (d) grants of Award(s) that are made in batches during a year for administrative and compliance reasons, which include options/Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Award would have been granted;
 - (e) grants of Award(s) with a mixed or accelerated vesting schedule as where the Awards may vest evenly over a period of 12 months; and
 - (f) grants of Award(s) with a total vesting and holding period of more than

12 months.

- 6.4 The Awards which do not vest in an Eligible Participant shall remain part of the trust fund and may be re-granted to other Eligible Participants by the Board.

7. CONSEQUENCES OF VESTING

- 7.1 The Board shall promptly notify the Trustee of the Vesting of any Award and the number of Shares that shall be transferred to Grantee or, where applicable, arrange for the direct transfer or issuance of Shares to the Grantee, subject to paragraph 7.2. Where Shares are to be transferred through the Trustee, under normal circumstances, the Trustee shall, within five (5) Business Days, transfer the relevant Shares, or (where the Shares are available in certificated format, and if the Grantee requires delivery in physical scrip) within ten (10) Business Days, deliver the share certificates for the Shares, against receipt by the Trustee of the notice from the Board, particulars of the transferee necessary for the delivery of the Shares and such transfer documents duly executed by the Grantee (or its nominee in the case of Shares being transferred electronically) as the Trustee may require. None of the Grantees shall be required to pay any amount upon the vesting of any Awards and transfer of Shares provided that, the Grantee shall bear all costs associated with the delivery of Shares in physical scrip (where the Shares are available in certificated format) unless the Company otherwise agrees, which shall be paid as a condition precedent to the transfer being effected.
- 7.2 The Company may satisfy the vesting of Award Shares by issuing and allotting Shares, transferring treasury shares, and/or transferring Shares acquired through the purchase of existing Shares by way of on-market transactions to the Selected Participant in accordance with the Scheme Rules, the Listing Rules and any other applicable laws and regulations. Without prejudice to the foregoing, if the Board or the Administration in its absolute discretion determines that it is not practicable for the Selected Participant to receive the Award Shares or for the Company or (if applicable) the trustee to satisfy the Award due to applicable legal or regulatory restrictions, the allotment and issue or transfer (as the case may be) of the Award Shares shall be postponed and shall take place as soon as possible after the date that the Board or the Administration subsequently determines that it will be practicable to proceed with the satisfaction of the Award.
- 7.3 Shares being transferred to a Grantee (or its nominee if the Shares are to be transferred electronically) upon the Vesting of an Award will be subject to all the provisions of the Bye-Laws for the time being in force and shall rank *pari passu* in all respects with the fully paid Shares then in issue and accordingly will entitle the holders to participate in same voting, dividend, transfer and other rights (including those arising on liquidation of the Company) as the existing fully paid Shares in issue on the date on which they are transferred upon vesting of an Award. Award Shares vested pursuant to the Scheme shall entitle their holders to participate in all dividends or other distributions paid or made on or after the date on which the Shares are vested and transferred to the Grantee. However, the Grantee shall not be entitled to receive any entitlements the record date or ex-entitlement date for which falls before the date of transfer of such Shares. For the avoidance of

doubt, Grantees shall have no right to receive any dividend (or any amount equal in value to any dividends) paid or which may be payable by reference to a record date falling prior to Vesting of an Award.

8. LAPSE OF AWARDS

- 8.1 An Award (to the extent not Vested) shall lapse automatically on the earliest of:
- (a) if a Selected Participant ceases to be an Eligible Participant for reasons other than: (i) retirement of the Selected Participant at his/her normal retirement age as specified in his/her terms of employment or contractual engagement with the Group or as prescribed by any applicable laws or regulations; or (ii) his/her job-related permanent physical or mental disablement or job-related death;
 - (b) in the event of an order for the winding-up of the Company being made or a resolution being passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) on or prior to any Vesting Date;
 - (c) if a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/ her creditors generally;
 - (d) the Selected Participant is found to be an Excluded Participant;
 - (e) the Selected Participant fails to meet the conditions of a grant or vesting of an Award, or to provide such information or documents as may be required under this Scheme; or
 - (f) by the operation of or as required by laws or regulations (including the Listing Rules) of the jurisdictions in which the Eligible Participants and the Company are subject to.

9. CLAWBACK MECHANISM

- 9.1 Unless determined otherwise by the Board, the Award Shares, granted but not yet vested, will be automatically and immediately cancelled when the grantee ceases to be an Eligible Participant in the following circumstances:

- (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement or service to any member of the Group and whether or not it has resulted in his employment or engagement or service being terminated by the relevant member of the Group;
- (ii) where such a person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (iii) where such person has been convicted of any criminal offence;
- (iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; or
- (v) where such person commits a material breach of contract(s) between any member of the Group and the Eligible Participant(s).

9.2 For the avoidance of doubt, no tax or charge paid by the Grantee (if any) in connection with (i) the grant or Vesting of the Awards; (ii) the issuance or delivery of the Awards or payment in lieu of the Awards; or (iii) the sale or transfer of the Awards, shall be refunded to such Grantee in the event of cancellation of the Awards pursuant to paragraph 9, repurchase of the Awards, or payment by such Grantee to the Company of any and all payment in cash or other property in lieu of the Awards the Grantee has received from the Company, upon his commission of serious misconduct.

10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

10.1 The Board shall not make any Awards that may result in the total number of Shares to be issued under Awards granted under this Scheme and any awards and/or options granted under any Other Share Scheme exceeding 10% of the Shares in issue as at the Adoption Date (excluding Treasury Shares) (the “**Scheme Mandate Limit**”), unless:

- (a) such Scheme Mandate Limit shall have been “refreshed” in accordance with the requirements of the Listing Rules; or
- (b) such Awards are made to Eligible Participants and on terms specifically identified with the separate approval by Shareholders in general meeting and otherwise in accordance with the requirements of the Listing Rules,

and for the purpose of calculating the Scheme Mandate Limit, any Awards lapsed in accordance with the terms of this Scheme will not be regarded as utilised.

- 10.2 Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Awards to be granted under the Share Award Scheme and any other share award schemes and share option schemes of the Company to the Service Providers (the “**Service Provider Sublimit**”) shall not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date, provided that Awards lapsed in accordance with the terms of the Share Award Scheme will not be regarded as utilised for the purpose of calculating the Service Provider Sublimit. The Service Provider Sublimit is subject to separate approval by the Shareholders at general meeting.
- 10.3 The maximum number of Shares subject to a Scheme Mandate Limit (and, where appropriate, the Service Provider Sublimit) shall, notwithstanding the terms of the resolution of Shareholders in general meeting approving such Scheme Mandate Limit (and, where appropriate, the Service Provider Sublimit), be adjusted proportionately on the effective date of any consolidation or subdivision of Shares subsequent to the date of passing of that resolution, provided that such maximum number of Shares as a percentage of the total number of Shares in issue immediately before or after such effective date shall be the same, other than for rounding to the nearest whole Share.
- 10.4 The Company may seek approval by its Shareholders in general meeting for renewing the Scheme Mandate Limit (and, where appropriate, the Service Provider Sublimit) (the “**Renewal Mandate**”) after three (3) years from the date of Shareholder’s approval for the last refreshment (or the Adoption Date), provided that:
- (a) any “refreshment” within any three (3) year period must be approved by the Shareholders subject to the following provisions:
 - (i) any controlling shareholders of the Company 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) shall abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42, 17.03C(1)(b) and (c) and for such other applicable provisions of the Listing Rules, unless the Renewal Mandate is sought immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit) (as a percentage of the relevant class of shares in issue) upon renewal is the same as the unused part of the Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit) immediately before the issue of securities, rounded to the nearest

whole Share;

- (b) the total number of Shares which may be issued in respect of all options and awards to be granted under this Scheme and Other Share Schemes after renewal of the Scheme Mandate Limit shall not exceed 10% of the Shares in issue as at the date on which the Renewal Mandate is obtained (excluding any Treasury Shares); and the total number of Shares which may be issued to Service Providers under the renewed Service Provider Sublimit shall not exceed 1% of the Shares in issue as at the date on which the Renewal Mandate is obtained (excluding any Treasury Shares);
- (c) if the Company conducts a share consolidation or subdivision after the Renewal Mandate is obtained, the maximum number of Shares that may be issued in respect of all options and Awards to be granted under this Scheme and Other Share Schemes under the renewed Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit) as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share; and
- (d) the Company shall send a circular to its Shareholders containing the number of options and Awards that were already granted under the then existing Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit) and the reason for the renewal.

10.5 The Company may seek separate approval by its Shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit (or the renewed Scheme Mandate Limit) or the Service Provider Sublimit (or the renewed Service Provider Sublimit) provided that:

- (a) the Awards in excess of the Scheme Mandate Limit (or the renewed Scheme Mandate Limit) or the Service Provider Sublimit (or the renewed Service Provider Sublimit) shall be granted only to the Eligible Participants specifically identified by the Company before Shareholders' approval is sought;
- (b) the Company shall issue a circular to its Shareholders containing the name of each specified Eligible Participant who may be granted such Awards, the number and terms of the Awards to be granted to each such specified Eligible Participant, and the purpose of granting Awards to each such specified Eligible Participant with an explanation as to how the terms of the Awards serve such purpose; and
- (c) the number and terms of Awards to be granted to each such specified Eligible Participant shall be fixed before Shareholders' approval.

11. MAXIMUM ENTITLEMENT OF SHARE OF EACH ELIGIBLE PARTICIPANT

11.1 Without prejudice to paragraph 11.2, no Award shall be granted to any Eligible Participant (excluding any Director, chief executive or substantial

shareholder of the Company, or any of their respective associates) which would result in the new Shares issued and to be issued in respect of all Awards granted under this Scheme together with any awards and/or options granted under any Other Share Scheme (excluding any Award lapsed in accordance with the terms of this Scheme and any awards/ options lapsed in accordance with the terms of the relevant Other Share Scheme) to such person in the twelve (12)-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the date of such Award in aggregate exceeding 1% of the number of Shares in issue on the Date of Grant (excluding any Treasury Shares) unless:

- (a) such grant has been duly approved, in the manner prescribed by the relevant provisions under Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which such person and his Close Associates (or Associates if the Grantee is a Connected Person) shall abstain from voting;
- (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions under Chapter 17 of the Listing Rules; and
- (c) the number and terms of the Awards are fixed before the general meeting of the Company at which the same are approved.

11.2 Where any grant of Award Shares to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all award shares granted (excluding any award shares lapsed in accordance with the terms of this Scheme and other share award scheme(s) of the Company (if any)) to such person in the 12-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the date of such grant representing in aggregate over 0.1% (or such other percentage as may be specified by the Stock Exchange from time to time) of the Shares in issue (excluding treasury Shares, if any) as at the date of such grant, such further grant of Award Shares must be approved by Shareholders in general meeting with a circular sent to the Shareholders in the manner required, and subject to the requirements set out, in the Listing Rules.

11.3 Where any grant of Award Shares to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in Shares issued and to be issued in respect of all award shares and options granted (excluding any award shares and options lapsed in accordance with the terms of this Scheme and other share scheme(s) adopted by the Company) to such person in the 12-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the date of such grant, representing in aggregate over 0.1% (or such other percentage as may be specified by the Stock Exchange from time to time) of Shares in issue (excluding treasury Shares, if any) as at the date of such grant such further grant of Award Shares must be approved by Shareholders in general meeting with a circular sent to the Shareholders in the manner required, and subject to the requirements set out, in the Listing Rules.

11.4 Each Offer of an Award to an Eligible Participant who is a Director, a chief

executive or a substantial shareholder of the Company or any of their respective Associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee) and, where applicable be made subject to the approval of Shareholders in general meeting, with the proposed Grantee, their respective Associates and the Core Connected Persons of the Company abstaining from voting and such other requirements of the Listing Rules then applicable. In such event, the Company shall send a circular to the Shareholders within such time containing all the information required under the applicable provisions of the Listing Rules.

- 11.5 The number of Shares referred to in this paragraph 11 shall be adjusted in such manner as the Expert shall certify in writing to be appropriate in accordance with paragraph 12.1 in the event of any alteration in the capital structure of the Company.
- 11.6 The Company shall be responsible for determining and monitoring the limits and thresholds prescribed under paragraphs 10 and 11 and for keeping the Trustee informed of such limits and thresholds for purpose of administering this Scheme, and the Trustee shall not incur any liability for relying on such information provided by the Company.

12. REORGANISATION OF CAPITAL STRUCTURE

- 12.1 In the event of any alteration in the capital structure of the Company following the commencement of this Scheme from any capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of capital of the Company, the Administration shall make corresponding adjustments to:
- (a) (if any) the purchase price; and/or
 - (b) the number of outstanding Award Shares that have been granted but unvested, provided that any such adjustments made must:
 - (i) give a Selected Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that person was previously entitled;
 - (ii) not be made to the extent that a Share would be issued at less than its nominal value (if any);
 - (iii) not be made to the advantage of the Selected Participant without specific prior approval from the Shareholders;
 - (iv) other than any made on a capitalization issue, be confirmed by an independent financial adviser or auditors of the Company to the Directors in writing that the adjustments satisfy the requirements of chapter 17 of the Listing Rules; and
 - (v) be in accordance with this Scheme, the Listing Rules, the requirement

under Appendix I to FAQ13 - No. 16, and any other applicable guidance/interpretation issued by the Stock Exchange from time to time.

- 12.2 If there is any alteration in the capital structure of the Company while any Award remains outstanding other than by methods specified in paragraph 12.1 above, the Board may determine, in its sole and absolute discretion and based on such factors as it shall consider relevant, whether any adjustment shall properly be made and how such adjustment may be determined consistent with the other requirements contained in that paragraph.
- 12.3 For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. All fractional Shares (if any) arising out of such alteration in the capital structure of the Company in respect of the Award Shares of a Selected Participant shall be deemed forfeited and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.
- 12.4 In addition, in the event the Company conducts a share subdivision or consolidation, the number of shares comprising the Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit) shall be adjusted to the effect that such limits as a percentage of the total number of issued shares of the Company at the date immediately before and the date immediately after such share consolidation or subdivision shall be the same, rounded to the nearest whole share.
- 12.5 The Company shall inform the Trustee and Grantees of any adjustments made pursuant to this paragraph 12.

13. SHARE CAPITAL

The Company shall ensure that there is sufficient authorised but unissued share capital to satisfy the Vesting of all Awards from time to time outstanding (except to the extent any Awards are to be satisfied by the transfer of existing Shares) and the Board shall make available sufficient of such authorised but unissued share capital of the Company for such purpose.

14. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Award, or otherwise) shall be referred to the decision of the Administration whose decision shall be final and binding.

15. WITHHOLDING

The Company, any employing company or the trustee of any employee benefit trust may withhold such amount and make such arrangements as it considers necessary to meet any liability to taxation or social security contributions in respect of Awards. These arrangements may include the sale or reduction in number of any Shares unless the Grantee discharges the liability himself.

16. ALTERATION OF THIS SCHEME AND AWARDS

16.1 Without prejudice to paragraph 16.2, the Board may from time to time alter:

- (a) the authority of the Administration to alter the terms of this Scheme;
- (b) terms and conditions of this Scheme which are of a material nature (including but not limited to the provisions of this Scheme as to the definitions of “Eligible Participant(s)”, “Employee Participant(s)”, “Related Entity(ies)”, “Related Entity Participant(s)” and “Grantee”)); or
- (c) provisions relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of Selected Participants or prospective Selected Participants, including but not limited to the following:
 - (i) the purposes of this Scheme;
 - (ii) the persons to or for whom Awards may be granted under this Scheme and the basis for determining their eligibility;
 - (iii) the individual limits for grants of Awards under this Scheme which independent Shareholder/Shareholder approval is required; or
 - (iv) any other matters prescribed by the Listing Rules,

provided that approval from the Shareholders in general meeting (with the Selected Participants and their associates abstaining from voting) has been obtained.

This Scheme so altered must comply with Chapter 17 of the Listing Rules.

16.2 The Board need not obtain the approval of the Shareholders for any minor changes:

- (a) to benefit the administration of this Scheme; or
- (b) to obtain or maintain favourable tax, exchange control or regulatory treatment of any member of the Group or any Grantee or future Grantee,

or for alterations which take effect under the terms of this Scheme. This Scheme so altered must comply with Chapter 17 of the Listing Rules.

16.3 Other than alterations set out in Clauses 16.1 and 16.2, the Administration may alter the terms of this Scheme without the approval of the Shareholders in a general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Award Shares granted or agreed to be granted prior to such alteration except with the consent of all affected Selected Participant(s) or the sanction in writing of such majority of Selected Participants as would be required of the Shareholders under the constitutional documents for the time being of the Company for a variation of the rights attached to the Shares.

16.4 Unless an alteration in terms takes effect automatically under the terms of this

Scheme, any change to the terms of Awards granted to a Selected 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 Awards 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).

17. TERMINATION

17.1 This Scheme shall terminate on the earlier of (i) the 10th anniversary of the Adoption Date and (ii) such earlier date of termination as the Board may determine provided that such termination does not affect any subsisting rights of any Selected Participant. In such event, no further Awards shall be offered but in all other respects the provisions of this Scheme shall remain in full force and effect.

17.2 All Awards granted prior to such termination and not Vested at the date of termination shall remain valid and exercisable, subject to the terms of this Scheme.

18. CANCELLATION OF AWARDS

18.1 The Administration may cancel an Award granted but remained unvested in certain circumstances, including where it is necessary to comply with the laws in the jurisdictions in which the Eligible Participants and the Company are subject to, or in order to comply with the requirements of any securities exchange.

18.2 Award Shares may be granted to an Eligible Participant in place of his/her cancelled Award Shares provided that there are available Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit) approved by the Shareholders as referred to in the Listing Rules. The Award Shares cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and, where applicable, the Service Provider Sublimit).

19. MISCELLANEOUS

19.1 The Company shall bear all associated costs of establishing and administering this Scheme, including any costs of the Trustee, any licensed securities dealers, the Expert in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme or any other third party service provider.

19.2 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 and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.

19.3 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; and

- (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 19.4 A Grantee shall be responsible for obtaining his own legal, accounting and tax advice, together with any governmental or other official consent that may be required by any country or jurisdiction in order to permit the acceptance of a Grant and/or the Vesting of his Awards. By accepting an Offer, the Grantee thereof is deemed to have represented to the Company that he has obtained the relevant advice appropriate for the Grantee and has also obtained all such consents. 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 participation in this Scheme or the exercise or Vesting of any Award.
- 19.5 This Scheme shall not constitute part of any contract of employment or for services between any member of the Group and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office or employment or provision of service shall not be affected by his participation in this Scheme or any right he may have to participate in it and this Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or provision of service for any reason.
- 19.6 The grant of an Award on a particular basis in any year does not create any right to or expectation of the grant of Awards on the same basis, or at all, in any future year. Participation in this Scheme does not imply any right to participate, or to be considered for participation in any later operation of this Scheme. Subject to any applicable legislative requirement, any Award will not be regarded as remuneration for pension purposes or for the purposes of calculating payments on termination of employment.
- 19.7 By accepting an Offer, a Grantee shall be deemed irrevocably to have waived any entitlement to any sum or other benefit to compensate him, by way of compensation for loss of office or otherwise, for or in respect of any loss of any rights or benefits under any Award then held by him or otherwise in connection with this Scheme.
- 19.8 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 19.9 The Company will provide a copy of this document to any Eligible Participant who requests such a copy. The Company will provide to all Eligible Participants all details relating to changes in the terms of this Scheme during the life of this Scheme as soon as reasonably practicable upon such changes taking effect.
- 19.10 By participating in the Scheme, the Grantee consents to the holding and processing of personal data provided by the Grantee to the Company for all purposes

relating to the operation of the Scheme. These include, but are not limited to:

- (a) administering and maintaining Grantee records;
- (b) providing information to third party administrators of the Scheme;
- (c) providing information to future purchasers of the Company or the business in which the Grantee works; and
- (d) transferring information about the Grantee to a country or territory outside Hong Kong for all purposes relating to the operation of the Scheme.

19.11 In this Scheme, where applicable, references to Shares to satisfy the Award shall include Treasury Shares, and references to the issue and purchase of Shares shall include the transfer of Treasury Shares (as the case may be, and to the extent permissible by applicable laws and regulations, including the Listing Rules).

19.12 This Scheme and all Awards granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.