

**Kinetic Development Group Limited**  
**力量發展集團有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1277)**  
**(the “Company”)**

**2023 SHARE AWARD SCHEME**

**adopted by an ordinary resolution passed by  
the shareholders of the Company  
on 22 May 2023**

## **Kinetic Development Group Limited**

### **2023 SHARE AWARD SCHEME**

#### **1. DEFINITIONS**

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

“Acceptance Date”	the date upon which an offer of an Award must be accepted by the relevant Eligible Participant, being a date not later than 28 days after the Grant Date;
“Adoption Date”	22 May 2023, being the date of conditional adoption of the Scheme by the shareholders of the Company subject to the conditions set out in Paragraph 3.1 being fulfilled;
“Allotment Date”	the date on which Shares are allotted to a Grantee (or any other person so permitted pursuant to the Scheme) pursuant to the Award granted and vested hereunder;
“Articles”	the articles of association of the Company as amended from time to time;
“associate(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“associated company(ies)”	in relation to a member(s) of the Group, its subsidiary(ies), holding company(ies), subsidiary(ies) of such holding company(ies), or associate(s) or joint venture(s) as classified under applicable financial reporting standards of the Company;
“Auditors”	the auditors or independent financial advisor appointed by the Company;
“Bankruptcy Ordinance”	the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) as amended from time to time;
“Board”	the board of directors of the Company or a duly authorised committee thereof;

“Board Lot”	the board lot in which the Stock Exchange is open for the business of dealing in securities;
“business day”	a day (other than Saturdays, Sundays and public holidays) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Cancellation Date”	in respect of an Award, the effective date of cancellation of the Award in whole or in part as specified in the notice in writing given by the Board to the Grantee in accordance with Paragraph 13;
“Clawback”	in respect of any Awards granted to an Eligible Participant, the return or repayment of all or a specific part of such Awards by such Eligible Participant and/or the ceasing or variation of the Eligible Participant’s entitlement to receive or be vested with all or a specified part of any such Awards which have not yet been vested in the Eligible Participant, pursuant to Paragraph 5.3 hereof;
“close associate(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“Company”	Kinetic Development Group Limited (力量发展集团有限公司), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange;
“connected person(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“core connected person(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“Culpable Termination”	termination of the employment of an Employee Participant or a Related Entity Participant (as the case may be) on the grounds that he has been guilty of serious misconduct, or there exists grounds allowing his summary dismissal under his employment contract or under common law,

	or he is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law, or he has become otherwise insolvent or has made any arrangement or composition with his creditors generally, or he has been convicted of any criminal offence involving his integrity or honesty;
“Director(s)”	director(s) of the Company;
“Eligible Participant(s)”	Employee Participant(s), Related Entity Participant(s) or Service Provider(s), provided that the Board shall have absolute discretion to determine whether or not one falls within the above category(ies);
“employee(s)”	in relation to a company, its full-time or part-time employee(s), or person(s) for the time being seconded to work full-time or part-time for such company;
“Employee Participant(s)”	director(s) or employee(s) of the Company or any of its subsidiaries (including a person who is granted Awards under the Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries);
“Purchase Price”	the price per Share at which a Grantee may subscribe for a Share on the vesting of an Award pursuant to the Scheme;
“Grant Date”	the date of the Board resolution approving the grant of Awards, which must be a business day;
“Grant Letter”	shall have the same meaning ascribed to it in Paragraph 5.6 hereof;
“Grantee”	any Eligible Participant who accepts the offer of the grant of an Award in accordance with the terms of the Scheme or (in the case of an Eligible Participant being an individual and where the context so permits) the legal personal representative(s) entitled to any such Award in consequence of the death of the relevant Eligible Participant;

“Group”	the Company and its subsidiaries from time to time;
“holding company”	shall have the same meaning ascribed to it under the Listing Rules;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“inside information”	shall have the same meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“Non-Executive Director Retirement”	the retirement of a non-executive Director (including independent non-executive Director) who retires pursuant to the Company’s Articles and who notifies the Company that he is not offering himself for re-election at the Company’s annual general meeting;
“Award”	an award of the Awarded Shares granted by the Company pursuant to the Scheme;
“Awarded Shares”	in respect of a Grantee, such number of Shares subject to an Award as determined by the Board;
“Performance Targets”	the targets set by the Board in relation to a grant of Award to a director or senior management of the Company, as may be amended by the Board from time to time in accordance with Paragraph 4.3;
“PRC”	the People’s Republic of China;
“Related Entity(ies)”	any holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company;
“Related Entity Participant(s)”	any director(s) or employee(s) of Related Entity(ies);

“Scheme”	this 2023 Share Award Scheme, the rules of which are set out in this document in its present or any amended form;
“Scheme Mandate Limit”	shall have the same meaning ascribed to it in Paragraph 9.1 of the Scheme;
“Service Provider(s)”	<p>any person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including the following person:</p> <ul style="list-style-type: none"> <li>(a) a supplier of goods or services to any member of the Group and its associated companies;</li> <li>(b) a consultant providing business consulting services to the Group and its associated companies, including but not limited to consulting services on coal products, product quality control, regulations and policies, mining operation, research and development on mining industry;</li> <li>(c) a business or joint venture partner, franchisee, contractor, agent or representative in the mining industry of any member of the Group and its associated companies;</li> <li>(d) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional services to any member of the Group and its associated companies ; and</li> <li>(e) an associate of any of the foregoing persons.</li> </ul>

For the avoidance of doubt, Service Provider(s) may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as 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”	a sublimit under the Scheme Mandate Limit for grants of options and awards to Service Providers, and shall have the same meaning ascribed to it in Paragraph 9.1 hereof;
“Share(s)”	ordinary share(s) of US\$0.001 each in the capital of the Company, or, if there has been a sub-division, consolidation, reclassification of or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	shall have the same meaning ascribed to it under the Listing Rules;
“substantial shareholder(s)”	shall have the same meaning ascribed to it under the Listing Rules;
“Vesting Period”	in respect of an Award, the minimum period for which an Award must be held before it can be vested as the Board may in its absolute discretion determine;
“US\$”	the lawful currency of the United States of America; and
“%”	per cent.

1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme. References to paragraphs are to paragraphs of the Scheme. Unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or unincorporated.

## **2. PURPOSE OF THE SCHEME AND ELIGIBILITY**

2.1 The purposes and objectives of the Scheme are to recognise the contributions by certain Eligible Participant(s) and to give incentives thereto in order to retain and motivate them for the continual operation and development of the Group;

and to attract suitable personnel for further development of the Group, by providing them with the opportunity to acquire equity interests in the Company.

- 2.2 Subject to the terms of the Scheme, the Board shall be entitled at any time during the life of the Scheme to offer the grant of any Award to any Eligible Participants as the Board may in its absolute discretion select.
- 2.3 The basis of determining the eligibility of each Eligible Participant, including the criteria for determining a person's eligibility under each category of Eligible Participant, shall be determined by the Board absolutely. The assessing factors shall include, but not limited to, the following:
  - (a) for Employee Participants – the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of employment with the Group and the individual contribution or potential contribution to the development and growth of the Group;
  - (b) for Related Entity Participants – the degree of involvement in and/or cooperation with the Group, the length of collaborative relationship the Related Entity Participant has established with the Group, the amount of support, assistance, guidance, advice, efforts and contributions the Related Entity Participant has exerted and given towards the success of the Group, and the amount of potential support, assistance, guidance, advice, efforts and contributions the Related Entity Participant is likely to be able to give or make towards the success of the Group in the future; and
  - (c) for Service Providers – the individual performance of the Service Provider, the length of business relationship with the Group, the materiality and nature of the services provided to the Group (such as whether they relate to the core business of the Group and whether such services could be readily replaced by third parties), track record in quality of services provided to the Group, the scale of business dealings with the Group, and actual or potential contribution to the Group's revenue or profit which is or may be attributable to the Service Provider.

### **3. CONDITIONS PRECEDENT**

- 3.1 The Scheme shall come into effect on the date on which the following conditions are fulfilled:
  - (a) the shareholders' approval by the Shareholders for the adoption of the Scheme at the annual general meeting; and
  - (b) the approval of the Stock Exchange for the listing of and permission to deal in, the Shares (representing the initial Scheme Mandate Limit) to be allotted and issued in accordance with the terms and conditions of the Scheme.



- 3.2 If the permission referred to in Paragraph 3.1(b) is not granted within two calendar months after the Adoption Date:
- (a) the Scheme will forthwith terminate;
  - (b) any Award granted or agreed to be granted pursuant to the Scheme and any offer of such a grant shall be of no effect;
  - (c) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Scheme or any Award; and
  - (d) the Board may devise another share award scheme for adoption by the Company.

#### **4. DURATION AND ADMINISTRATION**

- 4.1 Subject to the fulfilment of the conditions under Paragraph 3 and the termination provisions under Paragraph 16, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. Upon the expiry of the Scheme as aforesaid, no further Awards will be granted but the provisions of the Scheme shall remain in force and effect in all other respects. All Awards granted prior to such expiry and not then vested shall continue to be valid and be vested subject to and in accordance with the Scheme.
- 4.2 The Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Scheme or its interpretation or effect shall (save as otherwise provided in the Scheme) be final and binding on all parties. The Board may delegate any or all of its powers in relation to the Scheme to any of its committees.
- 4.3 The Board is entitled to impose any condition (including, without limitation, any Performance Target) as it deems appropriate with respect to the entitlement of the Eligible Participant to the Awarded Shares provided that such condition is communicated to such Eligible Participant at the same time as he is notified of his Award pursuant to terms of the Scheme. Performance Target shall normally be tested over a performance period of at least three financial years of the Company (or such other period as the Board may from time to time determine); may relate to the performance of the Eligible Participant (who is a director or senior management of the Company), the Company, one or more of its subsidiaries, the business or functional unit or department for which such Eligible Participant works or the strategic or business initiatives or projects for which such Eligible Participant is responsible or in relation to which he is actively involved in developing, implementing or completing, or any combination of the above; may be relative to the performance of one or more comparators, benchmarks, indices or other measures.

#### **5. GRANT OF AWARDS**

- 5.1 Subject to the terms of the Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Award to any Eligible Participant as the Board may in its absolute discretion select to subscribe at the Purchase Price for such number of Shares as the Board may (subject to Paragraph 9) determine (provided the same shall be a Board Lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof) provided that:
- (a) no Awards shall be granted under the Scheme after the termination of the Scheme in accordance with Paragraph 16;
  - (b) no Awards shall be granted if the Company would be required to issue a prospectus or offer document in respect of such grant under relevant laws or regulations applicable to the Company;
  - (c) no Awards shall be granted if the grant would result in a breach by the Company or its directors of relevant laws or regulations (including those relating to securities); and
  - (d) any Award, once issued, shall not be reissued under the Scheme.
- 5.2 Subject to the provisions of the Listing Rules, the Board may in its absolute discretion (i) when offering the grant of an Award, impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Scheme as the Board may think fit (to be stated in the Grant Letter) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Group and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period before the Award in respect of all or some of the Awarded Shares shall vest, and (ii) at any time after the grant of an Award, waive or amend such conditions, restrictions or limitations to the advantage of the Grantee provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Scheme. Unless otherwise determined by the Board and specified in the Grant Letter, there is no performance target which needs to be achieved by the Grantee before the Award can be vested. Awards granted to Directors and senior management of the Company without performance targets shall be subject to any other requirements under the Listing Rules.
- 5.3 In certain circumstances, it may be regarded as inequitable for any Awards to be vested or retained (as the case may be). Such Awards are therefore subject to Clawback, including but not limited to where there has been a material misstatement or omission in the financial report of the Group or if the relevant Grantee has engaged in serious negligence, fraud or misconduct. Notwithstanding any other terms of the Scheme, any Awards may be subject to Clawback pursuant to the Company's policy on Clawback, as amended from time to time. Awards granted to Directors and senior management of the Company without Clawback shall be subject to any other requirements under the Listing Rules.

- 5.4 Subject to Paragraph 9 below, but only insofar as and for so long as the Listing Rules require,
- (a) any grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the Grantee of an Award);
  - (b) where any grant of Awards (excluding grant of options) to a 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 awards granted under the Scheme and any other schemes of the Company (excluding any awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares of the Company in issue, such grant of awards shall be approved by Shareholders in general meeting in the manner as set out in sub-paragraph (d) below;
  - (c) where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted under the Scheme and any other schemes of the Company (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 date of such grant representing in aggregate over 0.1% of the relevant class of Shares of the Company in issue, such further grant of Awards shall be approved by shareholders of the Company in general meeting in the manner as set out in Paragraph (d) below;
  - (d) in the circumstances described in Paragraphs 5.4(b) and (c) above, the Company shall send a circular to its shareholders. The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The Company shall comply with the relevant requirements under the Listing Rules. The circular shall contain details and information as required under the Listing Rules;
  - (e) any change in the terms of Awards granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be approved by shareholders of the Company in the manner as set out in Paragraph 5.4(c) above if the initial grant of the Awards requires such approval (except where the changes take effect automatically under the existing terms of the Scheme); and

- (f) the requirements for the grant to a Director or chief executive of the Company as set out in this Paragraph 5.4 do not apply where the Eligible Participant is only a proposed director or chief executive of the Company.

5.5 The Board shall not grant any Awards after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, the Board shall not grant any Awards during the period commencing one month immediately preceding the earlier of:

- (a) 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 results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) 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 announcements.

No Awards shall be granted during any period of delay in publishing a results announcement or during any period specified in the Listing Rules as being a period during which no Award may be granted.

For the avoidance of doubt, in compliance with the Listing Rules, a Director must not deal in any of the securities of the Company (and no Awards may be granted to a Director) at any time when he possesses inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B.8 of the Model Code.

A Director must not deal in any securities of the Company (and no Awards may be granted to a Director) on any day on which its financial results are published and:

- (a) 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
- (b) 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,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C of the Model Code. In any event, the director must comply with the procedure in rules B.8 and B.9 of the Model Code.

- 5.6 If in accordance with Paragraph 5.1 the Board determines to offer the grant of an Award to an Eligible Participant, the Board shall forward to the relevant Eligible Participant an offer letter (the “**Grant Letter**”) specifying:
- (a) the Eligible Participant’s name (and where the Eligible Participant is not a natural person, the name of its ultimate beneficial owner);
  - (b) the Eligible Participant’s address;
  - (c) the category of Eligible Participant, and the relationship between the Eligible Participant and the Company (and where the Eligible Participant is a Related Entity Participant or Service Provider, the nature of services provided to the Company);
  - (d) the Grant Date;
  - (e) the Acceptance Date, and the method of acceptance of the Award which shall, unless the Board otherwise determines, be as set out in Paragraph 5.7;
  - (f) the number of Shares in respect of which the Award is offered;
  - (g) the Purchase Price, and the manner of payment of the Purchase Price of the Shares on and in consequence of the vesting of the Award;
  - (h) the Vesting Period of the Award;
  - (i) the performance targets attached to the Award (if any);
  - (j) such other terms and conditions relating to the offer of the Award which in the opinion of the Board are fair and reasonable but not being inconsistent with the rules and procedures applicable to the Scheme,

and requiring the Eligible Participant to undertake to hold the Award on the terms on which it is to be granted and to be bound by the provisions of the Scheme.

- 5.7 An offer of the grant of an Award shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the Grant Date provided that no such grant of an Award may be accepted after the expiry of the effective period of the Scheme stated in Paragraph 4.1 or after the Scheme has been terminated in accordance with Paragraph 16. An Award shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the duplicate Grant Letter comprising acceptance of the offer of the Award duly signed by the Grantee.
- 5.8 Any offer of the grant of an Award may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of Board Lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate Grant Letter

comprising acceptance of the offer of the Award in the manner as set out in Paragraph 5.7 above. To the extent that the offer of the grant of an Award is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

- 5.9 Only insofar as and for so long as the Listing Rules require, any grants of Awards to the Company's directors and senior management with a vesting period of less than 12 months under specific circumstance set out in these rules of the Scheme, or without Performance Targets and/or Clawback, are subject to approval by the remuneration committee of the Company.

## **6. PURCHASE PRICE**

- 6.1 In determining the purchase price (if any) of Awarded Shares under any Award to any eligible participant, the Board may take into consideration matters including (without limitation) the present contribution and expected contribution of the eligible participant to the profits of the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan, and any other matter which the Board considers relevant.

## **7. VESTING PERIOD**

- 7.1 Subject to Paragraph 7.2, the vesting of any Award may be subject to a Vesting Period to be determined by the Board in its absolute discretion, which shall be specified in the Grant Letter as mentioned in Paragraph 5.6.
- 7.2 Only insofar as and for so long as the Listing Rules require, the Vesting Period for an Award under the Scheme shall not be less than 12 months, except that the Awards granted to Employee Participants may be less than 12 months under the following specific circumstances:
- (a) grants of "make-whole" Awards to new joiners to replace the share awards they forfeited when leaving the previous employers;
  - (b) grants of Awards to an Employee Participant whose employment is terminated due to death or disability or uncontrollable event. In those circumstances, the vesting of an Award may accelerate;
  - (c) grants of Awards with performance-based vesting conditions provided in these rules of the Scheme in lieu of time-based vesting criteria;
  - (d) grants of Awards made in batches during a year for administrative and compliance reasons (may include Awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the Vesting Periods may be shorter to reflect the time from which an Award would have been granted);
  - (e) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; and

- (f) grants of Awards with a total vesting and holding period of more than 12 months; and
- (g) such other circumstances as specified in Paragraph 8 hereof.

## **8. VESTING OF AWARDS**

- 8.1 The vesting of any Award shall be subject to the approval of shareholders of the Company in general meeting for any necessary increase in the authorised share capital of the Company.
- 8.2 Subject as hereinafter provided and subject to the terms and conditions upon which the Award was granted, an Award may lapse or vest, subject to the minimum 12-month vesting requirement as required under Rule 17.03F of the Listing Rules (for related entity participant(s) and service provider(s)), as follows:
  - (a) in the event that the Grantee dies or becomes permanently disabled, any Awards not yet vested shall immediately lapse, unless the Board determines otherwise at its absolute discretion;
  - (b) in the event that the Grantee ceases to be (i) an Employee Participant by reason of his retirement pursuant to such retirement scheme applicable to the Group at the relevant time or (ii) a Related Entity Participant by reason of his retirement pursuant to such retirement scheme applicable to the Related Entity (as the case may be), and none of the events for termination of employment or engagement under Paragraph 8.2 (e) exists with respect to such Grantee, any Awards not yet vested shall continue to vest in accordance with the vesting date set out in the Grant Letter, unless the Board determines otherwise at its absolute discretion;
  - (c) in the event that the Grantee ceases to be (i) an Employee Participant by reason of his transfer of employment to a Related Entity or (ii) a Related Entity Participant by reason of his transfer of employment to the Group (as the case may be), any Awards not yet vested shall continue to vest in accordance with the vesting date set out in the Grant Letter, unless the Board determines otherwise at its absolute discretion;
  - (d) in the event that the Grantee ceases to be an Employee Participant or a Related Entity Participant (as the case may be) for any reason (including his employing company ceasing to be a member of the Group or a Related Entity) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to the Group or a Related Entity (as the case may be) at the relevant time or the transfer of his employment to a Related Entity or the Group (as the case may be) or the termination of his employment with the relevant member of the Group or a Related Entity (as the case may be) by resignation or Culpable Termination, any Awards not yet vested shall immediately lapse, unless the Board determines otherwise at its absolute discretion;

(e) in the event that the Grantee ceases to be an Employee Participant or a Related Entity Participant (as the case may be) by reason of the termination of his employment by resignation or Culpable Termination, any Awards not yet vested shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of Culpable Termination) any Awards not yet vested shall immediately lapse, unless the Board determines otherwise at its absolute discretion;

(f) if a Grantee being:

(i) an executive Director of the Company ceases to be an executive director or senior management of the Group but remains a non-executive Director, any Awards not yet vested shall continue to vest in accordance with the vesting date set out in the Grant Letter, unless the Board determines otherwise at its absolute discretion; or

(ii) a non-executive Director or an independent non-executive Director ceases to be a Director:

(1) by reason of Non-Executive Director Retirement, any Awards not yet vested shall continue to vest in accordance with the vesting date set out in the Grant Letter, unless the Board determines otherwise at its absolute discretion; or

(2) for reasons other than Non-Executive Director Retirement, any Awards not yet vested shall immediately lapse;

(g) if:

(i) the Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Participant;

(ii) a Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Award or which were the basis on which the Award was granted,

the Awards not yet vested shall immediately lapse on the date on which the Grantee is notified thereof (in the case of (i)) or on the date on which the Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (ii)), unless the Board determines otherwise at its absolute discretion;

(h) if a Grantee (being a corporation):



- (i) has a liquidator or receiver appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee; or
- (ii) has suspended, ceased or threatened to suspend or cease business; or
- (iii) is unable to pay its debts; or
- (iv) otherwise becomes insolvent; or
- (v) suffers a change in its constitution, management, directors or shareholding which in the opinion of the Board is material; or
- (vi) commits a breach of any contract entered into between the Grantee or his associate and any member of the Group,

any Awards not yet vested shall immediately on the date of appointment of the liquidator or receiver or on the date of suspension or cessation of business or threatened suspension or cessation of business or on the date when the Grantee is deemed to be unable to pay its debts as aforesaid or otherwise becomes insolvent or on the date of notification by the Company that the said change in constitution, management, directors or shareholding is material or on the date of notification by the Company of the said breach of contract (as the case may be), unless the Board determines otherwise at its absolute discretion;

- (i) if a Grantee (being an individual):
  - (i) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or
  - (ii) has made any arrangement or composition with his creditors generally; or
  - (iii) has been convicted of any criminal offence involving his integrity or honesty; or
  - (iv) commits a breach of any contract entered into between the Grantee or his associate and any member of the Group,

any Awards not yet vested shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be), unless the Board determines otherwise at its absolute discretion;

- (j) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of shareholders of the Company (in the case of a scheme of arrangement), any Awards not yet vested shall be vested on such time and date as shall be notified by the Company. The vesting of Awards under such event is subject to the minimum 12-month vesting requirement as required under Rule 17.03F of the Listing Rules.

The Shares to be allotted upon the vesting of an Award will be subject to all the provisions of the Articles and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue commencing from (i) the Allotment Date or, (ii) if that date falls on a day when the register of members of the Company is closed, the first date of the re-opening of the register of members, and accordingly, it will entitle the holders to participate in all dividends or other distributions paid or made on or after (i) the Allotment Date or, (ii) if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date.

- 8.3 No Grantee shall enjoy any rights of a Shareholder by virtue of the grant of an Award pursuant to the Scheme, unless and until Shares are actually issued/transferred to the Grantee pursuant to the vesting of an Award. The Awards do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company. A Share issued/transferred upon the vesting of an Award shall not carry rights until the registration of the Grantee (or any other person so permitted pursuant to the Scheme) as the holder thereof.
- 8.4 The unvested Awards granted may not be vested if all or part of the vesting of the Awards will result in the holding of the total issued Shares by the public falling below 25% (or such other percentage stipulated under the Listing Rules or permitted by the Stock Exchange).
- 8.5 In the event the Grantee has been suspended from his duties or performance of the relevant contract of employment, directorship, appointment or engagement by the relevant member of the Group or the Related Entity (as the case may be), no Award can be vested until such suspension has been lifted.

## **9. SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT**

- 9.1 Subject to Paragraphs 9.2 to 9.7,
  - (a) the Scheme Mandate Limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the Scheme and any other schemes of the Company, and shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date; and

- (b) the Service Provider Sublimit, being a sublimit under the Scheme Mandate Limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Provider under the Scheme and any other schemes of the Group, and shall not in aggregate exceed 1% of the Shares in issue as at the Adoption Date.
- 9.2 Awards or awards lapsed in accordance with the rules of the Scheme and any other schemes of the Company will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Awards or awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- 9.3 The maximum numbers set out in Paragraph 9.1 above shall be adjusted, in such manner as the Auditors shall certify in writing to the Board to be fair and reasonable in the event of any alteration to the capital structure of the Company in accordance with Paragraph 14 below whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company but shall not in any event exceed the limits imposed by the Listing Rules. Any such adjustment shall give the Eligible Participants the same proportion of equity capital as they were previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors shall confirm to the Board in writing that the adjustments satisfy the requirement.
- 9.4 The Company may seek approval by its shareholders in general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit after three years from (i) the Adoption Date; or (ii) the date of the Shareholders' approval for the last refreshment (as the case may be).
- 9.5 Only insofar as and for so long as the Listing Rules require, any refreshment within any three-year period shall be approved by the shareholders of the Company, subject to the following provisions:
  - (a) the controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) shall be abstaining from voting in favor of the relevant resolution at the general meeting; and
  - (b) the Company shall comply with the applicable requirements under the Listing Rules.
- 9.6 The total number of Shares which may be issued in respect of all options and awards to be granted under the Scheme and any other schemes of the Company under the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the Shareholders' approval for the refreshment. The Company shall send to its shareholders a circular containing the details and information required under the Listing Rules, including the number of options

and awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reasons for the refreshment.

- 9.7 The Company may seek separate approval from its shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit, provided that the Awards in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought. The Company shall issue a circular to its shareholders containing the details and information required under the Listing Rules, including 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 Eligible Participant and the purpose of granting Awards to the specified Eligible Participants with an explanation as to how the terms of the Awards serve such purpose. The number and terms of such Awards must be fixed before Shareholders' approval.

## **10. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT**

- 10.1 Where any grant of Awards to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the Scheme and any other scheme of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue, such grant shall be separately approved by the shareholders of the Company in general meeting with such Eligible Participant and his close associates (or associates if such Eligible Participant is a connected person) abstaining from voting. The Company shall send a circular to its shareholders containing the details and information required under the Paragraph 10.2 and the Listing Rules.
- 10.2 The circular shall disclose the identity of the Eligible Participant, the number and terms of the Awards to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting Awards to such Eligible Participant and an explanation as to how the terms of the Awards serve such purpose. The number and terms of the Awards to be granted to such Eligible Participant must be fixed before Shareholders' approval. In respect of any Awards to be granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Purchase Price.

## **11. TRANSFERABILITY OF AWARDS**

- 11.1 An Award shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Award or attempt to do so, except 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 for estate planning or tax planning as permitted by the Stock Exchange or under the Listing Rules. Any breach of the foregoing shall

entitle the Company to cancel any outstanding Award or part thereof granted to such Grantee.

## 12. LAPSE OF AWARDS

12.1 An Award shall lapse automatically on the earliest of:

- (a) the acceptance date if the Award is not accepted by the Eligible Participant on or before the Acceptance Date;
- (a) the date of the commencement of the winding-up of the Company;
- (b) there is an unsatisfied judgement, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his debts;
- (c) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in the rules of the Scheme; or
- (d) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Award, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

## 13. CANCELLATION OF AWARDS

13.1 The Board shall be entitled for the following causes to cancel any Award in whole or in part by giving notice in writing to the Grantee stating that such Award is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the Grantee commits or permits or attempts to commit or permit a breach of Paragraph 11.1 or any terms or conditions attached to the grant of the Award;
- (b) the Grantee makes a written request to the Board for the Award to be cancelled; or
- (c) if the Grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of the Company or a subsidiary.

13.2 The Award shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Award which has not been vested as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate

in any particular case. Awards cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

- 13.3 Where the Company cancels Awards granted to an Eligible Participant, and makes a new grant to the same Eligible Participant, such new grant may only be made under the Scheme with available Scheme Mandate Limit approved by the shareholders of the Company in the manner as set out in Paragraph 9.

#### **14. REORGANISATION OF CAPITAL STRUCTURE**

- 14.1 In the event of any alteration to the capital structure of the Company while any Award remains exercisable, whether by way of capitalisation issue, rights issue, consolidation sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Scheme; and/or
- (b) the aggregate number of Shares subject to the Award so far as unvested; and/or
- (c) the Purchase Price (if any) of each unvested Awarded Share,

provided that 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 or the Service Provider Sublimit as a percentage of the total number of issued Shares immediately before and after such alteration to the capital structure of the Company shall be the same, rounded to the nearest whole share.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the Auditors appointed by the Company shall certify in writing to the Board that any such adjustments satisfy the requirement set out in the note to Rule 17.03(13) of the Listing Rules, provided that:

- (a) any such adjustments shall give an Eligible Participant the same proportion of the equity capital of the Company, rounded to the nearest whole share, as that to which that Eligible Participant was previously entitled, but no such adjustments shall be made to the extent that a Share would be issued at less than its normal value (if any). In respect of any such adjustments, other than any made on a capitalisation issue, the Auditors shall confirm to the Board in writing that the adjustments satisfy the requirement set out in this Paragraph (a);
- (b) any such adjustments shall be made on the basis that the aggregate Purchase Price payable by the Grantee on the full vesting of any Award

shall remain as nearly as practicable the same as (but shall not be greater than) as it was before such event;

- (c) any such adjustments shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

The capacity of the Auditors in Paragraph 14.1 is that of experts and not arbitrators and their certification shall be final and binding on the Company and the Grantees in the absence of manifest error. The costs of the Auditors shall be borne by the Company.

- 14.2 If there has been any alteration in the capital structure of the Company as referred to in this Paragraph 14, the Company shall inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made pursuant to the certificate of the Auditors obtained by the Company for such purpose, or if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors to issue a certificate in that regard in accordance with Paragraph 14.

## **15. SHARE CAPITAL**

- 15.1 Subject to Paragraph 7.1, the Board shall at all times set aside for the purposes of the 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 vesting of the Award.

## **16. TERMINATION**

- 16.1 The Company may by resolution in general meeting at any time terminate the operation of the Scheme. Upon termination of the Scheme as aforesaid, no further Awards shall be offered but the provisions of the Scheme shall remain in force and effect in all other respects. All Awards granted prior to such termination and not then vested shall continue to be valid and be vested until expiry of the relevant Vesting Period, subject to and in accordance with the Scheme.

## **17. ALTERATION OF THE SCHEME**

- 17.1 Subject to Paragraph 17.2, the Scheme may be altered in any respect by a resolution of the Board.
- 17.2 The following shall not be carried out except with the prior approval of the shareholders of the Company in general meeting by ordinary resolution:

- (a) any alterations to the terms and conditions of the Scheme which are material in nature or any alterations to the provisions of the Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants;
- (b) any change to the authority of the Board to alter the terms of the Scheme; and
- (c) any alteration to the aforesaid alternation provisions under Paragraph 17,

provided always that the amended terms of the Scheme or the Awards shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

- 17.3 Any change to the terms of Awards granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, 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 of the Company, the independent non-executive directors and/or the shareholders of the Company (as the case may be), except where the changes take effect automatically under the existing terms of the Scheme.

## **18. TRUSTEE**

- 18.1 Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board may from time to time appoint one or more trustees in respect of granting, administration or vesting of any Awarded Shares or and may determine the terms and conditions of any such appointment.
- 18.2 If a trustee is so appointed, the trustee shall not exercise the voting rights in respect of any Shares held under the trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom). In particular, the Trustee holding unvested Shares, whether directly or indirectly, shall abstain from voting on matters that require 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.

## **19. DISPUTES**

- 19.1 Any dispute arising in connection with the Scheme (whether as to the number of Shares the subject of an Award, the amount of the Purchase Price or otherwise) shall be referred to the decision of the Board and whose decision shall be final, conclusive and binding on all persons who may be affected thereby.

## **20. MISCELLANEOUS**

- 20.1 The Company shall bear the costs of establishing and administering the Scheme.



- 20.2 A Grantee shall be entitled to inspect copies of all notices and other documents sent by the Company to its members at the same time or within a reasonable time of such notices or documents being sent, which shall be made available to him during normal office hours at the principal office of the Company in Hong Kong.
- 20.3 Any notices, documents or other communication between the Company and any Eligible Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered principal place of business in Hong Kong or such other address as notified to the Eligible Participant from time to time and, in the case of an Eligible Participant, his address as notified to the Company from time to time.
- 20.4 Any notice or other communication served:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post or if delivered by hand, when delivered; and
  - (b) by an Eligible Participant shall not be deemed to have been received until the same shall have been received by the Company.
- 20.5 All allotments and issues of Shares pursuant to the Scheme shall be subject to any necessary consents or approval under the relevant laws, enactments or regulations for the time being in force in the Cayman Islands or elsewhere and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or vesting of his Award. By accepting an Offer or exercising his Award, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein. 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 the Scheme.
- 20.6 A Grantee shall pay all taxes and discharge all other liabilities to which he may become subject as a result of his participation in the Scheme or the vesting of any Award.
- 20.7 The 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.
- 20.8 The Scheme shall not form part of any contract between the Company or any subsidiary and any Eligible Participant and the rights and obligations of any Eligible Participant under the terms of his office or employment or engagement

shall not be affected by his participation in it and the Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.

**21. GOVERNING LAW**

- 21.1 The Scheme shall operate subject to the Articles and any applicable law.
- 21.2 The Scheme and all Awards granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.