
SUNNY OPTICAL TECHNOLOGY (GROUP) COMPANY LIMITED
舜宇光學科技（集團）有限公司
RULES OF THE 2026 SHARE AWARD SCHEME

(as adopted by the Shareholders' resolution passed on 27 May 2026)

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1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme the following words and expressions shall, unless the context otherwise requires, have the following respective meanings:

“ Adoption Date ”	27 May 2026 (the date on which the Scheme is approved and adopted by the Shareholders at the general meeting);
“ Articles ”	the articles of association of the Company, as amended from time to time;
“ Board ”	the board of Directors;
“ Business Day ”	a day of which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and public holidays);
“ Company ”	Sunny Optical Technology (Group) Company Limited (舜宇光學科技(集團)有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 2382.HK);
“ Directors ”	the directors of the Company and the expression of “Director” means any of them;
“ Employee Participant(s) ”	any Directors and employees of the Company or any of its subsidiaries (including persons who are granted awards under the Scheme as an inducement to enter into employment contracts with the Company);
“ Grant(s) ”	the grant of Grant Shares by the Scheme Administration Committee under which such Grant Shares may be vested in accordance with the terms of this Scheme;
“ Grant Date ”	the date of Grant to the Selected Participant;
“ Grant Shares ”	the Shares granted or to be granted to a Selected Participant pursuant to a Grant;
“ Group ”	the Company and the Subsidiaries from time to time and the expression “member of the Group” shall be construed accordingly;
“ HK\$ ”	Hong Kong dollars, the lawful currency of Hong Kong;
“ Hong Kong ”	Hong Kong Special Administrative Region in the PRC;
“ Hong Kong Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ Listing Rules ”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“PRC”	the People’s Republic of China;
“Purchase Amount”	has the meaning ascribed to such term in Clause 4.9(a);
“Purchase Price”	has the meaning ascribed to such term in Clause 4.9(a);
“Remuneration Committee”	the remuneration committee of the Board;
“Scheme”	this 2026 share award scheme in its present or any amended form;
“Scheme Administration Committee”	the Remuneration Committee, independent non-executive Directors and senior management of the Company which shall include the chief executive officer, the company secretary(ies), the head of human resources department and the head of finance department of the Company, delegated with the power and authority by the Board to administer the Scheme;
“Scheme Limit”	has the meaning ascribed to such term in Clause 5.1;
“Scheme Period”	the period of ten (10) years commencing on the Adoption Date and ending on the 10 th anniversary of the Adoption Date;
“Selected Participant(s)”	any (a) Employee Participant or (b) Service Provider Participant selected by the Scheme Administration Committee to be awarded the Grant in accordance with the terms of the Scheme;
“Service Provider Participant(s)”	any person who provide 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 independent service providers, consultants, suppliers and agents and contractors where the continuity and frequency of their services are akin to those of employees, but does 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”	has the meaning ascribed to such term in Clause 5.2;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended from time to time;
“Share(s)”	shares(s) with a par value of HK\$0.10 each (or such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Subsidiary”	a subsidiary of the Company and “Subsidiaries” shall be construed accordingly;
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs of Hong Kong for the time being in force;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	the trust deed of the Trust made between the Company and the Trustee in relation to the Scheme (as restated, supplemented and/or amended from time to time);
“Trustee”	BOCI Trustee (Hong Kong) Limited, being the trustee for the time being of the Trust or any additional or replacement trustee(s);
“Unaccepted Shares”	has the meaning ascribed to such term in Clause 4.12;
“Unvested Shares”	such Grant Shares which do not vest in the Selected Participants and have been or will be dealt with in accordance with Clause 9;
“Vesting Date”	has the meaning ascribed to such term in Clause 6.2; and
“Vesting Period”	the period between two (2) to five (5) years which shall have been passed before any Grant Share is vested in the Selected Participant.

1.2 In this Scheme, any references, express or implied, to statutes, statutory provisions or the Listing Rules shall be construed as references to those statutes, provisions or rules as respectively amended, consolidated or re-enacted or as their application is modified from time to time by other provisions (whether before or after the date hereof) and shall include any statutes, provisions and rules of which they are re-enacted (whether with or without modification) and shall include any subsidiary legislation enacted under the relevant statute, provision or rule.

1.3 Except insofar as the context otherwise requires:

- (a) words denoting the singular shall include the plural and vice versa;
- (b) words denoting the masculine gender shall include the feminine gender;
- (c) a reference to any enactment shall be construed as a reference to that enactment as from time to time amended, extended or re-enacted; and
- (d) paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References to Clauses, paragraphs or sub-paragraphs are to clauses, paragraphs or sub-paragraphs of this Scheme.

1.4 In construing this Scheme:

- (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (b) general words shall not be given a restrictive meaning by reason of that fact that they are followed by particular examples intended to be embraced by the general words.

2. PURPOSES, DURATION, ADMINISTRATION AND CONDITIONS

2.1 Purposes

- (a) The purposes of this Scheme are to:
 - (i) provide the Selected Participants with an opportunity to acquire a proprietary interest in the Company;
 - (ii) encourage and retain the Selected Participants to work with the Company;
 - (iii) provide additional incentives to the Selected Participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company; and
 - (iv) align the interests of the Selected Participants directly to the Shareholders through ownership of Shares.
- (b) The rules of this Scheme set out the terms and conditions upon which the incentive arrangement for the Selected Participants shall operate.

2.2 Duration

The life of the Scheme shall not be more than ten (10) years. Subject to any early termination of the Scheme in accordance with Clause 12.2 and without prejudicing against the subsisting rights of any Selected Participant, the Scheme shall be valid and effective for the Scheme Period.

2.3 Administration

- (a) This Scheme shall be subject to the administration of the Scheme Administration Committee and the Trustee in accordance with the rules of this Scheme and the Trust Deed. The decision of the Scheme Administration Committee and the Trustee (save as otherwise provided herein) shall be final and binding on all parties.
- (b) The Remuneration Committee shall review and/or approve material matters relating to the Scheme.
- (c) Without prejudice to Clause 12.1, the Scheme Administration Committee shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of the Scheme.

- (d) The Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

2.4 Conditions

- (a) The Scheme shall become effective upon the fulfilment of the following conditions:
 - (i) passing of ordinary resolutions by the Shareholders at a general meeting to approve the adoption of the Scheme and the Service Provider Sublimit; and
 - (ii) the listing committee of the Hong Kong Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company in respect of Grants in accordance with the terms and conditions of this Scheme.

3. ELIGIBILITY OF THE SELECTED PARTICIPANTS

3.1 In determining the eligibility of Employee Participants, the Scheme Administration Committee shall take into consideration matters including, but without limitation to:

- (a) the present contribution and expected contribution of the Employee Participant with reference to the individual's documented performance, key achievements made, and potential contribution and positive impact of the Employee Participant to the success and long term development of the Group;
- (b) the experience, qualification, and position of the Employee Participant with reference to the Employee Participant's skills, leadership capabilities, length of service and level of responsibilities in relation to the Group's business;
- (c) the quality of work of the Employee Participant performed for the Group;
- (d) the general financial condition of the Group with reference to its recent performance, cash flow, balance sheet assessment and financial objectives; and
- (e) any other matter which the Scheme Administration Committee considers relevant such as the current remuneration packages of the Employee Participant and initiative and commitment of the Employee Participant in performing his/her duties and responsibilities.

3.2 The categories of Service Provider Participants under this Scheme would include the followings: -

- (a) independent service providers who are outsourced staff engaged by the Group that provides services which are material and relevant to the Group's operations (including but not limited to information technology support and customer services) on a regular or recurring basis with a minimum of continuous contractual engagement for at least 3 months within a 12-month period;

- (b) consultants that (i) provide consultancy services relevant to the Group's operations (including but not limited to design, research and development, manufacture and sales of optical and optical-related products); (ii) engage with the Group on a regular or recurring basis, with a minimum of continuous contractual engagement for at least 3 months within any 12-month period; and (iii) possess specialties or expertise in areas which are strategically critical or commercially enabling for the Group's business, on which the Group relies in order to maintain or expand a core business line or strategic initiative;
- (c) suppliers that supply the Group with goods on a regular or recurring basis with a minimum of continuous contractual arrangement for at least 3 months within a 12-month period, with which the Group would consider important to maintain a close business relationship on an ongoing basis, having regard to both quantitative and strategic materiality; and
- (d) agents and contractors that provide important services to the Group on a regular or recurring basis with a minimum of continuous contractual engagement for at least 3 months within a 12-month period, and the Group would consider important to maintain a close collaborative relationship on an ongoing basis.

3.3 In determining whether Service Provider Participant provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business, the Scheme Administration Committee shall take into consideration matters including, but without limitation to:

- (a) the assessment of the Service Provider Participant's engagement over the preceding 12 months with reference to the duration (i.e., the amount of time or number of usage of such services required by the Group every month), the nature of the service (i.e., whether the service is core or directly ancillary to the Group's business), and whether the regularity and frequency of the services constitute continuous or recurring basis; and
- (b) the length of the contract or engagement with the Service Provider Participant.

3.4 In determining the eligibility of Service Provider Participants, the Scheme Administration Committee shall take into consideration matters including, but without limitation to:

- (a) the present contribution and expected contribution of the Service Provider Participant to the Group's long-term development with reference to (i) the profits and/or income attributable to the Service Provider Participant's collaboration with the Group; (ii) annual transaction amount (if applicable); (iii) demonstration of expertise or in-sights in areas which enhanced or could possible improve the Group's operational efficiency or competitive positioning; and (iv) quality, timely services, and commercial value of the services provided, including contributions to research and development progress, manufacturing improvements or market access;
- (b) the materiality and importance of the services provided by Service Provider Participant to the Group with reference to (i) the Group's business and strategic needs; (ii) long-term business opportunities and relationship with the Service Provider Participant; (iii) expected profit and revenue of such collaboration; (iv) the expertise or qualifications of the Service Provider Participant; and (v) whether alternative service providers could be used to replace;

- (c) the quality and nature of the services provided the Service Provider Participant and whether such quality could be maintained in the long term with reference to the track record and cooperation with the Service Provider Participant;
- (d) the market norms and industry practices based on available information;
- (e) the general financial condition of the Group with reference to its recent performance, cash flow, balance sheet assessment and financial objectives; and
- (f) any other matter which the Scheme Administration Committee considers relevant such as the current value of the contract with the Service Provider Participant, costs of the services provided by the Service Provider Participant and Group's future business plans.

3.5 For avoidance of doubt, no performance targets are attached to any Grant under the Scheme.

4. OPERATION OF THE SCHEME

- 4.1 Subject to provisions of the rules herein, including but not limited to the Scheme Limit and Service Provider Sublimit, the Scheme Administration Committee may, from time to time at its absolute discretion, decide the Grants to any Selected Participant and determine the number of Grant Shares.
- 4.2 The Shares subject to the Scheme must be separately designated unless they are identical with other Shares in issue.
- 4.3 Any Grant to a Director, chief executive of the Company, substantial Shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Grant).
- 4.4 In the event that a Selected Participant is a Director, chief executive, a substantial Shareholder, or their respective associates or otherwise regarded as a connected person (as such term is defined under the Listing Rules) of the Company, a Grant to such Selected Participant shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.
- 4.5 The Company shall comply with provisions of the Listing Rules as may be applicable, including any disclosure, reporting, announcement and/or Shareholders' approval requirements, unless otherwise exempted under the Listing Rules, for the Grants to any Selected Participant.
- 4.6 Notwithstanding the provision in Clause 4.1, Grants shall not be granted to any Selected Participant:
 - (a) after information that are required to be disclosed under Rule 13.09 of the Listing Rules or Part XIVA of the SFO has come to the knowledge of the Company until (and including) the trading day after such information has been publicly announced in accordance with the Listing Rules, the SFO and/or the applicable laws;

- (b) during the period commencing thirty (30) days immediately before the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Grants shall not be granted during any period of delay in publishing a result announcement;

- (c) in any circumstances under which dealing in Shares by a Selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation;
- (d) in any circumstance where satisfaction of the Grant is prohibited by or would result in a breach of the Listing Rules, the SFO or any other applicable law or regulation; and
- (e) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

4.7 After the Scheme Administration Committee has determined the number of Grant Shares and the Selected Participants, it shall notify the Trustee and Selected Participants in writing on the Grant Date. If any Selected Participant refuses the Grant, the Selected Participant shall notify such refusal in writing to the Company within twenty-eight (28) days after the Grant Date, otherwise the Grant shall be deemed to be accepted by the Selected Participant. No fees shall be payable on the acceptance of the Grant.

4.8 Subject to the discretion of the Scheme Administration Committee, the Company may satisfy the Grant in the following manners:

- (a) purchasing Shares on the Hong Kong Stock Exchange through the Trustee, in compliance with the Listing Rules and applicable securities laws;
- (b) allotting Shares to Selected Participants; or
- (c) transferring treasury Shares held in accordance with the Listing Rules and the laws of the Cayman Islands and Hong Kong to Selected Participants.

4.9 **Satisfaction of the Grant by the Purchase of Shares through the Trustee on the Hong Kong Stock Exchange**

- (a) Subject to Clause 14.2, the Scheme Administration Committee shall cause to be paid to the Trustee the sum of the closing price of the Shares as at the Grant Date (the "**Purchase Price**") together with all related purchase expenses required for the completion of the purchase of all the Shares (together with the Purchase Price, the "**Purchase Amount**") from the Company's resources as soon as possible to satisfy the amount of Grant Shares to be vested.

- (b) Within forty-five (45) Business Days (or such longer period as the Trustee and the Scheme Administration Committee may agree from time to time) of receiving the Purchase Amount, the Trustee shall apply the same towards the purchase of the Shares on the Hong Kong Stock Exchange. If the Purchase Amount is not sufficient to purchase all the necessary Shares to cover the Grant Shares, the Trustee shall purchase the maximum number of Shares possible from the Purchase Amount and seek further sums from the Scheme Administration Committee until all Shares covering the Grant Shares are purchased. The Trustee shall return any excess Purchase Amount to the Company after the completion of the purchase.

4.10 Satisfaction of the Grant by Allotting Shares to Selected Participants

- (a) Subject to vesting conditions and relevant Listing Rules, the Company shall allot the relevant number of Shares to the Selected Participants to satisfy the amount of Grant Shares to be vested in accordance with the Scheme and Trust Deed.
- (b) Subject to the terms of this Scheme, the Shares so allotted and issued under this Scheme shall rank pari passu in all respects with the existing issued Shares on the date when such Shares are allotted and accordingly will carry entitlement to participate in all dividends or in all other distributions paid or made after the date of allotment save that such Shares allotted do not carry any voting rights until the name of the Selected Participant has been duly entered on the register of members of the Company as the holder thereof.

4.11 Satisfaction of the Grant by Transferring Treasury Shares to Selected Participants

- (a) Subject to vesting conditions and relevant Listing Rules, the Company shall transfer the relevant number of treasury Shares to the Selected Participants to satisfy the amount of Grant Shares to be vested in accordance with the Scheme and Trust Deed.

4.12 If any Selected Participant refuses the Grant pursuant to Clause 4.7, the Grant shall lapse forthwith and the Grant Shares shall become unaccepted shares (the “**Unaccepted Shares**”) which shall be dealt with in accordance with Clause 9. The Scheme Administration Committee shall notify the Trustee accordingly of any Grant which has not been accepted as soon as practicable after being notified by the Selected Participant of the refusal.

4.13 The Trustee shall hold any Shares so purchased, allotted, or transferred on behalf of the Selected Participant in accordance with the terms hereof and the provisions of the Trust Deed.

4.14 No Selected Participant shall enjoy any of the rights of a Shareholder by virtue of the Grant Shares unless and until such Grant Shares are vested into and transferred to the Selected Participant under the Grant.

5. SCHEME LIMIT AND SERVICE PROVIDER SUBLIMIT

- 5.1 The total number of Shares which may be issued in respect of all awards to be granted under all schemes of the Company shall not exceed 10% of the total number of issued Shares as at the Adoption Date (excluding treasury Shares) (the “**Scheme Limit**”).
- 5.2 The total number of Shares which may be issued in respect of all awards to be granted under all schemes of the Company to Service Provider Participants shall be within the Scheme Limit and must not exceed 1% of the total number of issued Shares as at the Adoption Date (excluding treasury Shares) (the “**Service Provider Sublimit**”).
- 5.3 Any Grant which has lapsed in accordance with the rules of the Scheme will not be regarded as utilised for the purpose of calculating the Scheme Limit and Service Provider Sublimit.
- 5.4 If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in a general meeting of the Company, the maximum number of Shares that may be issued in respect of all awards to be granted under all of the schemes of the Company under the Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 5.5 The Company may seek approval by Shareholders in general meeting for “refreshing” the Scheme Limit and Service Provider Sublimit after three (3) years from (i) the date of Shareholders’ approval for the last refreshment or (ii) Adoption Date, subject to:
- (a) the total number of Shares which may be issued in respect of all awards to be granted under all schemes of the Company under the Scheme Limit as “refreshed” must not exceed 10% of the total number of Shares in issue (excluding treasury Shares) as at the date of approval of the refreshed Scheme Limit;
 - (b) the total number of Shares which may be issued in respect of all awards to be granted under all schemes of the Company under the Service Provider Sublimit as “refreshed” must not exceed 1% of the total number of Shares in issue (excluding treasury Shares) as at the date of approval of the refreshed Service Provider Sublimit; and
 - (c) a circular shall be sent by the Company to Shareholders containing the number of Grants that were already granted under the then existing Scheme Limit and Service Provider Sublimit, and the reason for the “refreshment”.
- 5.6 The Company may seek approval by Shareholders in general meeting for “refreshing” the Scheme Limit and Service Provider Sublimit within three (3) years from (i) the date of Shareholders’ approval for the last refreshment or (ii) Adoption Date, subject to:
- (a) any controlling Shareholders (as such term is defined under the Listing Rules) and their associates (or if there is no controlling Shareholder (as such term is defined under the Listing Rules), Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;

- (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules;
- (c) the Company must comply with the requirements set forth in Clauses 5.5(a), (b), and (c) in the Scheme; and

the requirements under Clauses 5.6(a) and (b) in the Scheme do not apply if the refreshment is made immediately after an issue of securities by the Company to Shareholders on a pro rata basis as set forth in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Limit and Service Provider Sublimit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Limit and Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

5.7 The Company may seek separate approval from Shareholders in general meeting for Grants beyond the Scheme Limit (or the refreshed Scheme Limit) or the Service Provider Sublimit (or the refreshed Service Provider Sublimit), provided that:

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

5.8 Where any Grant to a Selected Participant (excluding any Director, chief executive of the Company or substantial Shareholder, or any of their respective 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 Selected Participant in the 12-month period up to and including the date of such Grant representing in aggregate over 1% of the Shares in issue (excluding treasury Shares), such Grant must be separately approved by Shareholders in general meeting with such Selected Participant and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting. The number and terms of the Grant must also be fixed before Shareholders' approval, and a circular shall be despatched to the Shareholders in the manner prescribed by the relevant provisions of Chapter 17 of Listing Rules.

- 5.9 Where any Grant to a Selected Participant who is 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 Selected Participant in the 12-month period up to and including the date of such Grant, representing in aggregate over 0.1% of the Shares in issue (excluding treasury Shares), such further Grant must be approved by Shareholders in general meeting in the manner prescribed by, and subject to the requirements set out, in the relevant provisions of Chapter 17 of Listing Rules.
- 5.10 Where any Grant to a Selected Participant who is 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 awards granted (excluding any awards lapsed in accordance with the terms of the Scheme) to such Selected Participant in the 12-month period up to and including the date of such Grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury Shares), such further Grant must be approved by Shareholders in general meeting in the manner prescribed by, and subject to the requirements set out, in the relevant provisions of Chapter 17 of Listing Rules.

6. VESTING

6.1 Vesting Conditions

- (a) The Scheme Administration Committee is entitled to impose any conditions, as it deems appropriate in its sole and absolute discretion with respect to the vesting of the Grant Shares to the Selected Participant providing that, subject to Clause 6.2(b) of the Scheme, the vesting period for the Grant Shares shall not be less than twelve (12) months. The Scheme Administration Committee shall inform the Trustee and Selected Participant regarding the relevant vesting conditions of the Grant.
- (b) The vesting of the Grant Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the Vesting Date (as the case may be, on each relevant Vesting Date) an Employee Participant or a Service Provider Participant (as the case may be).
- (c) The Selected Participant ceases to be an Employee Participant or Service Provider Participant (as the case may be) for the purpose of Clause 6.1(b) if the Selected Participant has:
- (i) been terminated by the Company or any Subsidiary for cause. For the purposes of this paragraph and all other relevant provisions hereunder (if any) relating to termination for cause, cause shall mean:
 - (aa) dishonesty or serious misconduct, whether or not in connection with his employment; wilful disobedience or non-compliance with the terms of his/her employment, agency or consultancy contract with the Company or any Subsidiary or any lawful orders or instructions given by the Company or any Subsidiary as the case may be;
 - (bb) incompetence or negligence in the performance of his/her duties; or

- (cc) doing anything in the conclusive opinion of the Company or any Subsidiary that adversely affects his/her ability to perform his/her duties properly or bring the Company or the Group into disrepute;
 - (ii) been summarily dismissed by the Company or any Subsidiary in so far as such Selected Participant is an employee;
 - (iii) been adjudged bankrupt or has failed to pay his/her debts within a reasonable time after they become due; or becoming a party to a deed of arrangement or entered into any other form of arrangement or composition with his creditors;
 - (iv) been convicted for any criminal offence involving his/her integrity or honesty; or
 - (v) been charged, convicted or held liable for any offence under or have breached any securities or financial markets laws, rules or regulations in any country, including the PRC and Hong Kong, or any other applicable laws or regulations in force from time to time.
- (d) For the avoidance of doubt, the Grant shall automatically lapse forthwith, and the Selected Participant shall have no claims against the Company or the Trustee, in the event that:
- (i) the Selected Participant ceases to be an Employment Participant or a Service Provider Participant (as the case may be) for reasons other than retirement in accordance with his/her employment or contractual engagement with the Group or job-related permanent physical or mental disablement, or death;
 - (ii) the Subsidiary by which such Selected Participant is employed or contracted with (as the case may be) ceases to be a Subsidiary (subject to sub-paragraph (f) below); or
 - (iii) an order for the winding up of the Company is made or a resolution is passed for the voluntary winding up of the Company.
- (e) Grant Shares (which has not yet vest) under any Grant that have lapsed in accordance with this Clauses 6.1(c) and (d) shall become Unvested Shares for the purposes of the Scheme and be dealt with in accordance with Clause 9. For the avoidance of doubt, Grants which have lapsed in accordance with the rules of the Scheme will not be regarded as utilised for the purpose of calculating the Scheme Limit and Service Provider Sublimit.
- (f) For the purpose of Clause 6.1(b), a Selected Participant shall be regarded as remaining as an Employee Participant or a Service Provider Participant (as the case may be) notwithstanding that he/she ceases to hold a position of employment or office or contract with (as the case may be) the Company or a Subsidiary, if at the same time he takes up a different position of employment and/or office or contract with (as the case may be) another Subsidiary.
- (g) Notwithstanding any other provisions of this Scheme (but subject to any applicable laws), the Scheme Administration Committee shall be at liberty of waving the vesting conditions referred to in this Clause 6.1.

6.2 Vesting of Grant Shares

(a) Subject to the vesting provisions set out in this Clause 6, any Grant Shares held by the Trustee on behalf of a Selected Participant pursuant to the provisions hereof shall vest in such Selected Participant in accordance with the vesting schedule below (for this purpose, the date or each such date on which the Grant Shares are to vest is referred to as a “**Vesting Date**”):

(i) If the Vesting Period is two (2) years:

Vesting Date	Number of Grant Shares to vest
First (1 st) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-half (round down to the nearest integral number of Shares).
Second (2 nd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	Balance (round down to the nearest integral number of Shares).

(ii) If the Vesting Period is three (3) years:

Vesting Date	Number of Grant Shares to vest
First (1 st) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-third (round down to the nearest integral number of Shares).
Second (2 nd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-third (round down to the nearest integral number of Shares).
Third (3 rd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	Balance (round down to the nearest integral number of Shares).

(iii) If the Vesting Period is four (4) years:

Vesting Date	Number of Grant Shares to vest
First (1 st) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fourth (round down to the nearest integral number of Shares).
Second (2 nd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fourth (round down to the nearest integral number of Shares).
Third (3 rd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fourth (round down to the nearest integral number of Shares).
Fourth (4 th) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	Balance (round down to the nearest integral number of Shares).

(iv) If the Vesting Period is five (5) years:

Vesting Date	Number of Grant Shares to vest
First (1 st) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fifth (round down to the nearest integral number of Shares).
Second (2 nd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fifth (round down to the nearest integral number of Shares).
Third (3 rd) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fifth (round down to the nearest integral number of Shares).
Fourth (4 th) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after.	One-fifth (round down to the nearest integral number of Shares).
Fifth (5 th) anniversary of the Grant Date or in case such date is not a Business Day, the Business Day immediately after	Balance (round down to the nearest integral number of Shares)

- (b) Notwithstanding any other provisions of this Scheme, subject to applicable laws and regulations, the Board may in its sole and absolute discretion determine that the Grant to a Selected Participant (who is an Employee Participant) may be subject to a vesting period of less than 12 months in the following circumstances:
 - (i) Grants of “make-whole” share awards to an Employee Participant who is a new joiner of the Group to replace the share awards that has been forfeited when leaving the previous employers;
 - (ii) Grant to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, in which circumstances the vesting of Grant Shares may accelerate;
 - (iii) Grants in batches during a year for administrative and compliance reasons, which may include Grants that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting period may be shorter to reflect the time from which the Grants would have been granted;
 - (iv) Grants with a mixed or accelerated vesting schedule (such as where the Grants may vest evenly over a period of twelve (12) months);
 - (v) Grants with a total vesting and holding period of more than twelve (12) months; or
 - (vi) any other specific circumstance as permitted under the Listing Rules and other relevant guidance issued by the Hong Kong Stock Exchange from time to time.

6.3 Vesting Procedures

- (a) The Scheme Administration Committee shall automatically vest in accordance with Clause 6.2 unless the Selected Participants inform the Company in writing within 7 Business Days prior to each Vesting Date that they refuse to be vested of the Grant Shares.
- (b) If the Grant Shares have been refused to be vested by the Selected Participants, the Grant Shares will automatically become Unvested Shares for the purpose of the Scheme and be dealt with in accordance with Clause 9.
- (c) When Grant Shares vest in a Selected Participant in accordance with the rules of this Scheme, the Scheme Administration Committee shall issue a confirmation letter to the Trustee regarding the followings: -
 - (i) in respect of each Selected Participant, confirmation that the vesting conditions have been fulfilled, or the vesting of Grant Shares become or has become effective upon the occurrence of a change of control of the Company; and
 - (ii) the number of Grant Shares to be vested in that Selected Participant.

6.4 Vesting Upon Death

In the event of a Selected Participant ceasing to be an Employee Participant or a Service Provider Participant (as the case may be) by reason of death, all Grant Shares that have not yet vested shall be deemed to have been vested on the date of death of such Selected Participant.

6.5 Vesting Upon Change in Control

- (a) If an offer by way of takeover, merger, scheme of arrangement, share repurchase or otherwise is made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) resulting in a change in control of the Company, and such offer becomes or is declared unconditional (i.e. all conditions to which such transaction is subject to have been satisfied) prior to the vesting of Grant Shares in the Selected Participant, then notwithstanding the time required to vest the Grant Shares referred to in Clause 6.2 such Grant Shares shall immediately so vest.
- (b) Upon occurrence of the event in Clause 6.5(a), the Trustee shall, subject to the same procedures as set out in Clause 6.3, proceed to vest the Grant Shares to the relevant Selected Participant, provided that none of the events set out in Clauses 6.1(c) or (d) has occurred prior to the vesting under this Clause 6.5.
- (c) For the purpose of this Clause 6.5, “**control**” shall have the meaning as specified in the Takeovers Code.

7. CASH AND NON-CASH INCOME

- 7.1 All cash, non-cash income or sale proceeds of non-cash and non-scrip distributions declared in respect of a Share (whether held as Grant Share, Unaccepted Share, Additional Share or Unvested Share) shall form part of the trust fund of the Trust.
- 7.2 The Trustee may, during the trust period, apply any cash income of the trust fund of the Trust or sale proceeds of any rights attached to the Shares held under this Trust (including nil-paid rights, any non-cash or non-scrip distributions in respect of a Share, if any) to settle the fees, costs and expenses of the Trust. Any remaining cash income of the trust fund of the Trust, together with the cash capital of the trust fund of the Trust may be:–
 - (a) applied towards the purchase of Shares in the open market (the “**Additional Shares**”) and towards the payment of the relevant purchase expenses; or
 - (b) to the extent permissible under applicable laws, rules and regulations, be remitted to the Company pursuant to the written direction of the Board and/or the Scheme Administration Committee.
- 7.3 The Trustee shall hold the Additional Shares, and all income derived therefrom for the benefit of all or one or more of the Selected Participants, as the Trustee shall at any time grant in accordance with the recommendations of the Scheme Administration Committee.

7.4 The Additional Shares (if granted) shall be subject to the same vesting condition and vesting schedule as they apply to any Grant Shares.

8. RIGHTS ATTACHED TO THE GRANT SHARES

8.1 Any Grant shall be personal to the Selected Participant to whom it is made and shall not be assignable. No Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party, over or in relation to the Grant, unless waiver has been granted by the Hong Kong Stock Exchange.

8.2 Prior and subject to the Grant Shares being vested to the Selected Participants in accordance with the provisions of this Scheme, the Selected Participants shall have no interest or rights in respect of the Grant Shares including but not limited to any right to vote, receive dividends, transfer, or exercise any other rights of a Shareholder, whether arising in the ordinary course or upon the liquidation of the Company.

8.3 No instructions may be given by a Selected Participant to the Trustee in respect of the Grant Shares prior to the vesting of the same.

8.4 The Trustee may not subscribe for any new Shares pertaining to either:

(a) an open offer of new securities; or

(b) bonus warrants issued in respect of any Shares held by the Trustee.

In the event of a rights issue, the Trustee shall sell any nil-paid rights allotted to it. In the event of the issue of a bonus warrant, the Trustee shall sell the bonus warrants granted to it. The net proceeds from the sale of such rights shall be held as cash income of the trust fund of the Trust and shall be applied in accordance with Clause 7.

8.5 With respect to any dividends declared by the Company and in connection with which the Company shall allow the holders of its Shares to elect to receive Shares in lieu of cash, the Trustee shall, in respect of the Shares held pursuant to this Trust Deed, always elect to receive cash in lieu of Shares in respect of such dividends.

8.6 The Trustee holding Grant Shares (that have not been vested), 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.

9. UNACCEPTED AND UNVESTED SHARES

9.1 Where Grant to a Selected Participant:

- (a) is refused by such Selected Participant within the stipulated time in accordance with Clause 4.7 and the Grant Shares become Unaccepted Shares; or
- (b) do not vest in accordance with the relevant provisions herein and the Grant Shares become Unvested Shares,

the Trustee shall hold such Unaccepted Shares or Unvested Shares and all income derived therefrom for the benefit of all or one or more of the participants of the Scheme, as the Trustee shall at any time grant in accordance with the recommendations of the Scheme Administration Committee.

9.2 All Unaccepted Shares or Unvested Shares, when granted, shall be subject to the same vesting conditions and vesting schedule as they apply to any Grant Shares in accordance with the Scheme.

9.3 Unless otherwise determined by the Board, in the event that the vesting conditions are not fully satisfied prior to or on the relevant Vesting Date, the Grant in respect of the relevant Vesting Date shall lapse, and the Grant Shares shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee.

10. CANCELLATION

10.1 Any Grant may be cancelled or forfeited by the Board, in its absolute discretion, if it sees fit and in manner that complies with all applicable legal requirements for such cancellation. Any Grant cancelled or forfeited will be regarded as utilised for the purpose of calculating the Scheme Limit and, where applicable, the Service Provider Sublimit.

10.2 In the event that a Grant to a Selected Participant is cancelled or forfeited, and a new Grant is awarded to the same Selected Participant, such new Grant may only be made provided that there are available Scheme Limit or Service Provider Sublimit (as the case may be).

11. WITHHOLDING

11.1 The Company or any Subsidiary shall be entitled to withhold, and any Selected Participant shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the Grant.

11.2 The Scheme Administration Committee may establish appropriate procedures to provide for any such payment so as to ensure that the Company or any Subsidiary receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the Company or such Subsidiary any tax deduction resulting from the occurrence of such event.

11.3 The Company or any Subsidiary may, by notice to the Selected Participant and subject to any rules as the Scheme Administration Committee may adopt, require that the Selected Participant pay at the time of the Grant an amount estimated by the Company or any Subsidiary to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Grant.

12. AMENDMENT AND TERMINATION

12.1 Amendment

- (a) The Board may, at its sole discretion, amend the terms and conditions of the Scheme from time to time, except that Shareholders' approval in general meeting must be obtained for any alteration to: -
 - (i) the terms and conditions of the Scheme which are of a material nature;
 - (ii) the provisions relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of Selected Participants; or
 - (iii) the authority of the Board or Scheme Administration Committee to alter the terms of this Scheme.
- (b) Any change to the terms of the Grant to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), if the initial Grant was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the Scheme.
- (c) Any alteration to the terms of the Scheme or Grant shall comply with the relevant requirements of the Listing Rules.
- (d) Written notice of any amendment(s) to this Scheme shall be given to all Selected Participants and the Trustee.

12.2 Termination

- (a) This Scheme shall commence on the Adoption Date and cease upon the expiry of the Scheme Period, unless terminated at an earlier date determined by the Board pursuant to the Scheme. Any termination shall be without prejudice to any subsisting rights of any Selected Participant.
- (b) Upon termination (whether due to any early termination or upon expiry of the Scheme Period), there shall be no further Grant to Selected Participants. The Company shall notify the Trustee and Selected Participants of such termination.

- (c) Upon receipt of the notification of termination from the Company in writing by the Trustee, the Trustee shall within twenty-one (21) Business Days of receiving such notice of termination, or such longer time as the Trustee and the Scheme Administration Committee may agree from time to time: -
 - (i) vest in the Selected Participants all Grant Shares referable to the date of termination which are not vested by transferring the same held by and in the trust fund of the Trust to the relevant Selected Participants; and
 - (ii) sell all Unaccepted Shares, Unvested Shares, Additional Shares and non-cash income remaining in the Trust, if any, and remit the proceeds of sale of the same together with any residual cash accrued to the Company.

13. REORGANISATION OF CAPITAL STRUCTURE

13.1 In the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital in the Company (excluding the issue of securities as consideration in a transaction), the Board may make corresponding adjustments (if any) in the purchase price (as the case may be and if any) and/or number of Grant Shares so far as unvested.

13.2 Any adjustment(s) made under Clause 13.1 must: -

- (a) give a Selected Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which such Selected Participant was previously entitled;
- (b) not be made to the extent that a Share would be issued at less than its nominal value (if any);
- (c) other than any adjustments made on a capitalisation issue, have an independent financial adviser or the Company's auditors confirm to the Directors in writing that the adjustments satisfy the requirements set out in Chapter 17 of the Listing Rules (or any guideline or supplementary guidance as may be issued by the Hong Kong Stock Exchange from time to time); and
- (d) be in accordance with the Scheme, the Listing Rules, the requirements and method of adjustments under Appendix 1 of HKEX-FAQ13, and any other applicable guideline or supplementary guidance as may be issued by the Hong Kong Stock Exchange from time to time.

13.3 The capacity of the auditors or the financial adviser (as the case may be) in this Clause 13 is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Selected Participant. The costs of the auditors or the independent financial adviser (as the case may be) shall be borne by the Company.

13.4 If there has been any alteration in the capital structure of the Company as referred to in Clause 13.1 in the Scheme, the Company shall notify each such Selected Participant (with a copy of the notification to the Trustee) of the adjustment to be made after such alteration in the capital structure of the Company.

13.5 If notice is duly given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering a voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its sole and absolute discretion whether any Grant Shares shall vest in the Selected Participant and the time at which such Grant Shares shall vest as deemed practicable by the Board and in accordance with the Listing Rules and laws of Hong Kong. If the Board determines that any Grant Shares shall vest, it shall promptly notify such Selected Participant (with a copy of the notification to the Trustee) and shall use its reasonable endeavours to procure the vesting of the Grant Shares. For the avoidance of doubt, if the Board determines that such Grant Shares shall not vest, such Grant shall lapse with immediate effect.

14. COMPLIANCE

14.1 In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including, without limitation, those imposed by the Listing Rules from time to time.

14.2 No payment shall be made to the Trustee and no instructions to purchase Shares shall be given to the Trustee pursuant to this Clause 14.2 where any Director is in possession of unpublished price sensitive information in relation to the Company.

15. DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of an independent party (to be jointly appointed by the Scheme Administration Committee and the Trustee) who shall act as experts and not as arbitrators and whose decision shall be final and binding.

16. MISCELLANEOUS

16.1 The Company shall be responsible for the costs of establishing and administering the Scheme. All other expenses including but not limited to transaction levy, brokerage, tax or expenses of whatsoever nature payable on the part of any Selected Participant or the Trustee in respect of any sale, purchase, vesting or transfer of Shares pursuant to the Scheme ("**excluded expenses**") shall be borne by the Selected Participants. The excluded expenses shall initially be paid out of the trust fund of the Trust. If there are no assets out of the trust fund which the Trustee may pay such excluded expenses pursuant to the powers vested in it by the Trust Deed, the Company shall undertake to bear the amount of shortfall to be payable upon demand from the Trustee. The Company or any Subsidiary may, in its own absolute discretion, by notice to the relevant Selected Participants, require that the Selected Participants pay to it the actual amount incurred by the Trustee to cover the relevant excluded expenses attributable to or payable in connection with the vesting of the relevant Grant Shares.

- 16.2 This Scheme shall not form part of any contract of employment or contract for service (as the case may be) between the Company or any Subsidiary and any Employee Participant or Service Provider Participant, and the rights and obligations of any Employee Participant or Service Provider Participant under the terms of his or her office or employment or contract (as the case may be) shall not be affected by his or her participation in this Scheme or any right which he or she may have to participate in it and this Scheme shall afford such Employee Participant or Service Provider Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or contract (as the case may be) for any reason.
- 16.3 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 Grant Shares themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 16.4 Any notice to be given to the Company shall be faxed, delivered or posted to the Company at its registered office in Hong Kong and shall be effected upon receipt.
- 16.5 Any notice or other communication served by post:
- (a) by the Company or the Trustee shall be deemed to have been served 24 hours after the same was put in the post; and
 - (b) by a Selected Participant shall not be deemed to have been received until the same shall have been received by the Company.
- 16.6 The Company shall not be responsible for any failure by any Employee Participant or Service Provider Participant to obtain any consent or approval required for such Employee Participant or Service Provider Participant to participate in this Scheme or for any tax, duty, expenses, fees or any other liability to which he/she may become subject as a result of his or her participation in this Scheme.

17. GOVERNING LAW

- 17.1 This Scheme shall operate subject to the Articles and any applicable law.
- 17.2 This Scheme and the Grants shall be governed by and construed in accordance with the laws of Hong Kong.