

Li Ning Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Codes: 2331 (HKD counter) and 82331 (RMB counter))

Share Option Scheme

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Warning

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Contents

Clause Number	Heading	Page
1	Definitions and Interpretation	1
2	Purpose of the Scheme	4
3	Conditions of the Scheme	4
4	Conditions applicable to the granting, acceptance and exercise of Options	4
5	Duration and Termination	4
6	Subscription Price	5
7	Administration and disputes	5
8	Grant of option	6
9	Acceptance of an Option	8
10	Rights of Option Holders	9
11	Transfer of Options	9
12	Vesting or Lapse of Options	9
13	Cancellation of Options	14
14	Exercise of Option	14
15	Option Shares	15
16	Maximum number of Shares available for subscription	16
17	Reorganisation of capital structure	17
18	Share capital	18
19	Amendment to this Scheme	18
20	Alteration of terms and conditions of Options granted	19
21	Miscellaneous	19
	Schedule 1	22

1 Definitions and Interpretation

1.1 **Definitions:** In this Scheme, unless the context otherwise requires, the following expressions have the following meanings:

<i>Acceptance Period</i>	the period to be set out in the letter of grant during which the grant of Options will be open for acceptance by the Grantee and this period cannot be longer than thirty Business Days from the date of the letter of grant;	
<i>Adoption Date</i>	the date when Approval of Shareholders is obtained for this Scheme;	
<i>Approval of Shareholders</i>	approval by ordinary resolution of Shareholders in general meeting;	
<i>Articles of Association</i>	means the Articles of Association of the Company, as amended from time to time;	
<i>associate(s)</i>	has the meaning given to it in the Listing Rules;	
<i>Auditors</i>	the auditors for the time being of the Company;	
<i>Board</i>	the board of directors of the Company or its duly authorised and constituted committee;	
<i>Board Lot</i>	the board lot in which Shares are traded on the Stock Exchange from time to time;	
<i>Business Day</i>	has the meaning given to it in the Listing Rules;	
<i>chief executive</i>	has the meaning given to it in the Listing Rules;	
<i>close associate(s)</i>	has the meaning given to it in the Listing Rules;	
<i>Company</i>	Li Ning Company Limited;	
<i>connected person(s)</i>	has the meaning given to it in the Listing Rules;	
<i>Control</i>	the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise;	
<i>core connected person(s)</i>	has the meaning given to it in the Listing Rules;	
<i>Eligible Participant(s)</i>	the individuals or entities who or which may participate in this Scheme as described in Schedule 1;	LR17.03(2)
<i>Employee Participant</i>	director(s) and employee(s) of the Employer, including persons who are granted Options as an inducement to enter into employment contracts with the Employer but excluding an	LR17.03(2) LR17.03A(1)(a)

employee or director who has submitted his/her resignation to his/her Employer or whose contract of employment has been terminated (summarily dismissed or otherwise) by his/her Employer, and excluding any independent non-executive director of the Company;

<i>Employer</i>	(i) in relation to an Employee Participant, the member of the Group including wholly and non-wholly owned Subsidiaries of the Company which employs or has appointed him/her and (ii) in relation to a Related Entity Participant, the Related Entity;
<i>Grant Date</i>	when an Option has been accepted by the Grantee in whole or in part according to this Scheme and a letter of grant, the date of such letter of grant in respect of the accepted Option;
<i>Grantee</i>	any Eligible Participant who is notified by the Board that he/she is eligible to participate in a grant by the Board making a grant pursuant to Clause 8.2;
<i>Group</i>	the Company and its Subsidiaries, and “member of the Group” means any or a specific one of them;
<i>Hong Kong</i>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<i>Listing Rules</i>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<i>Mandate Limit</i>	the maximum number of Shares which may be issued under this Scheme and Other Schemes from time to time pursuant to Clause 16.1, as may be refreshed by Approval of Shareholders from time to time pursuant to Clause 16.2;
<i>Option</i>	an option to subscribe for Shares granted or to be granted under this Scheme;
<i>Option Holder</i>	any Grantee who accepts the grant of any Option in accordance with this Scheme or (where the context so permits) the Personal Representative(s) of such Grantee;
<i>Option Period</i>	the period during which an Option may be exercised as set out in its letter of grant;
<i>Option Price</i>	the amount payable, if any, on acceptance of an Option;
<i>Option Shares</i>	Shares allotted and issued upon a valid exercise of any Vested Option;
<i>Other Scheme</i>	other than this Scheme, any share option scheme involving the grant by the Company of options over Shares or any share award scheme involving the award of Shares (i) in accordance with Chapter 17 of the Listing Rules or (ii) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules;

LR17.03(3)
LR17.03(B)(1)

<i>Other Scheme Options and Awards</i>	options to subscribe for Shares granted and Shares awarded under any Other Scheme;	
<i>Personal Representative</i>	the person or persons who, according to the laws of succession applicable in respect of the death of an individual, is or are entitled to deal with the property of that individual;	
<i>Related Entity</i>	any holding company, fellow subsidiary or associated company of the Company;	
<i>Related Entity Participant</i>	any director or employee of any Related Entity;	LR17.03(2) LR17.03A(1)(b)
<i>Remuneration Committee</i>	the remuneration committee of the Company established by the Board from time to time;	
<i>Scheme</i>	this share option scheme as amended from time to time;	
<i>Scheme Period</i>	has the meaning given to it in Clause 5.1;	LR17.03(5)
<i>Share(s)</i>	ordinary shares of nominal value of HK\$0.1 each of the Company or shares forming part of the ordinary share capital of the Company or such other nominal value as will result from any sub-division, consolidation, re-classification or re-construction of the share capital of the Company;	LR17.03(15)
<i>Shareholder(s)</i>	holder(s) of Share(s);	
<i>Stock Exchange</i>	The Stock Exchange of Hong Kong Limited;	
<i>Subscription Price</i>	the price per Share at which an Option Holder may subscribe for Shares on the exercise of any Vested Option as described in Clause 6, subject to adjustment according to this Scheme;	
<i>Subsidiary</i>	has the meaning given to it in the Listing Rules;	
<i>Substantial Shareholder</i>	has the meaning given to it in the Listing Rules; and	
<i>Vesting</i>	an Option becoming exercisable and “Vest”, “Vested” and “Unvested” will be construed accordingly.	LR17.03(6)

1.2 ***Construction of Reference:*** In this Scheme:

- (a) a reference to any ordinance, statute, statutory provision, rule or regulation includes a reference to the same as it may have been, or may from time to time be, amended, modified, re-enacted or replaced (whether before or after the Adoption Date) and includes any order, regulation, instrument, other subordinate legislation, guidance or practice note under the relevant ordinance, statute, provision, rule or regulation;
- (b) a reference to any document (including this Scheme) includes a reference to that document as amended, consolidated, supplemented, novated or replaced from time to time;

- (c) a reference to a person includes any individual, firm, company, government, state or agency of a state or any joint venture, association or partnership (whether or not having separate legal personality); and
- (d) a reference to a clause will be to a clause in this Scheme unless the context requires otherwise.

1.3 **Interpretation:** In this Scheme:

- (a) headings are inserted for convenience only and does not affect the construction of this Scheme;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include every gender; and
- (d) the rule known as the *ejusdem generis* rule will not apply and, accordingly, general words introduced by the word “other” will 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.

2 Purpose of the Scheme

LR17.03(1)

The purpose of this Scheme is to provide incentives to Eligible Participants to contribute to the Company and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

3 Conditions of the Scheme

This Scheme will take effect when all the conditions set out below have been satisfied:

- (a) Approval of Shareholders is obtained to adopt this Scheme and to authorise the Board to grant Options under this Scheme and to allot and issue Shares pursuant to the exercise of any Option; and
- (b) the Listing Committee of the Stock Exchange grants approval for the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Options under this Scheme on the Stock Exchange.

4 Conditions applicable to the granting, acceptance and exercise of Options

To the extent any applicable law, rule or regulation imposes on the compliance with or satisfaction of any practice, requirement, condition or obligation in respect of the granting, acceptance or exercise of any Option, the grant or acceptance or exercise of such Option will be subject to full compliance with or satisfaction of all such practices, requirements, conditions or obligations irrespective of whether they are set out in the letter of grant or this Scheme.

5 Duration and Termination

5.1 **Scheme Period:** Subject to Clause 5.3, this Scheme will take effect when all the conditions set out in Clause 3 have been satisfied and will terminate or expire (as the case may be) on the earlier of:

- (a) its termination pursuant to Clause 5.2; and
 - (b) ten years commencing on the Adoption Date
- (the “*Scheme Period*”).

LR17.03(11)
LR17.03(5)

5.2 **Termination:** This Scheme may be terminated at any time:

- (a) by Approval of Shareholders; or
- (b) by the Board when it resolves that no further Options will be granted under this Scheme.

5.3 **Validity Period:** This Scheme will be valid and effective for the Scheme Period.

After the Scheme Period, the Company cannot grant new Options but for so long as there are Options granted but not yet accepted, outstanding Vested or Unvested Options, this Scheme will remain in full force and effect for the purpose of giving effect to the acceptance of granted Options, the exercise of such outstanding Vested or Unvested Options or otherwise as may be required in accordance with this Scheme.

LR17.03(16)

6 Subscription Price

The Board will determine the Subscription Price and will notify the Grantee such Subscription Price in the letter of grant. The Board will comply with such basis of determination of the price for exercising any Option as set out in the Listing Rules unless otherwise approved or permitted by the Stock Exchange, such exercise price, pursuant to the Listing Rules as at the Adoption Date, shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Grant Date; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the Grant Date; and (iii) the nominal value of a Share.

LR17.03(9)
LR17.03E

7 Administration and disputes

7.1 **Administration and Disputes:** The Board will administer this Scheme. The Remuneration Committee is involved where the Grantee is a director of the Company or a member of the Company’s senior management, the Listing Rules require its involvement or it is authorised by the Board.

The independent non-executive directors of the Company are not Eligible Participants and cannot participate in the Scheme. In order to avoid any conflict of interest, if the Remuneration Committee has any member who is not an independent non-executive director of the Company, such director member will abstain from voting on the resolution of the Board or of the Remuneration Committee in relation to any decision on any grant or potential grant being considered to be made under the Scheme to such director, including the decision on whether to make a grant to the director and the vesting conditions. Besides, the executive directors of the Company will not take part in the administration or management of the Scheme (including, where applicable, any cancellation of Options, any alteration of any provision of the Scheme and termination of the Scheme).

In addition, the Board may appoint a third-party professional service provider as the administrator in relation to the Scheme (or certain aspects of it) on such terms as the Board may determine. The decision of the Board on the interpretation of the Scheme or whether a circumstance exists which may affect the treatment of any Option or Option Holder under this Scheme will be final and binding (in the absence of manifest error) on all parties.

7.2 **Power of the Board:** Subject to all applicable laws, rules and regulations, the Board has the power, at its discretion and based on such factors and circumstances as it considers relevant and appropriate, to:

- (a) grant Option(s) to Eligible Participant(s) whom it selects;
- (b) determine when and whether any Option will be granted;
- (c) determine the number of Shares to be subject to each Option;
- (d) determine the terms and conditions of each Option including:
 - (i) the Subscription Price;
 - (ii) the Option Period, which cannot be longer than the period prescribed in the Listing Rules from time to time (which is, as at the Adoption Date, not longer than 10 years from the Grant Date);
 - (iii) the Acceptance Period;
 - (iv) the minimum holding period for which an Option must be held before it Vests (subject to Clause 12.1);
 - (v) the performance targets and other eligibility criteria, if any, to be satisfied before an Option Vests;
 - (vi) the Option Price and the period within which payments or calls must or may be made or loans for such purposes must or may be repaid; and
 - (vii) the period, if any, during which Option Shares will be subject to restrictions on dealings, and the terms of such restrictions;
- (e) construe and interpret the terms and conditions of this Scheme and any Option;
- (f) subject to other provisions of this Scheme, the Listing Rules and (if necessary) Approval by Shareholders, vary the terms and conditions of any Option, including extending the Option Period or allowing all or some Options which should have lapsed pursuant to its terms and conditions to continue to subsist until the end of the period determined by the Board and on such terms and conditions as the Board may determine; and
- (g) make, vary or rescind guidelines, rules or regulations for the administration of this Scheme provided such guidelines, rules and regulations are consistent with the rules of this Scheme.

LR17.03(5)

8 Grant of option

8.1 **Grant Options during the Scheme Period:** Subject to the requirements in this Scheme and all applicable laws, rules and regulations, the Board can during the Scheme Period grant Options to Grantees, provided that no such grant shall be made except to such number of Grantees and in such circumstances that the Company will not be required under the applicable securities law and regulations (including but not limited to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) to issue a prospectus or other offer document in respect thereof, and will not result in the breach by the Company or its directors of any applicable securities law and regulations or in any filing or other requirements arising.

8.2 **Letter of grant:** The Board will grant Options by letters. The letter of grant will specify:

- (a) the name of the Grantee;
- (b) the date of the letter (which shall be deemed to be the date on which the grant of an Option (subject to acceptance by the Grantee) is made);
- (c) the Subscription Price;
- (d) the Acceptance Period;
- (e) the Option Period;
- (f) the Option Price;
- (g) the conditions to Vesting (if any);
- (h) the performance targets and other eligibility criteria, if any, to be satisfied before an Option Vests;
- (i) the number of Shares to be subject to each Option; and
- (j) such other terms and conditions to which the Option will be subject.

The letter of grant will contain provisions requiring the Grantee (i) to undertake to hold the Option on the terms and conditions on which it is granted and (ii) to agree to be bound by this Scheme.

8.3 ***Timing of grant:***

- (a) The Board will not grant any Option to any Eligible Participant:
 - (i) after any inside information (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“*SFO*”)) has come to the knowledge of the Company until such inside information has been published in accordance with the Listing Rules;
 - (ii) on any day on which the Company’s financial results are published and:
 - (A) during the period of 60 days immediately preceding the publication date of the Company’s annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (B) during the period of 30 days immediately preceding the publication date of the Company’s quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-yearly period up to the publication date of the results,

unless there are circumstances of the Company that fall within the exceptions under the Listing Rules;
 - (iii) who is a director of the Company, during the periods or times in which the directors of the Company are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; and
 - (iv) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.
- (b) A grant will be made on a Business Day.

LR17.05

8.4 ***Grant Options to a director, chief executive or Substantial Shareholder of the Company:***

- (a) Any grant of options to a director of the Company, chief executive or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive directors of the Company.
- (b) Where the grant of Options to a Substantial Shareholder and any of its associates which, if exercised, would result in that person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her upon exercise of all Options and Other Scheme Options and Awards granted to him/her in the 12-month period immediately preceding the Grant Date to exceed 0.1 per cent. of the number of Shares in issue as at that Grant Date, (1) a circular containing the details of the grant shall be despatched to the Shareholders in a manner complying with, and containing the information as required under the Listing Rules (including in particular a recommendation from the independent non-executive directors of the Company to the independent Shareholders as to voting); and (2) Approval of Shareholders must be obtained in general meeting of the Company with such Eligible Participant, his/her associates and all core connected person of the Company abstaining from voting (except that a connected person may vote against the resolution if his/her intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules). The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

LR17.04(1)
LR17.04(2)
LR17.04(3)
LR17.04(4)

9 Acceptance of an Option

9.1 ***Acceptance:*** An Option will be open for acceptance by the Grantee during the Acceptance Period.

9.2 ***Manner of Acceptance:*** A Grantee accepts an Option by:

- (a) signing a duplicate of the letter of grant and returning it to the Company (if the Grantee accepts part only of the Shares subject to an Option, he/she will also comply with Clause 9.3); and
- (b) remit in favour of the Company the Option Price as specified in the letter of grant,

LR17.03(8)

in both cases by the last day of the Acceptance Period. The remittance referred to in Clause 9.2(b) is not refundable.

9.3 ***Partial Acceptance:*** A Grantee may accept an Option for less than the number of Shares being offered provided that the grant is accepted in respect of such number of Shares equal to a Board Lot or its integral multiple. A Grantee will clearly state in the acceptance the number of Shares he/she is accepting, failure of which will cause the Grantee to be deemed to have accepted the total number of Shares being offered in the letter of grant.

9.4 ***Failure to Accept:*** If a Grantee accepts an Option for less than the number of Shares offered in the manner prescribed in Clause 9.3, or if an Option is not accepted in the manner set out in Clause 9.2, that portion of the Option or the entire Option (as the case may be) which is not accepted will be deemed to have been irrevocably declined and will automatically lapse. In addition, an Option subject to acceptance will immediately and automatically lapse if, during the Acceptance Period, the Grantee ceases to be an Eligible Participant.

10 Rights of Option Holders

LR17.03(10)

An Option Holder cannot vote or receive dividends and does not have any right of a shareholder in respect of Shares subject to an Option until the Option Shares are allotted and issued to the Option Holder and the Option Holder has been registered in the register of members of the Company in respect of the Option Shares.

11 Transfer of Options

LR17.03(10),
LR17.03(17)

Except for the transmission of an Option on the death of an Option Holder to his/her Personal Representative(s) as provided for in Clause 12.4(a), an Option Holder cannot sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his/her Options or purport to do any of the foregoing. If an Option Holder does any of the foregoing, whether voluntarily or involuntarily, the Option will immediately and automatically lapse.

12 Vesting or Lapse of Options

12.1 ***Date of Vest:*** Subject to the rest of the provisions in this Clause 12 and other provisions in this Scheme, all applicable laws, rules and regulations and with its terms and conditions, an Option will Vest on the date or dates when all the vesting conditions set out in the letter of grant are met. The minimum vesting period is 12 months. Normally, one third of a grant will Vest after 12 months from the grant, another one third will Vest after approximately 24 months from the grant and the last third will Vest after approximately 36 months from the grant. A vesting period shorter than 36 months (but at least of 12 months) may be granted to Employee Participants at the discretion of the Board (or the Remuneration Committee where the arrangements relate to grants of Options to the directors and/or senior management of the Company) in any of the following specific circumstances:

LR17.03(6)
LR17.03F

- (i) grants of “make-whole” Options to Employee Participants who newly joined the Group to replace the share awards or options they forfeited when leaving the previous employers;
- (ii) grants of Options with specific and objective performance-based vesting conditions set out in Clause 12.2 in lieu of most time-based vesting criteria;
- (iii) grants that are made in batches during a year for administrative or compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the vesting date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements; and
- (iv) grants of Options with a mixed or accelerated vesting schedule such that the Options may Vest evenly over a period of 12 months.

12.2 ***Satisfaction of vesting condition(s):*** Unless otherwise provided in this Scheme, an Option will not Vest unless and until all applicable conditions to which it is subject have been satisfied, waived or, by the terms of the grant, treated as having been waived in accordance with Clause 20. The Board or the Remuneration Committee (if authorised by the Board) may in its absolute discretion set performance targets to be achieved before the exercise of an Option granted to a Grantee, and various factors will be considered in setting performance targets, including but not limited to, and where appropriate, (i) sales performance (e.g. revenue), (ii) operational performance (e.g. operation efficiency in terms of cost control), (iii) financial performance (e.g. profits, cash flow, earnings, market capitalization, return on equity) of the Group, the

LR17.03(7)

individual's overall performance indicators (e.g. strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal procedures). The finance and human resources departments will propose the performance targets (if any) of each Grantee to the Board or the Remuneration Committee (as the case may be) for consideration, who will then assess the reasonableness and suitability and confirm such performance targets. In relation to the Options granted to the directors and senior management of the Company, the performance targets, or the absence of such, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules. The Group will utilize its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will evaluate the actual performance and contribution of a Grantee for the past financial year against the performance targets set and form a view as to whether the relevant performance targets have been fulfilled. The assessment will be based on the individual's overall performance, performance of the team or department that the Grantee belongs to and the performance of the Group as a whole. Specific weightings will be given to the various factors identified above, with reference to the position and role of the Grantee in the Group, in order to provide a fair and objective appraisal. The Board or the Remuneration Committee (if authorised by the Board) shall have the sole discretion in determining whether the relevant performance targets for the Grantee have been met. For the avoidance of doubt, an Option shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant letter of grant.

Generally, the annual appraisal result of an Option Holder will affect the proportion of the Option that can Vest for the relevant year as set out below:

Annual appraisal results	S	A	B	C	D
Proportion of the Option that can Vest for the relevant year	100%	100%	100%	60%	0%

Accordingly, the number of Option Shares that Vest in a year for any Option Holder is the maximum number of Option Shares that may Vest in that year for such Option Holder multiplied by the relevant proportion as set out above. The portion of the Option that does not Vest in that year will be cancelled.

12.3 ***Lapse of Options on expiry or failure to satisfy conditions:*** In addition to Clause 5.3, Clause 9.4, Clause 11 and Clause 14.4 and subject to Clause 12.4, unless the Board exercises its discretion pursuant to Clause 7.2(f), an Option will automatically lapse and will not Vest or cannot be exercised (as the case may be) on the earlier of:

LR17.03(12)

- (a) the failure to satisfy the vesting conditions, or such conditions are not waived, pursuant to Clause 12.2;
- (b) the expiry of the Option Period; and
- (c) the Option Holder failing to obtain all necessary consents or file all necessary registrations referred to in Clause 21.8 within 30 Business Days from the date of the written notice to exercise the relevant Vested Option.

12.4 ***Lapse of Options in other circumstances***

LR17.03(12)

- (a) ***Death, ill health, redundancy, retirement or transfer:*** If an individual Option Holder who on the Grant Date was an Eligible Participant, that individual ceases to be an Eligible Participant because of:
 - (i) death; or

- (ii) (in the case of an Employee Participant or a Related Entity Participant) ill health, serious injury or disability which in the opinion of the board of the relevant Employer renders the individual unfit to perform his/her duties of his/her employment or his/her office for a continuous period of 12 months and provided such illness or injury or disability is not self-inflicted; or
- (iii) (in the case of an Employee Participant or a Related Entity Participant) redundancy, retirement or expiration of the term of the employment according to his/her contract of employment with his/her Employer; or
- (iv) (in the case of an Employee Participant or a Related Entity Participant) early retirement or termination by mutual agreement with his/her Employer; or
- (v) (in the case of an Employee Participant) his/her employment or office being in a company which ceases to be a member of the Group or under the Control of the Group or relating to a business, or a part of the business which is transferred to a person who is not a member of the Group or is not under the Control of a member of the Group or if the Company or the relevant Employer or member of the Group is reorganised or merged or consolidated with another entity (and Clause 12.4(d), Clause 12.4(e) and Clause 12.4(f) do not apply) such that such Employer or the new entity ceases to be a member of the Group or under the Control of a member of the Group,

and situations in Clause 12.4(c) do not apply, his/her Unvested Option will lapse, in the case of (i), (iii), (iv) and (v) on the day of the occurrence of the relevant event, and in the case of (ii) on the day when the board of the relevant Employer arrived at its decision. The individual or his/her Personal Representative(s) (as the case may be) may exercise all his/her Vested Options (in whole and not part only) until the earlier of (x) the date of expiry of the Option Period or (y) the last day of the period of 6 months (or such other period as the Board may determine) after the individual ceases to be an Employee Participant pursuant to any paragraph in (i) to (v) in this Clause. Any Vested Option not exercised prior to the expiry of this period will automatically lapse. For the purpose of this Clause, an Employee Participant will be regarded as remaining as an Employee Participant notwithstanding that he/she ceases to be an employee of a member of the Group if he/she immediately becomes or stays as an Employee Participant of another member of the Group.

- (b) ***Resignation or termination of employment, office, services or engagement:*** When a person who is an Option Holder ceases to be an Eligible Participant because he/she has submitted his/her resignation from his/her employment or office with the Employer (and Clause 12.4(a)(i) does not apply), whether or not he/she is still in the employment of the Employer during the relevant employment resignation notice period or the relevant Employer has terminated the employment or office (and Clause 12.4(c) does not apply), then:
 - (i) any Unvested Option will automatically lapse; and
 - (ii) the Option Holder may exercise any Vested Option (to the extent not exercised) until the earlier of (x) the date of expiry of the Option Period or (y) the last day of the period of 3 months (or such other period as the Board may determine) after the date of cessation of the person being an Eligible Participant.
- (c) ***Misconduct:*** If the Board or the board of directors (or a committee thereof) of the relevant Subsidiary determines that a person who is an Option Holder (this includes a

LR17.03(19)

person who has ceased to be an Eligible Participant but his/her Options continue to subsist in accordance with Clause 7.2(f)), that person:

- (i) is guilty of misconduct, whether or not in connection with his/her relationship with the Group, or wilful disobedience or non-compliance with the terms of his/her employment, service agency, consultancy, engagement contract or lawful orders or instructions given by any member of the Group; or
- (ii) has been convicted of any criminal offence involving his/her integrity or honesty, whether or not in connection with his/her relationship with the Group; or
- (iii) has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations from time to time; or
- (iv) has caused a material misstatement in the Group's financial statements; or
- (v) has committed any act or offence which would justify (as determined by the Board) the termination of his/her employment contract or office, his/her engagement or contract with the relevant member of the Group at common law or pursuant to any applicable law, rule or regulation (or, in the case of a person who was an Employee Participant but has subsequently ceased to be an Employee Participant, his/her behaviour while he/she was an Employee Participant would have justified the termination of his/her employment contract but which does not become known to the Group until after he/she has ceased to be an Employee Participant); or
- (vi) has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally; or
- (vii) has disclosed confidential information of the Group; or
- (viii) has done anything (as determined by the Board) adversely affecting his/her ability to perform his/her duties properly or bring the Group into disrepute; or
- (ix) has entered into competition with the Group or breached any non-solicitation provisions or any other undertakings in his/her employment, service agency, consultancy or engagement contract with any member of the Group (irrespective of whether such provisions are upheld or declared void and unenforceable by a court with competent jurisdiction),

then, whether or not he/she is summarily dismissed by the Employer or is still employed by the Employer, (i) any Unvested Option will automatically lapse and (ii) any Vested Option (to the extent not exercised) cannot be exercised.

A resolution of the Board or the board of directors (or a committee thereof) of the relevant Subsidiary to the effect that the employment or engagement of the person has or has not been terminated on one or more of the grounds specified in this Clause 12.4(c) or that one or more of the grounds specified in this Clause has arisen in respect of the person will be conclusive and binding on the person and, where appropriate, the person's Personal Representative(s).

- (d) **General Offer:** If a general offer to acquire Shares (whether by way of a takeover offer, share repurchase offer, privatisation proposal by a scheme of arrangement between the Company and its members or otherwise in like manner) is made to the Shareholders pursuant to the Codes on Takeovers and Mergers and Share Repurchases ("**Takeovers Code**"), the Company will use reasonable endeavours to procure that such offer is

extended to all the Option Holders in respect of the outstanding Options on the terms required by the Takeovers Code or the relevant practice note(s) on the Takeovers Code. The vesting conditions, the Option Period and other terms referred to in Clause 12.1 and the letters of grant in respect of all the Options not yet Vested when the general offer is made and where the Option Holders do not accept the offer for such Unvested Options will not change whether or not the offer becomes or is declared unconditional in all respects.

- (e) **Members' voluntary winding-up:** If a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, all Unvested Options will immediately and automatically Vest and the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) and thereupon, each Grantee (or his/her Personal Representative(s)) shall be entitled to exercise all his/her outstanding Vested Options in whole or in part at any time not later than 2 Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. Any Vested Option not exercised on or before the second Business Day prior to the general meeting will automatically lapse. LR17.03(10)
- (f) **Compromise or arrangement with creditors:** If a compromise or arrangement between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or amalgamation of the Company with another company or companies (other than a relocation scheme as contemplated in Rule 7.14(3) of the Listing Rules):
- (i) the Company will give notice to all Option Holders on the same date as it gives notice to its members or creditors to hold a meeting to consider, and if thought fit approve, such a compromise or arrangement;
 - (ii) thereupon all Unvested Options will Vest and an Option Holder (or his/her Personal Representative(s)) may exercise all outstanding Vested Options (in whole or in part) forthwith and until the expiry of the period commencing with the date referred to in Clause 12.4(f)(i) and ending with the earlier of (x) the date two months thereafter and (y) the date on which such compromise or arrangement becoming effective, by sending an exercise notice to the Company and by remitting the total Subscription Price payable in respect of the exercise of the relevant Vested Options. The exercise notice and the total Subscription Price must be received by the Company not later than 10 Business Days (excluding any period(s) of closure of the Company's register of members) prior to the proposed meeting; and
 - (iii) the Company will upon receipt of the exercise notice and full payment of the total Subscription Price and prior to the date of the proposed meeting, allot and issue such number of Option Shares to the Option Holder (or his/her estate) as may fall to be issued on the exercise of the relevant Vested Options credited as fully paid and register the Option Holder (or his/her estate) as the holder of the Option Shares,

provided that the arrangements and mechanisms in this Clause 12.4(f) (including the exercise of any Options) shall be subject to the laws relevant to the compromise or arrangement and to the sanction of the relevant court (where applicable) and upon such compromise or arrangement becoming effective, any Vested Option not exercised will automatically lapse.

The Company may require any Option Holder to transfer or otherwise deal with the Option Shares issued as a result of the exercise of the Options so as to place the Option Holder in the same position as nearly as would have been the case had such Option Shares been subject to such compromise or arrangement.

13 Cancellation of Options

LR17.03(14)

- 13.1 ***With consent of Option Holder:*** The Board may cancel any Vested but unexercised or Unvested Options on such terms and conditions with the consent of the relevant Option Holder, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.
- 13.2 ***Replace cancelled Options with new Options:*** If the Board cancels outstanding Vested Options or Unvested Options and grants new Options (or Other Scheme Options and Awards) to the same Option Holder, the grant of such replacement Options or Other Scheme Options and Awards cannot cause the limit set out in Clause 16.1 to be breached. For the avoidance of doubt, the cancelled outstanding Vested Options or Unvested Options will be regarded as utilised for the purpose of calculating the limit set out in Clause 16.1.

14 Exercise of Option

- 14.1 ***Exercise of Option:*** During the Option Period, any Option:
- (a) which has Vested;
 - (b) in respect of which all conditions attaching to it have been satisfied; and
 - (c) which has not lapsed
- may be exercised at any time, subject to the restriction in Clause 14.5.
- 14.2 ***Manner of exercise:*** An Option Holder (or as the case may be, his/her Personal Representative(s)) may exercise an Option at any time during the Option Period. An Option may be exercised in whole or in part (except in the case of an exercise of the Vested Options in Clause 12.4(a) where the Option Holder or his/her Personal Representative(s) must exercise all but not some of the Vested Options) but must be exercised in respect of a Board Lot or its integral multiple. The Option Holder (or, as the case may be, his/her Personal Representative(s)) must do the following to exercise an Option:
- (a) serve a written exercise notice to the Company and/or third-party professional service provider, in a form required, and to such person designated, by the Board from time to time;
 - (b) complete the exercise notice in the form specified by the Company and/or third-party professional service provider, which will state the Option being exercised, the number of Shares in respect of which it is exercised and the total Subscription Price for those Shares;

- (c) pay in full the total Subscription Price to the Company for the Shares in respect of which the notice is given within fourteen Business Day of the notice; and
- (d) provide such documents or confirmations as the Board may require from time to time pursuant to the terms of this Scheme or the terms and conditions of the Option.

Notwithstanding the above, the Company or the Board may determine such other method for the Option Holder to exercise an Option in the manner that the Company receives full amount of the aggregate Subscription Price for the Shares with respect to the exercise of the Option, and notify the same to the Grantee.

- 14.3 **Date of exercise:** Unless otherwise expressly set out in this Scheme, for the purpose of determining the date on or by which an Option is or has been exercised, an Option will be deemed to have been exercised when a duly completed exercise notice complying with the requirements of this Scheme and all requisite payments and documents have been received by the Company.
- 14.4 **Failure to pay:** If an Option Holder fails to comply fully with Clause 14.2(c), the Board can cancel all the Options which are the subject of the relevant notice by refunding the amount actually received by the Company (less the Company's reasonable administrative expenses) to the Option Holder and declare those Options lapsed.
- 14.5 **Restriction on exercise:** No Option may be exercised if such exercise would, in the opinion of the Board, be in breach of this Scheme, any applicable law, rule or regulation or the terms and conditions of the relevant Option.

15 Option Shares

- 15.1 **Allotment:** After receipt of an exercise notice and full payment of the total Subscription Price and, where appropriate, receipt of:
 - (a) the independent financial adviser's or the Auditors' certification pursuant to Clause 17.4; and
 - (b) evidence which the Board may require from an Option Holder pursuant to the terms of this Scheme or the terms and conditions of the Option,

the Company will within 28 days after receipt of the exercise notice and the remittance of the Subscription Price, allot the Option Shares to the Option Holder credited as fully paid and issue in the name of the Option Holder (or if an Option is exercised by the Personal Representative(s) of the Option Holder, to the estate of the Option Holder) a share certificate for the Option Shares. In case of an exercise by the Option Holder by other method as determined by the Company or the Board and notified to the Option Holder, the Company shall allot the relevant Options Shares to the Option Holder and issue in the name of the Option Holder (or if an Option is exercised by the Personal Representative(s) of the Option Holder, to the estate of the Option Holder) a share certificate for the Option Shares as may be directed by the Option Holder (or the Personal Representative(s) of the Option Holder) or otherwise notified to the Company and/or the Board, and the date on which such Option is regarded as exercised shall be determined in accordance with the aforesaid method of exercise.

- 15.2 **Ranking:** An Option Share issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association and will rank equally in all respects with the fully paid Shares in issue on the date of allotment. If an Option Share is allotted on a day when the register of members of the Company is closed, the Option Share will rank equally in all respects with the fully paid Shares in issue on the first day of the reopening of the register of members. An

LR17.03(10)
LR17.03(15)

Option Share will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

- 15.3 **Voting:** An Option Share will not carry any voting right until the registration of the Option Holder (or if an Option is exercised by the Personal Representative(s) of the Option Holder, of the estate of the Option Holder) in the register of members of the Company as the holder of the Option Share. LR17.03(10)

16 Maximum number of Shares available for subscription

- 16.1 **Mandate Limit:** Subject to Clause 16.2 and Clause 16.3, the total number of Shares issued and to be issued upon exercise of all Options and Other Scheme Options and Awards must not exceed 5 per cent. of the Shares in issue as at the Adoption Date (subject to adjustment in the event of a capitalisation issue or rights issue or open offer of Shares, or a consolidation, subdivision or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)) (the “**Mandate Limit**”). Unless approved pursuant to Clause 16.2 or Clause 16.3, no Options or Other Scheme Options and Awards may be granted if such grant will result in the Mandate Limit being exceeded. Options and Other Scheme Options and Awards lapsed according to the terms of this Scheme or Other Scheme(s) will not be regarded as utilised for the purpose of calculating the Mandate Limit. LR17.03(3)
LR17.03B(1)
LR17.03B(2)

- 16.2 **Refreshing a Mandate Limit:** Subject to an Approval of Shareholders, the Company may after three years from the Adoption Date (or from the date of Approval of Shareholders for the last refreshment) “refresh” a Mandate Limit provided that the total number of Shares which may be issued upon exercise of all Options or Other Scheme Options and Awards to be granted under the Mandate Limit as “refreshed” must not, respectively, exceed 5 per cent. of the Shares in issue at the date of the resolution to approve the “refreshed” limit (“**Refresher Date**”). Options and Other Scheme Options and Awards previously granted (whether outstanding, cancelled, lapsed (according to this Scheme or the Other Schemes) or exercised) will not be regarded as utilised for the purpose of calculating the Mandate Limit as “refreshed”. For any additional refreshment within three years of the Adoption Date (or within three years from the date of Approval of Shareholders for the last refreshment), approval of Shareholders must be obtained in general meeting with controlling shareholders and their associates (or if there is no controlling shareholder, the directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) abstaining from voting. LR17.03C(1)
(a)(b)
LR17.03C(2)

The requirements above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share. LR17.03C(1)
(c)

The Company will comply with all applicable laws, rules and regulations in seeking a refreshment of a Mandate Limit. Unless approved pursuant to Clause 16.3, the Board cannot grant any Option on or after the Refresher Date if such grant will result in the Mandate Limit as refreshed being exceeded.

- 16.3 **Specific Mandate:** Subject to a specific Approval of Shareholders, the Board may grant Options to Eligible Participants specifically identified by the Board beyond the Mandate Limit, provided the Options in excess of the Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. If the Approval of Shareholders is LR17.03C(3)

obtained, the Board may grant Options to any Eligible Participant in respect of such number of Shares and on such terms as specified in that Approval of Shareholders.

16.4 **Yearly limit:** The total number of Shares which are subject to grants made in any financial year of the Company of all options and awards under this Scheme and Other Schemes will not be more than 0.5 per cent. of the Shares in issue as at the Adoption Date.

16.5 **Maximum entitlement of each Eligible Participant(s):** Unless Approval of Shareholders is obtained pursuant to Clause 16.3 in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of Options to connected persons, the Board cannot grant any Option (“**Triggering Option**”) to any Eligible Participant which, if exercised, would result in that Eligible Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her upon exercise of all Options and Other Scheme Options and Awards granted to him/her in the 12-month period immediately preceding the Grant Date of the Triggering Option to exceed 1 per cent. of the number of Shares in issue as at that Grant Date.

LR17.03(4)
LR17.03D(1)

In calculating the total number of Shares already issued or to be issued to that Eligible Participant upon exercise of all Options granted as referred to in the preceding paragraph, all exercised, outstanding and cancelled Options, whether Vested or Unvested, under this Scheme and Other Schemes will be aggregated. However, Options which have lapsed need not be regarded as utilised.

17 Reorganisation of capital structure

17.1 **Adjustment:** Subject to Clause 16, in the event of a capitalisation issue or rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) and an Option remains exercisable, the Company will make corresponding adjustments (as necessary and in accordance with the Listing Rules and any guidance materials published by the Stock Exchange from time to time) to:

LR17.03(13)

LR17.03B(2)

- (a) the number of Shares subject to the Mandate Limit (as refreshed from time to time);
- (b) the number of Shares subject to outstanding Options; and/or
- (c) the Subscription Price.

17.2 **Adjustment not to the advantage of Option Holders:** No adjustments required in Clause 17.1 may be made to the advantage of any Option Holder unless with the prior Approval of Shareholders.

17.3 **Conditions to an adjustment:** An adjustment will be made, to the extent practicable, in accordance with the following principles:

- (a) on the basis that each Option Holder on exercise of his/her Options will have the same proportion of the issued share capital of the Company to which he/she would have been entitled if he/she were to exercise the Options immediately prior to the event leading to the requirement to perform the adjustment; and
- (b) Shares will not be issued at less than its nominal value.

17.4 **Certification:** In respect of any adjustment required in Clause 17.1, other than adjustments made on a capitalisation issue, the Company will seek a written certification from an independent

financial adviser or the Auditors that the adjustments satisfy the conditions set out in Clause 17.3 (“*Adjustment Certificate*”). In giving the Adjustment Certificate, the independent financial adviser or the Auditors will act as experts and not as arbitrators and their confirmation will (in the absence of manifest error) be final and binding on the Company and the Option Holders. The costs of the Adjustment Certificate will be borne by the Company.

- 17.5 ***When does an adjustment take effect:*** An adjustment will be deemed to have taken effect on the earlier of (i) the date of completion of the relevant corporate event leading to the requirement to perform the adjustment and (ii) if necessary, the issue of the Adjustment Certificate.
- 17.6 ***Notify Option Holders of an adjustment:*** The Company will within thirty Business Days of the announcement of the relevant corporate event leading to the requirement to perform the adjustment inform each Option Holder of the adjustment. If the Company receives an exercise notice from an Option Holder after such notification but before the Adjustment Certificate is issued, the Company will inform the Option Holder of such fact in which case the Option Holder can either give notice within fourteen Business Days after receiving the relevant notice from the Company to withdraw the exercise notice or if he/she fails to withdraw the exercise notice that exercise notice will be deemed to have been received by the Company on the date when the Company receives the certification and the Company will accordingly process the exercise notice based on the adjusted exercise price as set out in the Adjustment Certificate.

18 Share capital

The exercise of any Option will be subject to the Approval of Shareholders approving any necessary increase in the authorised share capital of the Company. Subject to this approval, the Board will make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

19 Amendment to this Scheme

- 19.1 ***Amendments:*** Subject to Clause 19.2, the Board may change any of the provisions of this Scheme except that: LR17.03(18)
- (a) any alterations to the terms and conditions of this Scheme which are of a material nature, including but not limited to the provisions of this Scheme as to the definition of “Eligible Participant(s)” in Clause 1.1; and
 - (b) the provisions of this Scheme relating to matters governed by Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants,

shall not be altered except with the prior Approval of Shareholders, provided that no such alteration shall operate to affect adversely the terms of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Eligible Participants as would be required of the holders of the Shares under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares.

For the avoidance of doubt, the Board may amend this Scheme or any terms or conditions to Options granted, as necessary for this Scheme and all documents related to this Scheme to be treated under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) as not being a prospectus or as an offer specified in Part 1 of the Seventeenth Schedule to such ordinance.

- 19.2 ***Change of authority of the Board under the Scheme:*** Prior Approval of Shareholders must be obtained before any change to the authority of the Board to alter the terms of this Scheme.

- 19.3 ***Some or all members of the Group may be affected:*** Subject to this Clause, the Board may in its absolute discretion decide that any amendment to the provisions of this Scheme will apply to all or some only members of the Group as the Board will specify in writing.
- 19.4 ***Accrued rights not affected:*** No alteration of this Scheme will operate to affect adversely any right which any Option Holder has accrued on that date.
- 19.5 ***Compliance with Listing Rules:*** The amended terms of this Scheme and the Options will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

20 Alteration of terms and conditions of Options granted

- 20.1 ***Approval of Shareholders:*** Any change to the terms of any Option granted to an Eligible Participant must be approved by the directors of the Company, the independent non-executive directors of the Company, the Remuneration Committee of the Company, and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Options was approved by the directors, the independent non-executive directors, the Remuneration Committee of the Company, and/or the Shareholders in general meeting (as the case may be), in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules. The foregoing provisions shall not apply where the alterations take effect automatically under the existing terms of this Scheme.
- 20.2 ***Compliance with Listing Rules:*** The amended terms of the Options will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

LR17.04
Note 1

21 Miscellaneous

- 21.1 ***Costs:*** The Company will bear the costs of establishing and administering this Scheme.
- 21.2 ***Not part of service or employment contract:*** This Scheme does not form part of any contract of employment or services between any member of the Group and any Eligible Participant. The rights and obligations of any Eligible Participant under the terms of his/her employment or provision of services will not be affected by his/her participation in this Scheme. Subject to applicable laws, rules and regulations, this Scheme does not give any Eligible Participant any additional rights to compensation or damages in consequence of the termination of such employment or office or provision of service for any reason.
- 21.3 ***No legal or equitable right:*** This Scheme will not confer on any person any legal or equitable right (other than those constituting the Options themselves) against any member of the Group directly or indirectly or, other than in relation to the rights attached to the Options themselves, give rise to any cause of action at law or in equity against any member of the Group.
- 21.4 ***No right to participate:*** The grant of Options on a particular basis in any year does not create any right to the grant of Options on the same basis, or at all, in any future year. Participation in this Scheme at any time does not imply any right of participation, or any right to be considered for participation later.
- 21.5 ***Notification of the terms of this Scheme:*** The Company will provide the terms of this Scheme to all Eligible Participants upon joining this Scheme. The Company will provide to all Eligible Participants all changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.

- 21.6 **Personal data:** By participating in this Scheme each Eligible Participant and Option Holder consents to the holding, processing and transfer of personal data provided by the Eligible Participant and Option Holder to the Company for all purposes relating to the operation and administration of this Scheme. These include, but are not limited to:
- (a) administering and maintaining records;
 - (b) providing information to registrars, brokers or third-party administrators of this Scheme;
 - (c) providing information to future purchasers of the Company or the business in which the Option Holder or Eligible Participant works; and
 - (d) transferring information about the Option Holder or Eligible Participant to a country or territory outside Hong Kong.
- 21.7 **Notice:** Any notice or other communication to an Option Holder may be sent by prepaid post or email to his/her postal address, home address or work e-mail address according to the records of his/her Employer or such other address as the Company considers appropriate.
- Any notice or other communication to the Company may be sent by prepaid post or personal delivery to its principal place of business in Hong Kong at the time or such other address as notified to the Option Holders from time to time or by facsimile transmission to the central facsimile number of the Company.
- Any notice or other communication served by the Company will, if served by post, be deemed to have been served 24 hours after the same was put in the post or, if delivered by hand, be deemed to be served when delivered, or if delivered by email, be deemed to be served when sent and no bounce back message was received by the sender.
- Any notice or other communication served by the Option Holder will not be deemed to have been received until the same have been received by the Company.
- 21.8 **Consent and registration:** A Grantee or Option Holder must obtain any governmental, regulatory or other official consent and file all necessary registrations that may be required by any country or jurisdiction in order to permit the acceptance or exercise of his/her Option(s). The Company will not be responsible for any failure by a Grantee or Option Holder to obtain any such consent or to file any such registration. The Company will not issue any Option Share to an Option Holder unless, if so requested by the Company, the Option Holder proves to the satisfaction of the Company that all such consents or registrations have been obtained or made. Each Grantee or Option Holder indemnifies and holds harmless the Group against any action, claim, demand, investigation, loss, liability, damages or fine made or brought and all costs, fees and expenses relating thereto against any member of the Group which results or may have resulted from his/her failure to obtain the necessary consents and file the necessary registrations.
- 21.9 **Tax:** An Option Holder must pay all taxes and discharge all other liabilities to which he/she may become subject as a result of his/her participation in this Scheme or the exercise of any Option. The Company will not be responsible for any tax or other liability to which an Option Holder may become subject as a result thereof.
- 21.10 **Withholding:** Each of the Company and the relevant Employer may withhold such amount and make such arrangements as it considers necessary to meet any liability to taxation or social security contributions in respect of Options or Option Shares. These arrangements may include the sale or reduction in number of any Option Shares unless the Option Holder discharges the liability himself/herself.
- 21.11 **Directors right to vote:** An Option Holder who is a director of the Company may, subject to and in accordance with the Articles of Association and subject as otherwise provided in this Scheme,

notwithstanding his/her interest, vote on any Board resolution concerning this Scheme (other than in respect of his/her own participation) and may retain any benefit under this Scheme.

- 21.12 **Governing law:** This Scheme and all Options granted under this Scheme will be governed by and construed in accordance with the laws of Hong Kong. Hong Kong courts shall be the exclusive venue for resolving dispute relating to or arising from the Scheme.

* * *

Schedule 1

LR17.03(2)
LR17.03A(1)
(a)(b)

Eligible Participants

Subject to the terms and conditions of this Scheme, the following individuals or entities who in the absolute discretion of the Board have contributed to the Group on the basis of their contribution to the development and growth of the Group may participate in this Scheme:

- (a) an Employee Participant; and
- (b) a Related Entity Participant.

Employee Participants

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

- (a) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
- (b) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made to the growth of the Group and the positive impacts which he/she may bring to the Group's business and development;
- (d) his/her educational and professional qualifications, and knowledge in the industry; and
- (e) whether granting Options to him/her is an appropriate incentive to motivate him/her to continue to contribute towards the betterment of the Group.

Related Entity Participants

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

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

* * *

Execution Page

IN WITNESS whereof the Company has executed this document as a deed on the [*] day of [*], 2024.

THE COMMON SEAL of)
LI NING COMPANY LIMITED)
was hereunto affixed by)
resolution of the board of directors)
in the presence of:)

Name: [*]
Title: Director

Name: [*]
Title: Director