

COMBA TELECOM SYSTEMS HOLDINGS LIMITED

京信通信系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**RULES OF THE
SHARE AWARD SCHEME**

Adopted on [●] 2023 pursuant to ordinary resolutions of shareholders passed on [●] 2023

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Rules of the Share Award Scheme

1. DEFINITIONS AND INTERPRETATION

(A) In these Rules of the Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

“Acceptance Period”	has the meaning ascribed to it under Rule 6.3(A);
“Account”	the securities account opened in the name of the Company to be operated solely for the purpose of operating the Scheme and the funds thereof to be held on trust by the Company for the Selected Participants;
“Administration Committee”	the remuneration committee of the Company and senior management of the Company which shall include chairman of the Board and President of the Group and group chief financial officer, delegated with the power and authority by the Board to administer the Scheme;
“Adoption Date”	[●], the date on which this Scheme was adopted by resolutions of the Shareholders;
“Articles”	the articles of association of the Company from time to time;
“associated company”	in relation to a company, any body corporate or other entity whose results are recorded in that company’s financial statements using the equity method of accounting;
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Award”	an award of Awarded Shares (together with any Related Income) by the Board to a Selected Participant pursuant to Rule 6.1(B);

“Awarded Amount”	in respect of a Selected Participant, the closing price of the Shares as quoted on the Hong Kong Stock Exchange as at the Date of Grant, or as at any other date before the Trustee purchases Awarded Existing Shares on the secondary market as instructed by the Board, multiplied by the number of the Awarded Shares comprised in the Award;
“Awarded Existing Shares”	in respect of a Selected Participant, such number of Shares determined by the Board and either purchased by the Administration Committee or the Trustee on the secondary market;
“Awarded New Shares”	in respect of a Selected Participant, such number of Shares determined by the Board and issued by the Company out of its available Scheme Mandate Limit;
“Awarded Shares”	collectively, the Awarded Existing Shares and the Awarded New Shares;
“Benefits”	has the meaning ascribed to it under Rule 6.4(C);
“Board”	the board of Directors
“business day(s)”	any day (excluding a Saturday, Sunday or public holiday) on which the Hong Kong Stock Exchange is open for the business of dealing in securities;
“close associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Company”	Comba Telecom Systems Holdings Limited (京信通信系統控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued Shares of which are primary listed on the Hong Kong Stock Exchange and secondary listed on the main board of the SGX-ST;
“Companies Act”	the Companies Act (as revised) of the Cayman Islands;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;

“core connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Date of Grant”	in relation to any Awarded Share, the date on which the Awarded Share is, was or is to be granted, which shall be a business day;
“Director(s)”	the directors of the Company;
“Eligible Participant(s)”	any director or employee (whether full time or part-time, but explicitly excludes any former employee) of the Group, who is eligible to be granted Award(s) under the Scheme (and including persons who are granted Award(s) under the Scheme as an inducement to enter into employment contracts with these companies);
“Excluded Person”	any Selected Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Administration Committee or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Selected Participant;
“FRC”	the Financial Reporting Council of Hong Kong;
“Further Shares”	such Shares purchased by the Administration Committee or the Trustee at the absolute discretion and direction of the Board out of cash income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Awarded Shares held by the Administration Committee or upon the Trust;
“Grant Letter”	has the meaning ascribed to it under Rule 6.3(A);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as may be amended from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Inside Information”	has the meaning ascribed to it under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong);
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules;
“New Scheme Mandate Limit”	has the meaning ascribed to it under Rule 8(B);
“New Share Award”	an award of Awarded New Shares by the Board to a Selected Participant;
“Partial Lapse”	has the meaning as set out in Rule 6.4(F);
“Reference Amount”	has the meaning as set out in Rule 6.3(B);
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Selected Participants in a single occasion pursuant to the Scheme or the date of an Award by the Administration Committee or the Trustee pursuant to the Trust Deed;
“Related Income”	all income derived from an Awarded Share held by the Administration Committee or upon the Trust (including but not limited to, any cash dividend, the Further Shares, and any bonus Shares and scrip Shares received in respect of the Awarded Share);
“Relevant Event”	any variation in the issued share capital of the Company which arises or may arise following the Adoption Date from any issue of shares in or other securities of the Company by way of capitalization of profits or reserves or by way of rights under an offer made pro rata to Shareholders (but shall not include the issue of securities as consideration in any transaction whatsoever) or from any sub-division or consolidation of shares in the capital of the Company or reduction of the share capital of the Company;

“Residual Cash”	being cash remaining in the Account or the trust fund set up by the Trustee in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, cash income and sale proceeds which have not been applied in the acquisition of Further Shares);
“Returned Shares”	such Awarded Shares and Related Income which are not vested and/or forfeited in accordance with the terms of the Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise) or such Shares being deemed to be Returned Shares;
“Rule(s)”	the rule(s) of the Scheme;
“Scheme”	this share award scheme constituted by the Rules, in their present form or as from time to time amended in accordance with the provisions hereof;
“Scheme Mandate Limit”	has the meaning ascribed to it under Rule 8(A);
“Selected Participant(s)”	Eligible Participant(s) selected by the Board in accordance with the terms of the Scheme;
“SFC”	the Securities and Futures Commission;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“Shares”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“share schemes”	has the meaning ascribed to it under Chapter 17 of the Hong Kong Listing Rules;
“Shareholder(s)”	a holder of the issued Share(s);
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Total Lapse”	has the meaning as set out in Rule 6.4(E);
“Trust”	the trust constituted by the Trust Deed;

“Trust Deed”	a trust deed as may be entered into between the Company and the Trustee (as restated, supplemental and amended from time to time);
“Trust Period”	has the meaning ascribed to it in the Trust Deed;
“Trustee”	the trustee corporation(s) as may be appointed by the Company for the administration of this Scheme, and any additional or replacement trustee, being the trustee or trustees for the time being of the trusts declared in the Trust Deed;
“Vesting Date”	has the meaning as set out in Rule 6.4(A);
“1% individual limit”	has the meaning ascribed to it under Rule 8(E); and
“%”	per cent.

(B) In these Rules, save where the context otherwise requires:

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of the Scheme;
- (ii) references to Rules and Schedules are references to paragraphs and schedules of these rule of the Scheme;
- (iii) 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;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expression in any gender shall include other genders;
- (vi) references to persons shall include bodies corporate, corporations, partnership, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind; and
- (vii) any reference to a subsidiary of a company means another undertaking which is for the time being and from time to time a subsidiary (within has the meaning ascribed to it under the Hong Kong Listing Rules) of that company, whether incorporated in Hong Kong or elsewhere and “subsidiaries” shall be construed accordingly. Any reference to a fellow subsidiary of a company means the subsidiaries of the holding company of that company.

2. CONDITION

The Scheme is conditional upon (i) the passing of the necessary Shareholders' resolution(s) to approve and adopt the Scheme at a general meeting of the Company and (ii) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in any Shares to be issued by the Company pursuant to the grant of Awards in accordance with the terms and conditions of the Scheme.

3. PURPOSES AND OBJECTIVES

The purpose of the Scheme is to enable the Board to grant Awards to Selected Participants to recognize the contributions by them to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

4. DURATION

Subject to any early termination as may be determined by the Shareholders pursuant to Rule 13, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

5. ADMINISTRATION

The Scheme shall be subject to the administration of the Board and/or the Trustee) in accordance with these rules of the Scheme and the terms of the Trust Deed (as the case may be).

6. OPERATIONS OF SCHEME

6.1 Grant of Awarded Shares to Selected Participants

- (A) Subject to the Rules, the Board may, from time to time, at its absolute discretion select any Eligible Participants to be a Selected Participant and grant to such Selected Participant Awarded Shares by way of share transfer or share allotment as the Board deems fit.
- (B) The Board is entitled to impose any conditions, as it deems appropriate with respect to the entitlement of the Selected Participant to the Award and the Administration Committee will inform such Selected Participant the relevant conditions and the number of the Awarded Shares. A Grant Letter setting out, among other things, the number of the Awarded Shares and other terms and conditions of such Award, will be given to the Selected Participant for each Award. If the Selected Participant fails to meet any conditions set out in the Grant Letter, the Company is entitled to cancel the Award upon the failure of the Selected Participant to meet any such conditions, and

such Award shall lapse and determine on the date the Board exercises the Company's right to cancel the Award on the ground of such failure.

- (C) The Company may not grant any Awards after Inside Information has come to its knowledge until (and including) the business day after it has announced the information. In addition, the Company may not grant any Awards during the period commencing one (1) month immediately before the earlier of:
- (1) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange under the Hong Kong 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 Hong Kong Listing Rules); and
 - (2) the deadline for the Company to announce its results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules),

and ending on the date of the results announcement.

- (D) No Awards may be granted to any Director during the periods or times at which such Director is prohibited from dealing in the Shares pursuant to the Model Code.

6.2 Criteria for Determining Selected Participants

The Board may, from time to time, at its absolute discretion select any Eligible Participants to be a Selected Participant. The eligibility of any of the Selected Participants shall be determined by the Board from time to time on the basis of the Board's opinion as to the Selected Participant's contribution to the success of the Group's operations. In assessing whether Awards are to be granted to any Selected Participant, the Board shall take into account various factors, including but not limited to the nature and extent of contributions provided by such Selected Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impact which such Selected Participant has brought to the Group's operations and whether granting the Awards to such Selected Participant is an appropriate incentive to such Selected Participant to continue to contribute towards the Group's operations.

6.3 Award of Awarded Shares to Selected Participants

- (A) After the Board has determined the number of Awarded Shares and the Selected Participants, it will notify the Administration Committee and Trustee and the Selected Participants on the Date of Grant in writing (the "**Grant Letter**"). Upon receipt of the Grant Letter, the Selected Participants are required to confirm their acceptance of the Award by returning to the Company a notice of acceptance duly executed by them within 21 days after the Date of Grant (the "**Acceptance Period**") without payment unless otherwise stated in the relevant Grant Letter as the Board may determine. If any Selected Participant fails to return the notice of acceptance upon the expiration of the Acceptance Period to the Company, the Award automatically lapses forthwith and the Shares pursuant to the Award will become Returned Shares which will be dealt with in accordance with Rule 10. The Administration Committee will notify the Trustee accordingly of any Award which

has not been accepted as soon as practicable after the expiration of the Acceptance Period.

- (B) The Board may at any time at its discretion, in respect of each Selected Participant and after having regard to the requirement under Rule 6.1(C), cause to be paid an amount (the “**Reference Amount**”) from the Company’s resources into the Account for the relevant Selected Participant for the purchase of the Awarded Existing Shares. The Reference Amount is the sum of (X) the estimated Awarded Amount and (Y) the related purchase expenses (including the brokerage fee, stamp duty, SFC transaction levy, FRC transaction levy and Hong Kong Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of all the Awarded Existing Shares. Within 20 business days on which the trading of the Shares has not been suspended (or such longer period as the Board may agree from time to time have regard to the circumstances of the purchase concerned) after receiving the Reference Amount, the Administration Committee or the Trustee shall apply the same towards the purchase of the Awarded Existing Shares at the prevailing market price. Any excess Reference Amount provided shall be returned by the Administration Committee or the Trustee to the Company forthwith after completion of the purchase. Where the Reference Amount paid or caused to be paid to the Administration Committee or the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Administration Committee or the Trustee shall acquire the maximum number of board lots of Shares and seek further funds from the Board until all the Awarded Existing Shares are purchased.
- (C) In the event that the Awarded New Shares are to be allotted and issued as new Shares to the Trustee under the Scheme Mandate Limit for the purpose of the Trust, the Board may cause the subscription price for such new Shares to be allotted and issued be transferred from the Company’s resources internally. The Company shall comply with the relevant Hong Kong Listing Rules when issuing the Awarded New Shares.
- (D) The Awarded Shares so acquired and/or subscribed for will, subject to the receipt by the Administration Committee or the Trustee of a confirmation from the Company that all vesting conditions have been fulfilled, be transferred/ allotted to the Selected Participant, as the case may be.

6.4 Vesting or Lapse of Awards

- (A) Any Awarded Shares and Related Income held in the Account or the Trustee upon the Trust and which are referable to a Selected Participant shall vest in that Selected Participant on the date specified as the vesting date of the Grant Letter, which shall be a period of not less than twelve (12) months from the date of grant (the “**Vesting Date**”).
- (B) In respect of a Selected Participant who died or retired at his normal retirement date or earlier by agreement with the Company or the relevant member of the Group or the holding company, fellow subsidiary or associated company of the Company (as the case may be) at any time prior to the Vesting Date, all the Awarded Shares and the Related Income of such Selected Participant shall be deemed to be vested on the date immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Company or the relevant member of the Group or the

holding company, fellow subsidiary or associated company of the Company (as the case may be).

- (C) In the event of the death of a Selected Participant, the Administration Committee or the Trustee shall hold the vested Awarded Shares and the Related Income (the “**Benefits**”) upon trust and to transfer the same to the legal personal representatives of the Selected Participant within (i) six months of the death of the Selected Participant (or such longer period as the Administration Committee or the Trustee and the Board shall agree from time to time) or (ii) the Trust Period as referred to in the Trust Deed (whichever is shorter). Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be retained and may be invested and otherwise dealt with by the Administration Committee or the Trustee in every way as if they had remained part of the fund in the Account or trust fund of the Trust.
- (D) If the Award would otherwise become bona vacantia, the Award are deemed to be lapsed and the Awarded Amount ceases to be transferable, and, where the purchase of the relevant Awarded Existing Shares on market by the Trustee has not yet been effected and/or completed, the relevant Reference Amount so paid by the Company will be taken out of the Account and returned to the Company immediately. In the event that the purchase of the Awarded Existing Shares on the secondary market by the Trustee has been completed, the Shares attributable to the lapsed Award shall be held by the Trustee as Returned Shares. In such event, none of the Selected Participants (or his legal representative or lawful successor as the case may be) shall have any claim against the Company and the Trustee in respect of the Award.
- (E) Subject to Rule 6.4(B), in the event (i) a Selected Participant ceases to be an Eligible Participant, or (ii) 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 or reconstruction in such circumstances that substantially the whole of the undertaking assets and liabilities of the Company pass to a successor company) (each of these, an event of “**Total Lapse**”), the Award shall automatically lapse forthwith and all the Awarded Shares and Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

A Selected Participant ceases to be an Eligible Participant,

- (i) by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the Group otherwise than by reason of redundancy; or
- (ii) when the relevant member of the Group (by reason of his employment which qualified him as an Eligible Participant at the time the Award was granted) ceases to be a member of the Group; or
- (iii) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal

offence (other than an offence which in the opinion of the Board does not bring the Selected Participant or the Group or the relevant Controlling Shareholder into disrepute); or

- (iv) if in the absolute discretion and determination of the Board the person is no longer eligible or appropriate to be a Selected Participant,

provided always that in each case the Board in its absolute discretion may decide that such Award or any part thereof shall not so lapse or subject to such conditions or limitations as the Board may decide.

- (F) In the event (i) a Selected Participant is found to be an Excluded Person or (ii) a Selected Participant fails to return duly executed transfer documents / subscription documents prescribed by the Administration Committee or the Trustee for the relevant Awarded Shares within the stipulated period (or on such later dates as may be determined by the Administration Committee or the Trustee) (each of these, an event of “**Partial Lapse**”), the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares and Related Income shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme, provided always that in each case the Board in its absolute discretion may decide that such Award or any part thereof shall not so lapse or subject to such conditions or limitations as the Board may decide.
- (G) Except in the circumstances as set out in Rule 6.4(B) in respect of the death of a Selected Participant or retirement of a Selected Participant at his normal retirement date or earlier by agreement with the Company or the relevant member of the Group or the holding company, fellow subsidiary or associated company of the Company, or a Total lapse,
 - (i) barring any unforeseen circumstances, unless otherwise agreed by the Board, one (1) month prior to any Vesting Date, the Administration Committee or the Trustee shall send to the relevant Selected Participant (with a copy to the Company) a vesting notice together with such prescribed transfer documents which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares and the Related Income on the relevant Vesting Date; and
 - (ii) subject to the receipt by the Administration Committee or the Trustee of (a) transfer documents prescribed by the Administration Committee or the Trustee and duly signed by the Selected Participant within the period stipulated in the vesting notice, and (b) a confirmation from the Company that all vesting conditions having been fulfilled, the Administration Committee or the Trustee shall transfer the relevant Awarded Shares and the Related Income to the relevant Selected Participant.

6.5 Transferability of Awards

Any unvested Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be transferable and assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Reference Amount or the unvested Awarded Shares referable to him pursuant to such Award or the Related Income or any of the Returned Shares under the Scheme. Any breach of the foregoing shall entitle the Company to cancel any Award or part thereof granted to such Selected Participant.

6.6 Other Terms and Conditions

- (A) The Awarded Shares will be subject to all the provisions of the articles of associations of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue and, accordingly, will entitle the holders of such Shares to participate in all dividends or other distributions paid or made on or after the date on which such Awarded Shares are transferred/ allotted to the Selected Participant (as the case may be), other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of transfer/allotment (as the case may be). The Awarded Share shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.
- (B) For the avoidance of doubt,
- (i) a Selected Participant shall only have a contingent interest in the Awarded Shares and the Related Income which are referable to him subject to the vesting of such Shares in accordance with the Rule 6.4(A);
 - (ii) a Selected Participant shall have no rights in the Residual Cash or any of the Returned Shares;
 - (iii) no instructions may be given by a Selected Participant to the Administration Committee or the Trust in respect of the Awarded Shares and the Related Income, and such other properties of the Trust;
 - (iv) the Administration Committee or the Trustee shall not exercise the voting rights in respect of any Shares held by the Administration Committee or under the Trust (including but not limited to the Awarded Shares, the Further Shares, any bonus Shares and scrip Shares);
 - (v) a Selected Participant shall have no rights in the fractional share arising out of consolidation of Shares (such Shares shall be deemed as Returned Shares for the purposes of the Scheme);

- (vi) at the absolute discretion and direction of the Board, the sale proceeds of non-scrip and non-cash distribution declared in respect of a Share held by the Administration Committee or upon the Trust will be applied towards the purchase of Further Shares, in the event the record date for ascertaining entitlement to distribution in respect of the Shares held by the Administration Committee or upon the Trust is on a date earlier than a Vesting Date but the date of purchase of the Further Shares falls on or after the Vesting Date, the Administration Committee or the Trustee shall transfer such relevant Further Shares to the Selected Participant, after the purchase, subject to the receipt of duly executed prescribed transfer document by the Administration Committee or the Trustee within the stipulated period;
 - (vii) in the event a Selected Participant ceases to be an Eligible Participant on the relevant Vesting Date, unless otherwise determined by the Board, the award of the Awarded Shares and the Related Income in respect of the relevant Vesting Date shall automatically lapse in accordance with the terms thereof, such Awarded Shares and Related Income shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, the Administration Committee or the Trustee;
 - (viii) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representative of the Selected Participant is made within the period prescribed in Rule 6.4(C), the legal personal representatives of the Selected Participant shall have no claims against the Company, the Administration Committee or the Trustee;
 - (ix) the Board may in its absolute discretion decide the terms of such Award or the scope of the power of the Trustee and the Administration Committee subject to such conditions or limitations as the Board may decide.
- (C) No payment shall be made to the Account or the Trustee pursuant to Rule 6.3(B) and (C) and no instructions to acquire Shares shall be given to the Administration Committee or the Trustee under the Scheme where any Director is in possession of Inside Information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Hong Kong Listing Rules and all applicable laws from time to time.
- (D) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Hong Kong Listing Rules from time to time.
- (E) Cash income of an Awarded Share or the trust fund of the Trust shall be applied towards (i) for the benefits of the corresponding Selected Participants; and/or (ii) the purchase of Further Shares to be held by the Administration Committee or upon trust referable to the relevant Selected Participants and the payment of the relevant purchase expenses and/or (iii) the remainder, if any, to defray the fees, costs and expenses of the Trust, provided that the application of such cash income in respect of the Awarded Shares shall be subject to the absolute discretion and decision of the Board.

- (F) There is no performance target that is generally applicable to the Awards, subject to the Board's determination to impose such performance target on a case-by-case basis. Such performance targets, if included, may include a mixture of parameters (including, for example, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained) which may vary among the Selected Participants.
- (G) Save as determined by the Board and those provided for under Rule 6.4(E) and/or in the offer letter of the grant of the relevant Award, there is no clawback mechanism for the Company to recover or withhold the Awards granted to any Selected Participant.

7. TAKEOVER, RIGHT ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC

- (A) If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, unless otherwise directed by the Board at its absolute discretion, all the Awarded Shares and the Related Income shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed the Vesting Date. Subject to the receipt by the Administration Committee or the Trustee of duly executed prescribed transfer documents on or before such time as the Administration Committee or the Trustee may determine, the Administration Committee or the Trustee shall transfer the Awarded Shares and the Related Income to the Selected Participant. For the purpose of this Rule 7(A), "control" shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued and amended by the SFC from time to time.
- (B) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Administration Committee or the Trustee under the Scheme, the Administration Committee or the Trustee shall not subscribe for any new Shares unless otherwise directed by the Board at its absolute discretion. In the event of a rights issue, the Administration Committee or the Trustee shall sell such amount of the nil-paid rights allotted to it as is appropriate and the net proceeds of sale of such rights shall be held as cash income of the Account or the trust fund of the Trust and applied in accordance with Rule 6.6(E).
- (C) In the event the Company issues bonus warrants in respect of any Shares which are held by the Administration Committee or the Trustee, the Administration Committee or the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it, the net proceeds of sale of such bonus warrants shall be held as cash income of the Account or the trust fund of the Trust and shall be applied in accordance with Rule 6.6(E).
- (D) In the event the Company undertakes a scrip dividend scheme, the Administration Committee or the Trustee shall elect to receive scrip Shares unless otherwise directed by the Board at its absolute discretion.

- (E) In the event the Company undertakes a consolidation of the Shares, all fractional share arising out of such consolidation in respect of the Awarded Shares and the Related Income of a Selected Participant shall be deemed as Returned Shares for the purposes of the Scheme and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.
- (F) In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held by the Administration Committee or upon the Trust, unless otherwise directed by the Board at its absolute discretion, the Administration Committee or the Trustee shall dispose of such distribution and the net sale proceeds therefrom shall be deemed as cash income of a Share held by the Administration Committee or upon the Trust and shall be applied in accordance with Rule 6.6(E).
- (G) In any event as set out above, the Board may at its absolute discretion give written directions to the Administration Committee or the Trustee to deal with such distribution, dividends or other benefits and rights in respect of or in connection with the Awarded Shares.

8. SCHEME MANDATE LIMIT, INDIVIDUAL LIMIT AND GRANT OF AWARDS TO DIRECTORS, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDERS

- (A) Subject to Rules 8(B) to 8(I), the Company shall not make any further grant of New Share Award which will result in the aggregate number of Shares underlying all grants of (i) new Shares; and (ii) options over new Shares made pursuant to any share schemes of the Company to exceed 10% of the total number of issued Shares as at the Adoption Date (the “**Scheme Mandate Limit**”).

Any New Share Awards granted under this Scheme which have been cancelled (not being New Share Awards which have lapsed in accordance with the terms of the Scheme) will be regarded as having utilized for the purpose of calculating the Scheme Mandate Limit. For the avoidance of doubt, where the Company cancels any New Share Awards granted to a Selected Participant, and makes a new grant to the same Selected Participant, such new grant may only be made with available Scheme Mandate Limit approved by the Shareholders.

- (B) The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three (3) years from the Adoption Date (or, as the case maybe, the last refreshment of such limit) provided that the new Scheme Mandate Limit as refreshed (the “**New Scheme Mandate Limit**”) must not, taking also into account any other share schemes of the Company involving new issuances of Shares, exceed 10% of the Shares in issue at the date of the Shareholders’ approval of such New Scheme Mandate Limit. Awards and options previously granted under the Scheme or any other share schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of this Scheme or any other share schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Mandate Limit. The Company must send a circular to the Shareholders containing the number of Awards and options that were already granted under the existing scheme mandate

limit, and the reason for the refreshment.

- (C) The Scheme Mandate Limit may also be refreshed within any three-year period from the Adoption Date (or, as the case maybe, the last refreshment of such limit) by obtaining approval of the Shareholders in general meeting PROVIDED THAT in such case, any Controlling Shareholders and their associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at such general meeting and subject to compliance with other applicable requirements under the Hong Kong Listing Rules.
- (D) The Company may also, by obtaining separate approval of the Shareholders in general meeting, grant New Share Awards beyond the Scheme Mandate Limit provided the New Share Awards in excess of the Scheme Mandate Limit are granted only to Selected Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Selected Participant who may be granted such New Share Awards, the number and terms of the New Share Awards to be granted to each specified Selected Participant, and the purpose of granting New Share Awards to the specified Selected Participants with an explanation as to how the terms of the New Share Awards serve such purpose. The number and terms of New Share Awards to be granted to such specified Selected Participants must be fixed before Shareholders' approval.
- (E) Where any grant of Awards to a Selected Participant would result in the Shares issued and to be issued in respect of all awards or options granted to such Selected Participant (excluding any awards or options lapsed in accordance with the terms of the share schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the “**1% individual limit**”), 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 identity of the Selected Participant, number and terms of the Awards to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to the Shareholders which shall contain the information required by the Hong Kong Listing Rules.
- (F) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all awards or options to be granted under all of the share schemes of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- (G) Each grant of an Award to a Director, chief executive or Substantial Shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Award).

- (H) Where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of Company, or any of their associates would result in the Shares issued and to be issued in respect of all share awards granted (excluding any awards lapsed in accordance with the terms of the relevant share scheme pursuant to which they are granted) to such person under all share schemes of the Company (excluding, for the avoidance of doubt, any grant of options) 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 Shareholders at a general meeting. The grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The number and terms of the Awards to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to Shareholders which shall contain the information and the independent non-executive Directors' views required by the Hong Kong Listing Rules.
- (I) If a grant of Award to a Substantial Shareholder of the Company or an independent non-executive Director (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 or awards lapsed in accordance with the terms of the relevant share scheme pursuant to which they are granted) to such person under all share schemes of the Company 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, such further grant of Award is required to be approved by Shareholders at a general meeting. The grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The number and terms of the Awards to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to Shareholders which shall contain the information and the independent non-executive Directors' views required by the Hong Kong Listing Rules.

9. ADJUSTMENTS

- (A) Subject to applicable laws and the requirements under the Hong Kong Listing Rules, upon the occurrence of any Relevant Event, the number of Shares comprised in each Award so far as unvested may be adjusted in such manner as the Board (having received, except in the case of an issue of Shares by way of the capitalization of profits or reserves, a statement in writing from the Auditors or an independent financial adviser appointed for such purpose that in their opinion the adjustments proposed satisfy the requirement set out in this Rule 9(A)) may deem appropriate provided always that (in the case of adjustment to the number of Shares comprised in each unvested Award) the Selected Participant shall have the same proportion of the equity capital of the Company rounded to the nearest whole share as that to which he was entitled before such adjustments, and that no such adjustments shall be made to the effect of which would enable a Share to be issued at less than its nominal value.
- (B) The issue of any securities by the Company as consideration in a transaction shall not on its own be regarded as a Relevant Event.

10. RETURNED SHARES

Subject to Rule 13(B)(i), the Administration Committee or the Trustee shall hold Returned Shares exclusively for the benefit of the Eligible Participants (excluding any Excluded Person) generally, as the Administration Committee may in its absolute discretion at any time determine, after having taken into consideration recommendations of the Board.

11. 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.

12. ALTERATION OF THE SCHEME

(A) The Scheme may be altered in any respect by a resolution of the Board except:

- (i) any alteration to the provisions relating to the matters set out in rule 17.03 of the Hong Kong Listing Rules to the advantage of the Selected Participants; or
- (ii) any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of Awards granted (except alterations which take effect automatically under the existing terms of the Scheme); and
- (iii) any change to the authority of the Directors or Trustee in relation to any alteration to the terms of the Scheme,

which shall only be altered with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Awards granted or agreed to be granted prior to such alteration. Any alterations to the terms and conditions of the Scheme shall comply with the relevant requirements of Charter 17 of the Hong Kong Listing Rules.

(B) Any alteration to the terms and conditions of the Awards granted 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 of the Awards was approved by the Board, the remuneration committee and/or the independent non-executive Directors and/or the Shareholders (as the case may be).

13. TERMINATION

- (A) The Scheme shall terminate on the earlier of;
- (i) the falling on the tenth (10th) anniversary date of the Adoption Date; and
 - (ii) such date of early termination as determined by the Shareholders in general meeting provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.
- (B) Upon termination of the Scheme,
- (i) no further grant of Award or Awarded Shares may be made under the Scheme and, to the extent any Returned Share(s) are being held under Rule 10 of this Scheme, the Company shall cause such Returned Share(s) to be sold and the proceeds of such sale (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith; and
 - (ii) all the Awards of the Selected Participant granted under the Scheme shall continue to be valid and effective and become vested in the Selected Participant according to the terms and conditions of the Award and the Scheme.
- (C) 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.

14. MISCELLANEOUS

- (A) The Scheme shall not form part of any contract of employment between the Company or the relevant member of the Group or the holding company, fellow subsidiary or associated company of the Company (as the case may be) and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office or employment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (B) The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Rule 14(C), expenses incurred in the purchase and/or the subscription of Shares by the Administration Committee or the Trustee and stamp duty and normal registration fee (i.e. not being fee chargeable by the share registrar of any express service of registration) in respect of the transfer of Shares to the Selected Participants on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any profit or salary taxes or other tax or expenses of such similar nature payable on the part of any Eligible Participant, the Administration Committee or the Trustee in respect of any sale, purchase, vesting or transfer of Shares.

- (C) Any notice or other communication between the Company and any Eligible Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Hong Kong or such other address as notified to the Eligible Participant from time to time and in case of an Eligible Participant, his address in Hong Kong as notified to the Company from time to time.
- (D) 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.
- (E) 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 a Selected 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.
- (F) 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 in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.

15. GOVERNING LAW

- (A) The Scheme shall operate subject to the Articles and any applicable laws and regulations, including but not limited to the Hong Kong Listing Rules.
- (B) The Scheme shall be governed by and construed in accordance with the laws of Hong Kong.