

**Virtual Mind Holding Company Limited**

**天機控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock code: 1520)

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**RULES RELATING TO**

**THE SHARE AWARD SCHEME**

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## 1 DEFINITIONS AND INTERPRETATION

1.1 In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:–

“Adoption Date”	the date on which the adoption of the Scheme by the Company is approved by the Shareholders in general meeting
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Award”	an award granted under the Scheme by the Board to an Eligible Participant, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with these rules and the terms of the Award
“Award Notice”	shall have the meaning as set out in paragraph 4.10
“Award Shares”	the Shares granted to an Eligible Participant in an Award
“Banks”	banks licensed to operate as banks in Hong Kong under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Board”	the board of directors of the Company
“Business Day”	any day (other than a Saturday) on which the Stock Exchange is open for trading and on which Banks are open for business in Hong Kong provided that where, as a result of a Number 8 Typhoon Signal, Black Rainstorm Warning or similar event, the period during which the Stock Exchange is open for trading or Banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Board otherwise determines

“Business Partners”	business partner, including joint venture partner, franchisee, contractor, agent or other contractual party, of any members of the Group that work with the Group on a regular or recurring basis (for example, long-term business promoters and collaborators), with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis
“Clawback”	in respect of any Award Shares allocated or awarded to an Eligible Participant, the return or repayment of all or a specified part of such Award Shares 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 Award Shares which have not yet been vested in the Eligible Participant, pursuant to Paragraph 7
“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on Main Board of the Stock Exchange (Stock Code: 1520)
“connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Consultants”	person (as independent contractor, consultant, advisor or otherwise), that provides support or any advisory, consultancy, professional or other services to any members of the Group on a regular or recurring basis, who are not engaged as employees of the Group, and have specialties or expertise in areas that supplement the Group’s operations (for example, consultants in the areas of intellectual property (“ <b>IP</b> ”) application, media and promotion, strategic or commercial planning)

“Control”	has the meaning given to it in The Hong Kong Code on Takeovers and Mergers from time to time
“core connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any Employee Participant(s), Related Entity Participant(s) and Service Provider(s)
“Employee”	any employee (whether full time or part time) of the Company or any Subsidiary
“Employee Participant(s)”	any Employee, and any director of the Company or any Subsidiary approved for participation in the Scheme and who has been granted any Award in accordance with the Scheme Rules
“Excluded Participant(s)”	any Eligible Participant(s) who is resident in a place where (a) the award of the Award Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place; or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant(s), in each case as determined by the Board at its absolute discretion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lapse”	shall have the meaning as set out in Paragraph 6.2

“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Performance Condition(s)”	the performance condition(s) as may be set by the Board in relation to an Award
“Reference Amount”	the sum of (i) the closing price of a Share as at the Reference Date multiplied by the number of Award Shares; and (ii) the related purchase expenses (including for the time being, if any, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy) and such other necessary expenses required for the completion of the purchase of all the Award Shares
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Eligible Participants in a single occasion pursuant to the Scheme
“Refreshment”	the refreshing of the Scheme Limit as approved by Shareholders in general meeting in accordance with the relevant Listing Rules
“Related Entity”	a company which is a holding company, fellow subsidiary or associated company of the Company
“Related Entity Participant(s)”	directors and employees of the Related Entity
“Relevant Event”	any variation in the share capital of the Company arising from capitalisation issue, rights issue, sub-division or consolidation of share capital of the Company, or reduction of capital

“Scheme”	the “Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof
“Scheme Limit”	shall have the meaning as set out in Paragraph 10.1
“Scheme Rules”	the rules governing the Scheme
“Service Provider(s)”	any service provider of the Company include (a) person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business that are desirable or necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group which are in the interests of the long term growth of the Group, which include any independent distributor, contractor, supplier, agent, consultant or adviser to any member of the Group, (i) where the continuity and frequency of their services are akin to those of employees of the Group, or (ii) after stepping down from an employment or director position with the Group, who provide advisory services, consultancy services and/or other professional services to the Company on areas relating to the Group’s principal business activities; any service provider of the Company include (a) a person (including an entity) that falls under any of the subcategories of ‘Consultants’, ‘Suppliers’ and ‘Business Partners’ and that provides 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 as determined by the Board; and exclude (a) placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions; and (b) professional service providers such as

	auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adoption on 9 June 2023 or as adopted by the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company
“Suppliers”	supplier of goods or services to any member of the Group on a regular or recurring basis (for example, retailers that the Group collaborates with for its IP application and product commercialisation), with which the Group would consider important to maintain a close business relationship on an ongoing basis
“Trust”	the trust to be constituted by a trust deed or such other governing documents of such trust arrangements and known as the “Share Award Scheme Trust” or such other name as the Board may determine from time to time
“Trustee”	an entity to be appointed for the sole purpose of holding the Shares underlying the Awards issued on trust for Eligible Participants pursuant to the Scheme

“Trust Deed(s)”	in respect of each Trust, the trust deed to be entered into between the Company and the relevant Trustee (as amended, supplemented and restated from time to time) in respect of the establishment of the Trust and administrative of the Scheme
“Vesting Date”	the date or each such date on which the Award Shares are vested
“Vesting Expenses”	all transfer fees, taxes, social security contributions and other levies associated with the vesting, release or transfer of the relevant Award Shares
“%”	percent

1.2 In the Scheme Rules, save where the context otherwise requires:–

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of the Scheme Rules;
- (b) references to Paragraphs are references to paragraphs of the Scheme Rules;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entitles of any other kind.



## **2 PURPOSE, CONDITIONS, DURATION AND ADMINISTRATION OF THE SCHEME**

- 2.1 The purposes of the Scheme are to align the interests of Eligible Participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares and to encourage and enable Eligible Participants, upon whose judgment, initiative and efforts the Group largely depends for the successful conduct of its business, to make contributions to the long-term growth and profits of the Group and share in the success of the Group.
- 2.2 The Scheme is conditional upon:
- (1) the Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company to the Trustee pursuant to the Scheme; and
  - (2) the passing of a resolution by the Shareholders at a general meeting of the Company to approve and adopt the Scheme and to authorize the Directors to grant Awards under the Scheme and to allot, issue, procure the transfer of and otherwise deal with the Award Shares in connection with the Scheme.
- 2.3 Subject to any early termination as may be determined by the Board pursuant to Paragraph 14, the Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, and thereafter for so long as there are any non-vested Award Shares relating to Awards granted prior to the expiration of the Scheme.
- 2.4 The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and all applicable laws and regulations. Any decision made by the Board as to all matters arising in relation to the Scheme or its interpretation or effect (save as otherwise provided herein) shall be final, conclusive and binding on all parties.
- 2.5 The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed(s).

## **3 WHO MAY JOIN**

The Board may, at its absolute discretion, invite any persons belonging to any of the following classes of participant (i.e. Eligible Participants), to be offered Awards:

- (i) Any Employee Participant(s);
- (ii) any Related Entity Participant(s); and
- (iii) any Service Provider(s).

In assessing the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
- (b) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made to the growth of the Group; and
- (d) his/her educational and professional qualifications, and knowledge in the industry.

In assessing the eligibility of Related Entity Participants, the Board will consider, among others:

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;
- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;
- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (f) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participants' contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

For determining the eligibility of Service Providers, the Board will consider, among other things, their experience and expertise, continuity and frequency of their services to the Group, their involvement in promoting the business of the Group and contribution or potential contribution to the long-term growth of the Group with reference to, among other metrics, revenue generation, sales volume, acquisition of new target customers, the design or development or delivery of products/services provided by the Group, whether from a financial, business or operational perspective. In assessing whether the service provider provides services to the Group on a continuing or recurring basis, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, and will benchmark such metrics against the performance of the employees, officers and directors of the Group to whom the Group provides equity incentives, while taking into account the purpose of the New Share Option Scheme and the objectives in engaging the service provider. In assessing whether the service provider provides services to the Group in the Company's ordinary and usual course of business, the Board or the remuneration committee of the Board shall take into consideration the nature of the services provided to the Group by the service provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

#### **4 OPERATION OF SCHEME**

- 4.1 Subject to Paragraph 11, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Eligible Participant determined by the Board from time to time), select any Eligible Participant (excluding any Excluded Participant) for participation in the Scheme as an Eligible Participant, grant an Award to such Eligible Participant and determine the number of Award Shares. However, until so selected, no Eligible Participant shall be entitled to participate in the Scheme.
- 4.2 Subject to the Scheme Rules, the Board may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the Award as it may at its absolute discretion think fit. Where an Eligible Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an Award to such Eligible Participant.
- 4.3 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) 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 of the Company in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.
- 4.4 Any grant of Awards to a Director, chief executive or substantial Shareholder, or

any of their respective associates, under the Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards).

- 4.5 Where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Scheme) 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 in issue, such further grant of Awards must be approved by the Shareholders in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.
- 4.6 Where any grant of Awards to an independent non-executive Director or a substantial Shareholder, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and Awards granted (excluding any options and Awards lapsed in accordance with the terms of the Scheme) 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 in issue, such further grant of Awards must be approved by the Shareholders in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.
- 4.7 For any grant of Awards to any connected person of the Company, the Company shall comply with all applicable laws, rules and regulations, including but not limited to the Listing Rules from time to time.
- 4.8 The underlying Award Shares to satisfy the Awards (including potential Awards) may be (i) purchased on-market by the Trustee at prevailing market prices from funds provided by the Company (subject to such maximum price as may from time to time be prescribed by the Board); or (ii) issued and allotted as new Shares by the Company for subscription by the Trustee on terms and at issue prices (including at par value) as shall be determined by the Board and from funds provided by the Company; or (iii) the treasury share transferred by the Company to the Trustee. The Company shall appoint the Trustee who shall be a party independent of the Company and its connected person(s) to acquire and hold such Award Shares on Trust for the Eligible Participants, and to distribute such Award Shares to the Eligible Participants, in accordance with the Scheme Rules and pursuant to the Trust Deed or such other governing documents of such trust arrangements. The Board may from time to time cause to be paid the Reference Amount to the Trustee by way of settlement as directed by the Board which shall constitute part of the trust fund of the Trust, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the relevant Trust Deed.

- 4.9 Subject to the Scheme Rules and the terms of the Award, as soon as practicable following the vesting of the Award Shares, the Board shall direct the Trustee to transfer the relevant vested Award Shares to, the Eligible Participant on the Vesting Date, or as soon as possible thereafter if it is not practicable to effect such transfer on such Vesting Date subject to (i) the receipt by the Trustee of, a written confirmation from the Company that all vesting conditions have been fulfilled and its prescribed transfer document(s) duly signed by the Eligible Participant; and (ii) the payment of all Vesting Expenses by the Eligible Participant.
- 4.10 After the selection of the Eligible Participant(s) and the determination of the number of Award Shares, the Company shall inform the Trustee accordingly. The Company shall also inform the Eligible Participant(s) by written notice in such form as the Company may from time to time determine (the "Award Notice") requiring the Eligible Participant(s) to undertake to hold the Award on the terms on which it is to be granted and to be bound by the Scheme Rules.
- 4.11 Within twenty (20) Business Days (or such other period as the Trustee and the Company may agree from time to time having regard to the circumstances of the purchase concerned) after receipt of the Reference Amount, the Trustee shall apply the Reference Amount towards the purchase of the Award Shares at the prevailing market price. Any balance of the Reference Amount shall be returned by the Trustee to the Company promptly after completion of the purchase. The Shares so purchased shall form part of the trust fund of the Trust.
- 4.12 The Board may determine or modify the terms and conditions of the Award, including but not limited to, among others, the vesting periods, vesting criteria and other conditions. Vesting of the Award Shares will be conditional on the Eligible Participant remaining as an Eligible Participant after the Reference Date and until and on each of the relevant Vesting Dates and his/her execution of the relevant documents to effect the transfer from the Trustee.
- 4.13 The Award Shares will be granted to the Eligible Participant(s) at nil consideration, if any.
- 4.14 The Award Shares, when issued and fully paid, shall rank pari passu among themselves and with the other Shares in issue, with rights to receive all dividends and other distributions declared, made or paid on or after the date of proposed allotment and issue.

4.15 Upon the occurrence of any Relevant Event, the purchase price for Award Shares (if any) and/or the number of Award Shares may be adjusted in a manner as determined by the Board (having received a statement in writing from the independent financial adviser or the auditor of the Company that in their opinion the adjustments proposed satisfy the requirements set out in Rule 17.03(13) of Listing Rules), in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for such Eligible Participant(s). The adjustment must give such Eligible Participant(s) the same proportion of the Award Shares, rounded to the nearest whole Share, as that to which he was previously entitled, but no such adjustment may be made to the extent that a Share would be issued at less than its nominal value (if any).

## **5 PERFORMANCE CONDITIONS**

The Board may at its discretion specify any Performance Condition in the offer letter at the grant of the relevant Award which must be satisfied before an Award may be vested. Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and set out in the offer of the grant of the relevant Award at the discretion of the Board, there is no Performance Condition which must be achieved before an Award can be vested under the terms of the Scheme.

## **6 VESTING AND FORFEITURE**

6.1 Unless otherwise determined by the Board at its discretion, the Award Shares held by the Trustee upon the Trust and which are referable to an Eligible Participant shall vest in that Eligible Participant in accordance with the conditions set out in the Award Notice as the Board may determine at its absolute discretion or is deemed to have vested pursuant to the Scheme Rules, provided that the Eligible Participant remains at all times after the Reference Date and on the relevant Vesting Dates (if applicable) an Eligible Participant and the related vesting period shall not be less than 12 months (except the specific circumstance as specified in Paragraph 9.2.7). An Eligible Participant shall have no right, benefit or interest in any Award Shares unless and until the Trustee has vested the legal and beneficial ownership of such Award Shares in him. The Board is of the view that the discretion in allowing a shorter vesting period in such circumstances is appropriate and in line with the requirements under the Listing Rules and market practice. Such discretion gives the Company more flexibility to (i) provide higher incentives when attracting talents; and (ii) grant awards in exceptional circumstance as specified in Paragraph 9.2.7, where justified, which is in line with the purposes of the Scheme.

- 6.2 The Award granted to an Eligible Participant shall automatically lapse and be cancelled forthwith and the Award Shares of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme, in the event that:
- 6.2.1 the Employee Participant ceases to be an employee;
  - 6.2.2 the Subsidiary by which an Employee Participant is employed ceases to be a subsidiary of the Company (or of a member of the Group);
  - 6.2.3 the Service Provider ceases to provide services to the Group on a continuing or recurring basis;
  - 6.2.4 any of the vesting conditions upon an Award to the relevant Eligible Participant as determined by the Board on the Reference Date were not fulfilled;
  - 6.2.5 an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to the successor company);
  - 6.2.6 the Eligible Participant has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or could no longer make any contribution to the growth and development of the Group for any reason whatsoever, as the Board may at its absolute discretion determine;
  - 6.2.7 the Eligible Participant is found to be an Excluded Participant; or
  - 6.2.8 the Eligible Participant fails to (i) return duly executed transfer documents prescribed by the Trustee for the relevant Award Shares; and/or (ii) pay the related Vesting Expenses, within the stipulated period,
- (each of these, an event of “**Lapse**”).
- 6.3 In respect of an Eligible Participant who died or retired at his normal retirement date or earlier by agreement with the Company or any of the Subsidiaries at any time prior to the relevant Vesting Date, all the Award Shares of that Eligible Participant shall only be vested on the relevant Vesting Date.
- 6.4 Awards lapsed in accordance with Paragraph 6.2 will not be regarded as utilised for the purpose of calculating the Scheme Limit.

6.5 Where the Company cancels an Award 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. The Award cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit.

## **7 CLAWBACK MECHANISM**

In certain circumstances, it may be regarded as inequitable for any Award Shares to be vested or retained, as applicable. Such Award Shares are therefore subject to Clawback, including but not limited to circumstances where there has been a material misstatement or omission in the financial statements of the Group made by an Eligible Participant or if the relevant Eligible Participant has engaged in serious negligence, fraud or misconduct, breached the Company's policies, rules or regulations or other circumstances. Notwithstanding anything else in the Scheme Rules, any Award Shares may be subject to Clawback pursuant to the Company's Clawback mechanism, as amended from time to time.

## **8 TRANSFERABILITY**

Any Award made hereunder shall be personal to the Eligible Participant to whom it is made and shall not be assignable or transferrable and no Eligible Participant shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

## **9 RESTRICTIONS**

9.1 No Award shall be made and no instructions to acquire Shares on-market shall be given to the Trustee (i) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations, or (ii) during the period of one month days immediately preceding the publication date of the annual/half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant financial/interim period up to and including the publication date of such results.

9.2 For the avoidance of doubt,

9.2.1 notwithstanding any other provisions in these rules, the Awards do not carry any right to vote at general meetings of the Company, no Eligible Participant shall receive any cash income derived from the Award Shares (i.e., cash dividends declared and paid on the Award Shares, if any) in the event that the Company pays any dividend on the Award Shares until such Award Shares become fully vested (provided always that the Eligible Participant shall not be entitled to receive any dividend declared and distributed with respect to the



Award Share, prior to the vesting of the same), unless otherwise provided in the Award Notice;

- 9.2.2 no Eligible Participant shall exercise any voting rights in respect of any Shares held on Trust that have not yet vested or take any action in relation to such Shares in the event of a proposed change in Control of the Company;
- 9.2.3 the Trustee shall not exercise the voting rights in respect of any Shares held under the Trust and the Trustee holding unvested Shares under the Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given;
- 9.2.4 no instructions may be given by an Eligible Participant to the Trustee in respect of the Award Shares or other properties of the Trust;
- 9.2.5 the Trustee shall not exercise or purport to exercise any of the rights attached to any Shares held under the Trust (including but not limited to the Award Shares and the Returned Shares) including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions. At such time as when the Award Shares are transferred to the relevant Eligible Participants pursuant to the Scheme, on the relevant Vesting Dates or thereafter, the Eligible Participants will be able to enjoy and exercise all rights attaching to the Award Shares, including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions, in the same way as all other ordinary Shareholders of the same class;
- 9.2.6 subject to Paragraph 15.2, any cash generated from a Share held upon the Trust shall form part of the trust fund of the Trust and the Trustee may (i) apply such cash for the purchase of Shares for the purpose of the Scheme, (ii) apply such cash to defray such fees, costs and expenses as referred to in Paragraph 15.2, or (iii) return such cash to the Company, as the Trustee at its absolute discretion shall at any time determine, after having taken into consideration the recommendations of the Board; and

9.2.7 if there is an event of change in Control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the vesting of any Award Shares to the Employee Participant may be accelerated. If the vesting of the Award Shares are accelerated, the procedures as set out in the Scheme shall apply except that the vesting notice will be sent to such Employee Participant affected by this rule as soon as practicable once the proposed vesting date is known. The Trustee shall act on the vesting notice in accordance with the Scheme Rules.

9.3 In respect of the administration of the Scheme, the Company shall comply with all applicable law and disclosure regulations.

9.4 The Trustee shall not be required to withhold any withholding tax or other tax in relation to the grant of the Award or the transfer of Award Shares. It shall be the duty of the Company to establish appropriate procedures to provide for any such payment.

9.5 Applications shall be made by the Company to the Listing Committee for the listing of and the permission to deal in any Award Shares that may be allotted and issued under the Scheme.

## **10 SCHEME LIMIT**

10.1 The Board shall not make any further Award which will result in the aggregate number of the Shares which may be issued in respect of all options and awards granted under all of the schemes of the Company (including under the Scheme and the Share Option Scheme) exceeding 10% of the issued share capital of the Company as at the adoption date of the Share Option Scheme (“**Scheme Limit**”).

10.2 The maximum number of Award Shares which may be granted to Service Providers under the Scheme must not in aggregate exceed 10% of the Scheme Limit (i.e. the “**Service Provider Sublimit**”). The Board shall not make any further Award which will result in the total number of Award Shares in respect of all Awards granted/to be granted to Service Providers exceeding the Service Providers Sublimit.

10.3 The Award Shares subject to the Scheme must be separately designated unless they are identical with the other shares of the Company in issue.

10.4 The Company may seek approval by the Shareholders in general meeting to refresh the Scheme Limit and/or the Service Provider Sublimit under the Scheme after three (3) years from the adoption date of the Share Option Scheme (or the date of Shareholders’ approval for the last refreshment). However, the total number of Shares which may be issued upon exercise of all Options and Awards to be granted

under the Scheme the Share Option Scheme and any other schemes of the Company under the limit as “refreshed” must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Limit and/or the Service Provider Sublimit. For the purpose of seeking approval of the Shareholders, the Company must send a circular to its Shareholders containing the information required under the Listing Rules. Any refreshment of the Scheme Limit and/or the Service Provider Sublimit to be made within three (3) years from the adoption date of the Share Option Scheme (or the date of Shareholders’ approval for the last refreshment) shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C of the Listing Rules, where the controlling Shareholders (or if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) and their associates, must abstain from voting in favour of the relevant resolution at the general meeting) in general meeting).

## **11 RETURNED SHARES**

Subject to Paragraph 14.2, the Trustee shall hold the returned Shares exclusively for the benefit of all or one or more of the Eligible Participants as the Board shall at its absolute discretion at any time determine. When returned Shares have been awarded by the Trustee to an Eligible Participant, the Trustee shall notify the Company accordingly.

## **12 DISPUTES**

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decision shall be final and binding.

## **13 ALTERATION OF THE SCHEME**

13.1 Subject to the applicable laws, the Scheme and the Scheme Rules may be altered in any respect (including but not limited to amendment and alterations for the purpose of complying with the Listing Rules) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Eligible Participant.

13.2 No alteration shall be made to any of the Scheme Rules which is of a material nature or is related to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants unless such alteration is approved by the Shareholders in general meeting.

- 13.3 Any change to the terms of an Award granted to an Eligible Participant must be approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the independent nonexecutive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme.
- 13.4 Any change to the authority of the Directors to alter the terms of the Scheme must be approved by the Shareholders in general meeting.
- 13.5 Written notice of any amendment to the Scheme shall be given to all Eligible Participants with subsisting Awards.

## **14 TERMINATION**

- 14.1 The Scheme shall terminate on the earlier of:
  - 14.1.1 the 10<sup>th</sup> anniversary of the Adoption Date;
  - 14.1.2 the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or a scheme of arrangement); and
  - 14.1.3 such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Eligible Participant under the Scheme.
- 14.2 Upon termination, no further Award (including Awards granted under the Scheme but not yet exercised or in respect of which Award Shares are not yet issued to the Eligible Participant(s)) shall be granted but in all other respects the provisions of the Scheme shall remain in full force and effect. The Award Shares granted and subsisting prior to the termination shall continue to be in full force and effect.
- 14.3 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

## **15 MISCELLANEOUS**

- 15.1 The Scheme shall not form part of any contract of employment, service contract or engagement contract between the member of the Group and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office, employment, appointment or engagement shall not be affected by his participation in the Scheme or any right which he may have to participate 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, employment, appointment or engagement for any reason.
- 15.2 Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Shares themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 Any notice or other communication between the Company, the Trustee 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 office in the Cayman Islands 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. Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post.
- 15.4 The Company shall not be responsible for any failure by any Eligible Participant to obtain any consent or approval required for such Eligible Participant to participate in the Scheme as an Eligible Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- 15.5 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable, they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.

## **16 GOVERNING LAW**

- 16.1 The Scheme shall operate subject to the articles of association of the Company, any applicable law, regulations, rules and codes.
- 16.2 The Scheme shall be governed by and construed in accordance with the laws of Hong Kong in force from time to time.

16.3 The parties shall submit to the exclusive jurisdiction of the courts of Hong Kong in relation to any claim or matter arising under the Scheme.