

Goodbaby International Holdings Limited
好孩子國際控股有限公司
(incorporated in the Cayman Islands with limited liability)

2025 SHARE OPTION SCHEME

(Adopted conditionally pursuant to an ordinary resolution of the shareholders of the
Company passed on 27 May 2025)

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RULES OF THE 2025 SHARE OPTION SCHEME

1. DEFINITIONS

- 1.1 In this Scheme, except where the context otherwise requires, the following words and expressions have the following meanings:-

“Acceptance Date”	means the date upon which an offer for an Option must be accepted by the relevant Eligible Participant, being a date not later than 30 days after the Offer Date;
“Adoption Date”	means 27 May 2025, the date on which this Scheme was conditionally adopted by an ordinary resolution of the Shareholders;
“approved independent financial adviser”	means such independent financial adviser as approved by the Board;
“Articles”	means the articles of association of the Company as amended from time to time;
“associate”	shall have the meaning ascribed to it in the Listing Rules;
“Auditors”	means the auditors for the time being of the Company;
“Board”	means the board of directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	means a day on which the Stock Exchange is open for the business of dealing in securities;
“close associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	means Goodbaby International Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 14 July 2000;
“Companies Law”	means the Companies Law (2010 Revision) of the Cayman Islands, as amended from time to time;

“Commencement Date”	means, in respect of an Option, the date upon which such Option is deemed to be granted and accepted in accordance with paragraph 4.6;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Eligible Participant”	means (a) an Employee Participant, or (b) a Related Entity Participant;
“Employee Participant(s)”	means any full-time or part-time employees, executives or officers or directors (including executive, non-executive and independent non-executive directors) of the Company or any of its Subsidiaries (including persons who are granted Options as an inducement to enter into employment contracts with the Company or any of its Subsidiaries);
“Exercise Date”	means the date of the notice given by the Grantee in respect of the exercise of the Option in accordance with paragraph 7.1;
“Exercise Price”	means the price per Share, determined by the Board, at which a Grantee may subscribe for Shares on the exercise of an Option in accordance with paragraph 6;
“Expiry Date”	means, in respect of an Option, the date of the expiry of the Option as may be determined by the Board which shall not be later than the last day of the Option Period in respect of such Option;
“Grantee”	means any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of this Scheme;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;

“Offer Date”	means in respect of an Option, the date on which such Option is offered in writing to an Eligible Participant which must be a Business Day;
“Offer Letter”	means a letter setting out the terms of the Offer given by the Company to the Eligible Participant pursuant to paragraph 4.5;
“Option”	means a right granted by the Company under this Scheme, which right permits (but does not obligate) a Grantee to subscribe for Shares in accordance with the terms of this Scheme;
“Option Period”	means in respect of an Option, the period to be notified by the Board to a Grantee within which the Option may be exercised subject to the terms of the Offer Letter, provided that such period shall not exceed a period of ten (10) years commencing on the Offer Date;
“other schemes”	means other than this Scheme, all other share option or award schemes involving the grant by the Company of options or awards over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or any arrangement involving the grant of options to participants over Shares or other securities of the Company which, in the opinion of the Stock Exchange, is analogous to a share option or award scheme as described in Chapter 17 of the Listing Rules;
“Personal Representative(s)”	means a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Grantee is or are entitled to exercise the Option accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee;
“Related Entity”	means the holding companies, fellow subsidiaries or associated companies of the Company, and a member of the Related Entity means any of the aforementioned entity;
“Related Entity Participant(s)”	means director(s) or employee(s) of any member of the Related Entity;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 9.1;

“Scheme Period”	means a period of ten (10) years commencing on the Adoption Date;
“Shares”	means ordinary shares of HK\$0.01 each in the capital of the Company or, if there has been a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company;
“Shareholders”	means shareholders of the Company;
“Special Resolution”	means a resolution passed at a meeting of the Grantees (being only those Grantees holding Options, all or any part of which is unexercised as at the time of the meeting at which the resolution is proposed) duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning ascribed to it in the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“this Scheme”	means the share option scheme, the rules of which are set out in this document in its present or any amended form; and
“treasury shares”	has the meaning ascribed to it in the Listing Rules.

1.2 In this Scheme, unless the context otherwise requires:

- (a) paragraph headings are inserted for convenience of reference only and shall not affect the interpretation of this Scheme;
- (b) references to paragraphs are to paragraphs of this Scheme;
- (c) the singular includes the plural and vice versa;
- (d) references to one gender shall include both genders and the neuter;
- (e) any reference to any statute or statutory provision shall include any statute or statutory provision which amends or replaces, or has amended or replaced it, and shall include any subordinate legislation made under the relevant statute;
- (f) a reference to a “person” shall be construed so as to include any individual, firm, business, company, body corporate or unincorporated or other juridical person, government, federation, state or agency thereof or any joint venture, association, partnership or trust (whether or not having separate legal personality);
- (g) where applicable, references to a Grantee shall include any person who is entitled, in accordance with the applicable laws of succession, to exercise any Option to the extent not already exercised in consequence of the death of such Grantee; and
- (h) where applicable, references to Shares which are required to satisfy the grant of Options shall include treasury shares, and references to the issue 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).

2. CONDITIONS

2.1 This Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolutions by the Shareholders to approve and adopt the rules of this Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options which may be granted under this Scheme.

2.2 The conditions set out in paragraph 2.1 above cannot be waived.

3. PURPOSE, DURATION AND ADMINISTRATION OF THIS SCHEME

3.1 Purpose

The purpose of this Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards (i) to recognize their contribution or potential contribution to the Group, and to enable the Company to recruit and retain key employees of the Group; (ii) to align their interests with those of the Company by providing them with the opportunity to acquire a proprietary interest in the Company; and (iii) to motivate them to contribute to the long-term growth and development of the Company with a view to enhance the value of the Company for the benefit of the Company and the Shareholders as a whole.

3.2 Duration

Subject to paragraph 14.1, this Scheme shall be valid and effective for the Scheme Period after which no further Options shall be offered but the provisions of this Scheme shall in all other respects 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 and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.

3.3 Administration

This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties. Without prejudice to the above, the administration of the Scheme may be delegated by the Board to any other person(s) authorised by the Board from time to time, provided that any delegation by the Board shall not prejudice the Board's power to revoke such delegation at any time or derogate from the authority rested with the Board stated in this paragraph.

4. GRANT OF OPTIONS

4.1 Eligibility of Eligible Participants

The Board shall, subject to and in accordance with the provisions of this Scheme, the Listing Rules and any applicable laws and regulations, be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period offer to grant an Option to any Eligible Participant whom the Board may in its absolute discretion determine and subject to such terms and conditions set out in the Offer Letter as the Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of this Scheme and that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.

In determining the basis of eligibility of Eligible Participants, the Board would take into account, on a case-by-case basis, among other things, the following factors:

- (a) with respect to Employee Participants, their general working performance, time commitment (full-time or part-time), length of service within the Group, work experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standards; and
- (b) with respect to Related Entity Participants, (i) their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group, which may include the degree of their involvement in and/or cooperation with the Group; (ii) the length of their collaborative relationship established with the Group; (iii) the extent of positive impact provided by or expected from business development activities in terms of actual or expected change in the Group's revenue or profits attributable to them; (iv) whether they have provided measurable assistance to improve any aspect of the Group's operations including but not limited to assisting the Group to tap into new markets or increase its existing market share; and (v) the amount of actual or potential support, assistance, guidance, advice, effort and contribution that they are likely to be able to give or contribute towards the success of the Group.

4.2 Performance Targets

Subject to the rules of this Scheme, the Listing Rules and any applicable laws and regulations, the Board shall have the power to determine such performance targets or other criteria or conditions for vesting of the Options in its sole and absolute discretion. The performance target, if any, shall be based on the performance of the Eligible Participant and/or the operating or financial performance of the Group including but not limited to (i) business performance and financial performance of the Group such as the profit before tax of the Group; (ii) attaining of corporate goals; (iii) individual performance appraisal; and/or (iv) other criteria to be determined by the Board as its absolute discretion from time to time, which shall be set out in the relevant offer letter in relation to the grant of Options issued to each selected Eligible Participant. For the avoidance of doubt, an Option shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant Offer Letter.

4.3 Individual Limit

Subject to paragraph 4.4 below, the maximum number of Shares in respect of which Options may be granted under this Scheme to any Eligible Participant, shall not, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him under this Scheme and any options and awards granted under any other schemes of the Company (including exercised, cancelled and outstanding options but excluding any options and awards lapsed in accordance with the terms of the relevant scheme of the Company) in the 12-month period up to and including the Offer Date, exceed 1% of the total number of Shares in issue (excluding treasury shares, if any) on the Offer Date.

4.4 Exceeding the Individual Limit

If the Board determines to offer Options to an Eligible Participant which exceed the limit set out in paragraph 4.3:

- (a) that grant shall be subject to (i) the issue of a circular by the Company to its Shareholders which must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and those options and awards previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to such Eligible Participant and an explanation as to how the terms of the Options serve such purpose, and shall comply with Rules 17.03D and 17.06 of the Listing Rules and such other requirements as prescribed under the Listing Rules from time to time; and (ii) the approval of the Shareholders in general meeting at which that Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) shall abstain from voting. The number and terms of the Options to be granted to such Eligible Participant must be fixed before Shareholders' approval; and
- (b) unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

4.5 Offer Letter

If the Board determines to offer an Option to an Eligible Participant in accordance with paragraph 4.1, the Board shall forward to the relevant Eligible Participant an offer letter (the “**Offer Letter**”) in such form as the Board may from time to time determine which states (or, alternatively, documents accompanying the Offer Letter which state), among others:-

- (a) the Eligible Participant's name, address, occupation and/or any other relevant personal information;
- (b) the Offer Date;
- (c) the Acceptance Date;
- (d) the Commencement Date or, if the Option Period does not commence on the Commencement Date, the date of commencement of the Option Period;
- (e) the number of Shares in respect of which the Option is offered;
- (f) the Exercise Price and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
- (g) the Expiry Date in relation to that Option;

- (h) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph 4.6;
- (i) the Option Period; and
- (j) such other terms and conditions (including, without limitation, any vesting criteria and conditions and/or any performance targets which must be achieved before the Option can be exercised) relating to the offer of the Option which in the opinion of the Board are necessary but not being inconsistent with this Scheme and the Listing Rules.

4.6 Deemed Acceptance

An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate Offer Letter constituting acceptance of the Option duly signed by the Grantee, together with a remittance or payment in favour of the Company of HK\$1.00 (or any equivalent amount in other currency as determined by the Board) by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date. Such remittance or payment shall in no circumstances be refundable.

4.7 Partial Acceptance

Any offer to grant an Option may be accepted by an Eligible Participant concerned in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate Offer Letter constituting acceptance of the Option in the manner as set out in paragraph 4.6. To the extent that the offer to grant an Option is not accepted by the Acceptance Date, it shall be deemed to have been irrevocably declined and shall lapse automatically.

4.8 Listing

The Options shall not be listed or dealt in on the Stock Exchange.

4.9 Non-Transferability of Options

An Option and an offer to grant an Option shall be personal to the Grantee and shall not be transferable or assignable, save for a transfer to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (including 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, in which case a waiver must be obtained from the Stock Exchange. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any offer relating to the grant of an Option made to him or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to this Scheme may be registered or the Grantee may deposit the relevant Shares in the Grantee's designated securities account held with the Central Clearing and Settlement

System operated by The Hong Kong Securities Clearing Company Limited). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

4.10 Grant Prohibition Periods

For so long as the Shares are listed on the Stock Exchange, the Board shall not grant any Option after inside information has come to the knowledge of the Company until (and including) the trading day after it has announced such inside information pursuant to the requirements of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In particular,

(a) no Options shall be granted during the period commencing 30 days immediately preceding the earlier of:-

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

and ending on the date of the results announcement for such year, half year, quarterly or interim period (as the case may be), or during any period of delay in publishing any results announcement; and

(b) in addition to the requirements set out in paragraph 4.10(a) above, no Options shall be granted to (i) the directors of the Company; (ii) trusts of which any director is a sole-trustee (other than a bare trust where none of such director or any of his close associates is a beneficiary of the trust); (iii) the spouse or any minor child of such director under 18 years of age; and/or (iv) any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or its subsidiary, is likely to possess inside information in relation to the securities of the Company:-

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the 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.

4.11 Save in the circumstances prescribed in paragraph 4.12, the vesting period for any Options shall not be less than 12 months from (and including) the Offer Date.

4.12 Vesting Period Exceptions

Notwithstanding any rights to be conferred on any Grantee upon the occurrence of any event(s) as set out in paragraph 7.3, the vesting period of any Options granted to any Eligible Participant shall be not less than 12 months from (and including) the Offer Date except for Employee Participants. The vesting period in respect of any Options granted to Employee Participants may be less than 12 months from (and including) the Offer Date in any of the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the awards or options they forfeited when leaving the previous employer;
- (b) grants to a Grantee whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
- (d) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

5.1 Approval by Independent Non-Executive Directors

Subject to paragraphs 4.4, 5.2, 9.1 and 9.2, if the Board determines to offer to grant Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive directors of the Company (and in the event that the Board offers to grant Options to an independent non-executive director of the Company, the vote of such independent non-executive director shall not be counted for the purposes of approving such grant).

5.2 Approval by Shareholders

If the Board determines to offer to grant Options to a substantial shareholder or an independent non-executive director of the Company (or any of their respective associates) and that grant would result in the Shares issued and to be issued upon exercise of all Options already granted under this Scheme and any options or awards granted under any other scheme(s) of the Company (including options and awards exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the relevant scheme(s) of the Company) to such person in the 12-month period up to and including the Offer Date representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue (excluding treasury shares, if any) on the Offer Date, such further grant shall be subject to, in addition to the approval of the independent non-executive directors of the Company as referred to under paragraph 5.1, the issue of a circular by the Company to its Shareholders and the approval of the Shareholders in

general meeting by way of a poll convened and held in accordance with the Articles at which the Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

5.3 Circular

The circular to be issued by the Company to its Shareholders pursuant to paragraph 5.2 must contain details of the number and terms of the Options to be granted to such Eligible Participant which must be fixed before the Shareholders' meeting, and shall contain such other information required under the Listing Rules.

6. EXERCISE PRICE

The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 10, be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date, which must be a Business Day; and
- (b) the average of closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date,

provided that for the purpose of determining the Exercise Price where the Shares have been listed on the Stock Exchange for less than five (5) business days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

7. EXERCISE OF OPTIONS

7.1 Manner of Exercise

Subject to paragraph 7.3, an Option may be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the Auditors or the approved independent financial adviser as the case may be pursuant to paragraph 10, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted, or (if applicable) the treasury shares so transferred.

7.2 Shareholders Approval for increase in Authorised Share Capital

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company.

7.3 Exercise of Options during Specific Circumstances

Subject as hereinafter provided, an Option may be exercised by a Grantee at any time or times during the Option Period provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than on his death, ill-health, injury, disability or the termination of his employment, directorship, appointment, engagement or other relationship with the Company and/or any of the Subsidiaries on one or more of the grounds specified in paragraph 8(e), the Grantee may exercise Option up to his entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of three months (or such longer period as the Board may determine) following the Option Period where date of cessation for the purpose of this paragraph shall be, in relation to a Grantee who is an Employee Participant, the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not;
- (b) in the case of the Grantee ceasing to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of the Subsidiaries under paragraph 8(e) has occurred, the Grantee or his Personal Representative(s) shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of the Grantee being an Eligible Participant to exercise the Option in full (to the extent not already exercised);
- (c) if a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the Options granted to them, Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his legal Personal Representative(s)) shall be entitled to exercise his option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional;

- (d) if, pursuant to the Companies Law, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his Options in whole or in part at any time prior to 12 noon (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, or is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court), the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension; and
- (e) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his Personal Representative(s)) 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 by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. Any Options shall, to the extent they have not been so exercised, lapse and determine.

7.4 Dividends and Voting Rights

No dividends shall be payable in relation to Shares that are the subject of Options that have not been exercised. The Shares to be allotted upon the exercise of an Option shall not carry voting rights or other rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject as aforesaid, the Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued upon the exercise of an Option shall not have any rights attaching to Shares by reference to a record date preceding the date of allotment.

8. LAPSE OF OPTION

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

- (a) the Expiry Date relevant to that Option;
- (b) the expiry of any of the periods referred to in paragraph 7.3(a), (b), (c), (d) or (e);
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 7.3(d) becomes effective;
- (d) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Law); or
- (e) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement or other relationship with the Company and/or any of the Subsidiaries on any one or more of the following grounds:
 - (i) that he has been guilty of serious misconduct;
 - (ii) that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries (if so determined by the Board);
 - (iii) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or

on any other ground as determined by the Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relevant relationship with the Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.1 Scheme Mandate Limit

Unless further approval has been obtained pursuant to paragraph 9.2 and subject to paragraph 9.3, the maximum 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 Company must not exceed 10% of the total number of Shares in issue (excluding treasury shares, if any) as at the Adoption Date (the “**Scheme Mandate Limit**”). For illustrative purpose and assuming there is no change in the total number of issued Shares as at the latest practicable date prior to the printing of the relevant Shareholders’ circular in respect of the adoption of this Scheme for ascertaining certain information in such circular (i.e. being 1,668,139,666 Shares) and the Adoption Date, the maximum number of new Shares that may be issued in respect of all Options to be granted under this Scheme together with all options and awards that may be granted under any other schemes for the time being of the Company under the Scheme Mandate Limit is 166,813,966 Shares. Options or awards lapsed in accordance with the terms of this Scheme or any other schemes of the Company shall not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

9.2 Refreshing the Scheme Mandate Limit

- (a) The Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit (a) from the later of three (3) years after the Adoption Date, or three (3) years after the date of shareholders’ approval for the last refreshment of the Scheme Mandate Limit); or (b) at any time within the above three-year period subject to compliance with any additional requirements set out in the Listing Rules, provided that:- 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 Company under the Scheme Mandate Limit as refreshed must not, in aggregate, exceed 10% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of such Shareholders’ approval approving the refreshed Scheme Mandate Limit, and subject further to compliance with other requirements prescribed under the Listing Rules from time to time. Any refreshment of the Scheme Mandate Limit within any three-year period must be approved by the 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.

- (b) Provided that the requirements under paragraphs 9.2(a)(i) and (ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share.
- (c) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (including such refreshed limits, as the case may be) provided that the Options in excess of the Scheme Mandate Limit (including the refreshed limits, as the case may be) are granted only to Eligible Participants specifically identified by the Company before such approval is sought and provided that the number of and terms of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and subject to compliance with other relevant requirements prescribed under the Listing Rules. In respect of any Options to be granted in such circumstances, the date of the Board meeting for proposing such grant should be taken as the Offer Date for the purpose of calculating the Exercise Price of such Options.

9.3 The Scheme Mandate Limit referred to in paragraph 9.1 (or as refreshed in accordance with paragraph 9.2) shall be adjusted, in such manner as the Auditors or the approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 10 whether by way of sub-division or consolidation of shares of the Company but in any event shall not exceed the limit prescribed in paragraph 9.1, as calculated on the basis of the new capital structure of the Company after completion of the relevant alteration.

10. CAPITAL RESTRUCTURING

10.1 In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, open offer (if there is a price dilutive element), sub-division, consolidation of shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

- (a) the number of Shares subject to any unexercised or outstanding Options; and/or
- (b) the Exercise Price of any unexercised or outstanding Options,

as the Auditors or the approved independent financial adviser shall at the request of the Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with all relevant guidance or interpretation issued by the Stock Exchange relating to share schemes from time to time

and the relevant provisions of the Listing Rules) as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustments and the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value.

Provided that if the Company conducts a share consolidation or sub-division after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same, rounded to the nearest whole share.

Subject to the above principles and certification procedures, and any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time, the Company shall follow the method of adjustment as set out in Appendix 1 to the Frequently Asked Questions FAQ13 issued by the Stock Exchange which is replicated below:

(1) Capitalisation Issue, Rights Issue or Open Offer of Shares

Adjustments shall follow the following formula:

$$\text{New Number of Options} = \text{Existing Number of Options} \times F$$

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where:

$$F = \frac{\text{CUM}}{\text{TEEP}}$$

CUM = Closing price as shown in Daily Quotation Sheet of the Stock Exchange on the last trading day before going ex-entitlement to the offer (the cum-rights price)

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

M = Entitlement per Existing Share

R = Subscription price for the capitalisation issue, rights issue or open offer (as the case may be)

(2) Sub-division, Consolidation or Reduction of Share Capital

Adjustments shall follow the following formula:

$$\text{New Number of Options} = \text{Existing Number of Options} \times F$$

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where F = Sub-division, consolidation or capital reduction factor (as the case may be)

In respect of any adjustments required above, other than any made on a capitalisation of profits or reserves, the Auditors or approved independent financial advisor, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto to the Company relating to the this Scheme and/or such other requirement prescribed under the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time. If there has been any alteration in the capital structure of the Company as referred to above, the Company shall, upon receipt of an enquiry from a Grantee, inform the Grantee of such alteration.

The capacity of the Auditors or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

- 10.2 In respect of any adjustments required by paragraph 10.1, other than any made on a capitalisation issue, the Auditors or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in the relevant Listing Rules and the note thereto and all relevant guidance and/or interpretation issued by the Stock Exchange relating to share schemes from time to time and/or such other requirement prescribed under the Listing Rules.

11. SUFFICIENT SHARE CAPITAL

Subject to paragraph 7.2, the Board shall at all times set aside for the purposes of this Scheme, out of the authorised but unissued share capital of the Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the exercise of outstanding Options.

12. DISPUTES

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

13. ALTERATION OF THIS SCHEME

13.1 The terms and conditions of this Scheme and the regulations for the administration and operation of this Scheme (provided that the same are not inconsistent with this Scheme and the Listing Rules) may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules, including without limitation, the definitions of “Eligible Participant”, “Expiry Date”, “Grantee” and “Option Period” in paragraph 1.1 and the provisions in this Scheme and this paragraph 13; or
- (b) any material alteration to the terms and conditions of this Scheme,

must be made with the prior approval of the Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under this Scheme and their respective associates shall abstain from voting. Any change to the terms of Options granted must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be), whereas this requirement does not apply where the alterations take effect automatically under the existing terms of this Scheme;

PROVIDED THAT the amended terms of this Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of this Scheme must be approved by Shareholders in general meeting; and no alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration except with:

- (i) the consent in writing of Grantees holding in aggregate Options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all Options outstanding on that date; or
- (ii) the sanction of a Special Resolution.

Written notice of any alterations made in accordance with this paragraph 13.1 shall be given to all Grantees.

13.2 In respect of any meeting of Grantees referred to in paragraph 13.1, all the provisions of the Articles as to general meetings of the Company shall *mutatis mutandis* apply as though the Options were a class of shares forming part of the capital of the Company except that:-

- (a) not less than seven (7) days' notice of such meeting shall be given;
- (b) a quorum at any such meeting shall be two Grantees present in person or by proxy and holding Options entitling them to the issue of one-tenth in nominal value of all Shares which would fall to be issued upon the exercise of all Options then outstanding unless there is only one Grantee holding all Options then outstanding, in which case the quorum shall be one Grantee;
- (c) every Grantee present in person or by proxy at any such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Share to which he would be entitled upon exercise in full of his Options then outstanding;
- (d) any Grantee present in person or by proxy may demand a poll; and
- (e) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven or more than fourteen days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Grantees who are then present in person or by proxy shall form a quorum and at least seven days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Grantees who are then present in person or by proxy shall form a quorum.

14. TERMINATION

14.1 The Company by resolution in general meeting or the Board may at any time resolve to terminate the operation of this Scheme and in such event no further Options shall be offered but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

14.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme shall be disclosed in the circular to Shareholders seeking approval of the new scheme established after the termination of this Scheme.

15. CANCELLATION OF OPTIONS

15.1 Any Options granted but not exercised may be cancelled in whole or in part and at any time if it is agreed and approved by the Grantees of the relevant Options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph 4.9.

15.2 Where the Company cancels Options, the grant of new Options to the same Grantee may only be made under this Scheme within the limits with available Scheme Mandate Limit (including such refreshed limits, as the case may be) as referred to in paragraph 9 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (including the refreshed limit, as the case may be).

16. CLAWBACK

Notwithstanding the terms and conditions of this Scheme, the Board has the authority to clawback any Option that has been previously granted but not yet exercised, without a Grantee's consent, in the event that:

- (a) a Grantee ceases to be an Eligible Participant by reason of the termination of his employment or contractual engagement with the Group or Related Entity for cause or without notice or with payment in lieu of notice;
- (b) a Grantee has been convicted of a criminal offence involving his integrity or honesty;
- (c) in the reasonable opinion of the Board, a Grantee has engaged in serious misconduct or breaches the terms of this Scheme or the Offer Letter in any material respect; or
- (d) the Company is required to exercise a claw-back in accordance with applicable laws and regulations, including the Listing Rules, and/or pursuant to a request from any regulatory authority (including but not limited to the Stock Exchange).

Under the above circumstances, the Board may (but is not obliged to) by notice in writing to the Grantee concerned claw back such number of Options (to the extent not being exercised) granted as the Board may consider appropriate. The Options that are clawed back pursuant to this paragraph shall be regarded as lapsed and the Options so clawed back will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (including the refreshed limit, as the case may be).

17. DISCLOSURE IN ANNUAL AND INTERIM REPORTS

The Board shall procure that details of this Scheme and other schemes of the Company and its Subsidiaries, the matters relating to the implementation of this Scheme and the grant of Options in the relevant financial year or interim period are disclosed in the annual reports and interim reports of the Company in compliance with the Listing Rules.

18. GENERAL

18.1 Save as otherwise provided in paragraph 12, the Company shall bear the costs of establishing and administering this Scheme (including the costs of the Auditors or the approved independent financial advisor, as the case may be, in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme).

- 18.2 A Grantee shall upon accepting an Offer of grant of an Option be entitled to inspect copies of all notices and other documents sent by the Company to its Shareholders at the same time or within a reasonable time of any such notices or documents being sent, which shall be made available to him, during normal office hours at the Company's principal place of business in Hong Kong.
- 18.3 Any notices, documents or other communication between the Company and a Grantee shall be in writing and 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.
- 18.4 Any notice or other communication served:-
- (a) by the Company shall be deemed to have been served 48 hours after the same was put in the post or if delivered by hand, when delivered; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 18.5 All allotments and issues of Shares pursuant to this Scheme shall be subject to any necessary consents under the relevant laws, enactments or regulations for the time being to which the Company is subject. A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction for, or in connection with the grant or exercise of an Option. 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.
- 18.6 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 18.7 This Scheme shall not form part of any contract of employment between the Company or any of the Subsidiaries and any Eligible Participant who is an employee of the Company and/or any of the Subsidiaries and the rights and obligations of any Eligible Participant under the terms of his office or employment shall not be affected by his participation in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 18.8 The Company shall maintain all necessary books of account and records relating to the Scheme.

18.9 This Scheme shall in all respects be administered by the Board which (a) shall administer the Scheme in accordance with the provisions hereof and all applicable requirements of the Listing Rules and (b) may make such rules not being inconsistent with the terms and conditions hereof and the Listing Rules for the conduct of the Scheme and the determination and terms of each entitlement under an Option as the Board thinks fit.

18.10 A Grantee who is a member of the Board may, subject to and in accordance with the Articles, notwithstanding his interest, vote on any Board resolution concerning the Scheme (other than in respect of his own participation therein) and may retain any benefit under the Scheme.

19. GOVERNING LAW

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