

# Li Ning Company Limited

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

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

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## Share Award Scheme

**Adopted by ordinary resolution on [Date] 2024**

**Effective on [Date] 2024**

### **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.**

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## 1 Definitions and Interpretation

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

<i>Acceptance Notice</i>	has the meaning given to it in Clause 7.5;
<i>Acceptance Period</i>	the period to be set out in the letter of grant during which the grant of Awards will be open for acceptance by the Selected Participants 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>Award(s)</i>	an award of the Awarded Shares by the Board to a Selected Participant;
<i>Awarded Share(s)</i>	in respect of a Selected Participant, such number of Shares as awarded by the Board;
<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;

<b><i>core connected person(s)</i></b>	has the meaning given to it in the Listing Rules;	
<b><i>Eligible Participant(s)</i></b>	the individuals or entities who or which may participate in this Scheme as described in Schedule 1;	LR17.03(2)
<b><i>Employee Participant</i></b>	director(s) and employee(s) of the Employer, including persons who are granted Awards as an inducement to enter into employment contracts with the Employer but excluding an 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;	LR17.03(2) LR17.03A(1)(a)
<b><i>Employer</i></b>	(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;	
<b><i>Excluded Participant</i></b>	any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant;	
<b><i>Grant Date</i></b>	when an Award has been accepted by the Selected Participant according to this Scheme and a letter of grant, the date of such letter of grant in respect of the accepted Award;	
<b><i>Group</i></b>	the Company and its Subsidiaries, and “member of the Group” means any or a specific one of them;	
<b><i>Hong Kong</i></b>	the Hong Kong Special Administrative Region of the People’s Republic of China;	
<b><i>Listing Rules</i></b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;	
<b><i>Mandate Limit</i></b>	the maximum number of Shares which may be issued under this Scheme and Other Schemes from time to time pursuant to Clause 12.1, as may be refreshed by Approval of Shareholders from time to time pursuant to Clause 12.2;	LR17.03(3) LR17.03(B)(1)
<b><i>Other Scheme</i></b>	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;	
<b><i>Other Scheme Options and Awards</i></b>	options to subscribe for Shares granted and Shares awarded under any Other Scheme;	

<b><i>Personal Representative</i></b>	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;	
<b><i>Related Entity</i></b>	any holding company, fellow subsidiary or associated company of the Company;	
<b><i>Related Entity Participant</i></b>	any director or employee of any Related Entity;	LR17.03(2) LR17.03A(1)(b)
<b><i>Remuneration Committee</i></b>	the remuneration committee of the Company established by the Board from time to time;	
<b><i>Scheme</i></b>	this share award scheme as amended from time to time;	
<b><i>Scheme Period</i></b>	has the meaning given to it in Clause 5.1;	LR17.03(5)
<b><i>Selected Participant</i></b>	any Eligible Participant who is notified by the Board that he/she is eligible to participate in a grant of Award by the Board making a grant pursuant to Clause 7.1;	
<b><i>Share(s)</i></b>	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)
<b><i>Shareholder(s)</i></b>	holder(s) of Share(s);	
<b><i>Stock Exchange</i></b>	The Stock Exchange of Hong Kong Limited;	
<b><i>Subsidiary</i></b>	has the meaning given to it in the Listing Rules;	
<b><i>Substantial Shareholder</i></b>	has the meaning given to it in the Listing Rules;	
<b><i>Vesting Date</i></b>	the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award; and	LR17.03(6)
<b><i>Vesting Notice</i></b>	has the meaning given to it in Clause 7.6(d).	

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.

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## 2 Purpose of the Scheme

LR17.03(1)

The purposes of this Scheme are to through an Award:

- (a) to provide the Selected Participants with an opportunity to obtain a proprietary interest in the Company;
- (b) to provide incentives to Selected Participants to contribute to the Company; and
- (c) to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

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## 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 Awards under this Scheme and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of this Scheme; and
- (b) the Listing Committee of the Stock Exchange grants approval for the listing of and permission to deal in such number of Shares representing the Mandate Limit to be allotted and issued by the Company pursuant to the grant of any Awards in accordance with the terms and conditions of this Scheme.

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## 4 Conditions applicable to the granting and vesting of Awards

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 and vesting of any Award, the grant or vesting of such Award 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.

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## 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 Awards will be made under this Scheme, provided that such termination shall not affect any subsisting rights of any Selected Participant(s).

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

- (a) no further grant of Awards shall be made but this Scheme will remain in full force and effect to the extent necessary to give effect to the acceptance of any granted Awards, vesting of any Awarded Shares or otherwise as may be required in accordance with this Scheme.

LR17.03(16)

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## 6 Administration and disputes

6.1 **Administration and Disputes:** The Scheme shall be subject to the administration of the Board in accordance with the rules of the Scheme and the Listing Rules. The Remuneration Committee is involved where the Selected Participant 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 Awards, 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 Award or Selected Participant under this Scheme will be final and binding (in the absence of manifest error) on all parties.

6.2 **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 Award(s) to Selected Participant(s) whom it selects;
- (b) determine when and whether any Award will be granted;
- (c) determine the number of Awarded Shares to be subject to each Award;
- (d) determine the terms and conditions of each Award including:
  - (i) the Acceptance Period;
  - (ii) the vesting period (subject to Clause 7.6(c));
  - (iii) the performance targets and other eligibility criteria, if any, to be satisfied before Awarded Shares will be vested;
  - (iv) the period, if any, during which Awarded 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 Award or Awarded Shares;
- (f) subject to other provisions of this Scheme, the Listing Rules and (if necessary) Approval by Shareholders, vary the terms and conditions of any Award, including allowing all or some Awards 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.

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## 7 Operation of the Scheme

7.1 **Grant of Awarded Shares to Selected Participants:** Subject to the requirements in this Scheme and all applicable laws, rules and regulations, the Board may, from time to time at its absolute discretion, select any Eligible Participant (other than any Excluded Participant) to be a Selected Participant and grant to such Selected Participant Awarded Shares at nil consideration 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.

LR17.03(8)

7.2 **Letter of grant:** The Board will issue letter of grant to Selected Participants to grant Awards. The letter of grant will specify:

- (a) the name of the Selected Participant;
- (b) the date of the letter (which shall be deemed to be the date on which the grant of an Award (subject to acceptance by the Selected Participant) is made);
- (c) the Acceptance Period;



- (d) the vesting conditions of the Awarded Shares (if any);
- (e) the performance targets and other eligibility criteria, if any, to be satisfied before the Awarded Shares vest;
- (f) the number of Awarded Shares; and
- (g) such other terms and conditions to which the Award will be subject.

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

The Board is entitled to impose any conditions, as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares to the Selected Participant, and shall inform such Selected Participant the relevant vesting conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the Scheme, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions referred to in this Paragraph 7.2.

### 7.3 ***Dealing restrictions:***

- (a) The Board will not grant any Award to any Selected Participant, or cause the Company to allot and issue new Awarded Shares to Selected Participants:
  - (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-year 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

### 7.4 ***Grant Awards to a director, chief executive or Substantial Shareholder of the Company:***

(a) Any grant of Awards 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.

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

(b) Where any grant of Awards to:

(i) a director (other than an independent non-executive director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Scheme) 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 the Grant Date; or

(ii) a Substantial Shareholder or any of its associates, would result in the Shares issued and to be issued in respect of all Awards and Other Scheme Options and Awards granted (excluding any Awards lapsed in accordance with the terms of the Scheme) 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 the Grant Date,

In the circumstances described in (i) and (ii) above, 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). Also, Approval of Shareholders must be obtained in general meeting of the Company with such Selected 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 shall comply with the requirements under Rule 13.40, 13.41 and 13.42 of the Listing Rules.

**7.5 Acceptance of the grant by the Selected Participants:** After the Board has determined the number of Awarded Shares to be granted and the Selected Participants, the Board shall notify the Selected Participants on the Grant Date. Upon receipt of the letter of grant, the Selected Participants are required to confirm their acceptance of the grant and their securities account details for the purposes of effecting the transfer of the Awarded Shares to such Selected Participants by returning to the Company a notice of acceptance (the “**Acceptance Notice**”) duly executed by them within the Acceptance Period. If any Selected Participant fails to return the Acceptance Notice before the expiry of the Acceptance Period, the Award will automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

**7.6 Vesting of Awarded Shares:**

(a) Subject to Clause 9 and other provisions in this Scheme, all applicable laws, rules and regulations and with its terms and conditions, the respective Awarded Shares shall vest on the Selected Participant in accordance with the applicable vesting schedule as set out in the letter of grant when all the vesting conditions set out therein have been satisfied, waived or, by the terms of the grant, treated as having been waived in accordance with Clause 15, and the Board shall cause the Company to allot and issue to such Selected Participant such number of new Awarded Shares as set out in the letter of grant and the Board shall cause to be paid the subscription money for the new Awarded Shares, representing the nominal value of the new Awarded Shares multiplied by the number of new Awarded Shares to be issued, from the Company’s resources.

LR17.03(6)  
LR17.03F

- (b) The Board or the Remuneration Committee (if authorised by the Board) is entitled to impose any conditions, as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares to the Selected Participant and shall set out such conditions in the letter of grant to the Selected Participant. Notwithstanding any other provisions of the Scheme, subject to applicable law and regulations, the Board or the Remuneration Committee (if authorised by the Board) shall be at liberty to waive any vesting conditions. The Board or the Remuneration Committee (if authorised by the Board) may in its absolute discretion set performance targets to be achieved before the vesting of the Awarded Shares to the Selected Participant, 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 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 Selected Participant 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 Awards 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 Awards on a case-by-case basis. The Company will evaluate the actual performance and contribution of a Selected Participant 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 Selected Participant 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 Selected Participant 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 Selected Participant have been met. For the avoidance of doubt, an Award 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 a Selected Participant will affect the proportion of the Award that can vest for the relevant year as set out below:

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

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

- (c) The minimum vesting period in respect of any Awarded Shares granted to any Selected Participant 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 Awards to the directors and/or senior management of the Company) in any of the following specific circumstances:

- (A) grants of “make-whole” Awards to Selected Participants who newly joined the Group to replace the share awards or options they forfeited when leaving the previous employer;
  - (B) grants of Awards with specific and objective performance-based vesting conditions set out in Clause 7.6(b) in lieu of most time-based vesting criteria;
  - (C) grants that are made in batches during a year for administrative or compliance reasons, which may include Awards 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 Awards would have been granted if not for such administrative or compliance requirements; and
  - (D) grants of Awards with a mixed or accelerated vesting schedule such that the Awards may vest evenly over a period of 12 months.
- (d) The Board shall send to each Selected Participant a vesting notice not less than 7 days prior to each Vesting Date (the “**Vesting Notice**”).

Notwithstanding the above, the Company or the Board may determine such other procedure in vesting of Awarded Shares, in the manner that (x) the Board shall cause the Company to allot and issue to such Selected Participant such number of new Awarded Shares as set out in the letter of grant and (y) the Board shall cause to be paid the subscription money for the new Awarded Shares, and notify the same to the Selected Participants.

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## 8 Transfer of Awards

Prior to the Vesting Date, the Selected Participant 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 Awards or purport to do any of the foregoing. If a Selected Participant does any of the foregoing, whether voluntarily or involuntarily, the Award will immediately and automatically lapse.

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

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## 9 Lapse of Awards

9.1 ***Lapse of Awards on failure to satisfy conditions:*** In addition to Clause 5.3, Clause 7.5, Clause 8 and subject to Clause 9.2, unless the Board exercises its discretion pursuant to Clause 6.2(f), an Award will automatically lapse and will not vest on the earlier of:

LR17.03(12)

- (a) the failure to satisfy the vesting conditions, or such conditions are not waived, pursuant to Clause 7.6(b);
- (b) the Selected Participant is found to be an Excluded Participant; or
- (c) the Selected Participant failing to obtain all necessary consents or file all necessary registrations referred to in Clause 16.8 within 30 Business Days from the date of the Vesting Notice.

9.2 ***Lapse of Awards in other circumstances***

LR17.03(12)

- (a) ***Death, ill health, redundancy, retirement or transfer:*** If a Selected Participant 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 9.2(d), 9.2(e) and 9.2(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 9.2(c) do not apply, the relevant Award made to such Selected Participant 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, and the relevant Awarded Shares shall not vest on the relevant Vesting Date. Such Selected Participant shall have no right or claim against the Company, any other member of the Group or the Board or with respect to those or any other Shares or any right thereto or interest therein in any way.
- (b) ***Resignation or termination of employment, office, services or engagement:*** When a person who is a Selected Participant 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 9.2(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 9.2(c) does not apply), then:
- (i) the relevant Award made to such Selected Participant will automatically lapse forthwith; and
  - (ii) the relevant Awarded Shares shall not vest on the relevant Vesting Date.
- (c) ***Misconduct:*** If the Board or the board of directors (or a committee thereof) of the relevant Subsidiary determines that a person who is a Selected Participant (this includes a person who has ceased to be an Eligible Participant but his/her Awards continue to subsist in accordance with Clause 6.2(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, the relevant Award made to such Selected Participant will automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

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 9.2(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 vesting conditions, the vesting schedule and other terms referred to in Clause 7.6(a) and the letters of grant in respect of all the Awards not yet vested when the general offer is made 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 Awarded Shares not yet vested 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 Selected Participants (together with a notice of the existence of the provisions of this Clause), and the Company shall allot and issue to such Selected Participant such number of new Awarded Shares in accordance with Clause 7.6. 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 Selected Participant, 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 Awarded Shares not vested will vest; and
  - (iii) the Company shall allot and issue to such Selected Participant such number of new Awarded Shares in accordance with Clause 7.6,
- provided that the arrangements and mechanisms in this Clause 9.2(f) shall be subject to the laws relevant to the compromise or arrangement and to the sanction of the relevant court (where applicable).
- The Company may require any Selected Participant to transfer or otherwise deal with the Awarded Shares issued as a result of the vesting of the Awards so as to place the Selected Participant in the same position as nearly as would have been the case had such Awarded Shares been subject to such compromise or arrangement.
- (g) For the avoidance of doubt and 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.

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## 10 Cancellation of Awards

LR17.03(14)

- 10.1 **With consent of Selected Participant:** The Board may cancel any Award(s) granted on such terms and conditions with the consent of the relevant Selected Participant, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.
- 10.2 **Replace cancelled Awards with new Awards or Other Scheme Options and Awards:** If the Board cancels outstanding Awards and grants new Awards (or Other Scheme Options and Awards) to the same Selected Participant, the grant of such replacement Awards or Other Scheme Options and Awards cannot cause the limit set out in Clause 12.1 to be breached. For the avoidance of doubt, the cancelled Awards will be regarded as utilised for the purpose of calculating the limit set out in Clause 12.1.

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## 11 Rights of Selected Participants

- 11.1 **Ranking of Awarded Shares:** The Awarded Shares 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 when the name of the Selected Participant is registered on the register of members of the Company. LR17.03(10)
- 11.2 **Rights of Selected Participants in the Awarded Shares:** A Selected Participant cannot vote or receive dividends and does not have any right of a shareholder in respect of the Awarded Shares until the Awarded Shares are allotted and issued to the Selected Participant and he/she has been registered in the register of members of the Company in respect of the Awarded Shares.

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## 12 Maximum number of Shares available for subscription

- 12.1 **Mandate Limit:** Subject to Clause 12.2 and Clause 12.3, the total number of Shares which may be allotted and issued in respect of all Awards to be granted under this Scheme 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, sub-division 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 12.2 or Clause 12.3, no Awards, or Other Scheme Options and Awards may be granted if such grant will result in the Mandate Limit being exceeded. Awards 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)
- 12.2 **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 allotted and issued in respect of all Awards to be granted under this Scheme and 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**”). Awards 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 12.3, the Board cannot grant any Award on or after the Refresher Date if such grant will result in the Mandate Limit as refreshed being exceeded.



- 12.3 **Specific Mandate:** Subject to a specific Approval of Shareholders, the Board may grant Awards to Selected Participants specifically identified by the Board beyond the Mandate Limit, provided the Awards in excess of the Mandate Limit are granted only to Selected Participants specifically identified by the Company before such approval is sought. If the Approval of Shareholders is obtained, the Board may grant Awards to any Selected Participant in respect of such number of Awarded Shares and on such terms as specified in that Approval of Shareholders. LR17.03C(3)
- 12.4 **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.
- 12.5 **Maximum entitlement of each Selected Participant(s):** Unless Approval of Shareholders is obtained pursuant to Clause 12.3 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/awards to connected persons, the Board cannot grant any Award ("**Triggering Award**") to any Selected Participant which, if vested, would result in that Selected 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 Awards and Other Scheme Options and Awards granted to him/her in the 12-month period immediately preceding the Grant Date of the Triggering Award 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 Selected Participant upon vesting/exercise of all Awards and Other Scheme Options and Awards granted as referred to in the preceding paragraph, all exercised, outstanding and cancelled Awards and Other Scheme Options and Awards, whether vested or unvested, under this Scheme and Other Schemes will be aggregated. However, Awards and Other Scheme Options and Awards which have lapsed need not be regarded as utilised.

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## 13 Reorganisation of capital structure

- 13.1 **Adjustment upon reorganisation of capital structure:** Subject to Clause 12, 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), 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); and/or
  - (b) the number of Awarded Shares pursuant to the outstanding Awards.
- 13.2 **Adjustment not to the advantage of Selected Participants:** No adjustments required in Clause 13.1 may be made to the advantage of any Selected Participant unless with the prior Approval of Shareholders.
- 13.3 **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 Selected Participant will have the same proportion of the Awarded Shares to which he/she would have been entitled 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.
- 13.4 **Certification:** In respect of any adjustment required in Clause 13.1, 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 13.3 (“*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 Selected Participants. The costs of the Adjustment Certificate will be borne by the Company.
- 13.5 **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.
- 13.6 **Notify Selected Participants 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 Selected Participant of the adjustment.

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## 14 Amendment to this Scheme

- 14.1 **Amendments:** Subject to Clause 14.2, 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 definitions of “Eligible Participant(s)” and “Selected Participant(s)” in Clause 1.1;
- (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 Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected 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 Awards 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.
- 14.2 **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.
- 14.3 **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.
- 14.4 **Accrued rights not affected:** No alteration of this Scheme will operate to affect adversely any right which any Selected Participant has accrued on that date.
- 14.5 **Compliance with Listing Rules:** The amended terms of this Scheme and the Awards will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

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## 15 Alteration of terms and conditions of Awards granted

- 15.1 **Approval of Shareholders:** Any change to the terms of any Award granted to a Selected Participant must be approved by the directors of the Company, the independent non-executive directors of the Company, the Remuneration Committee, and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Awards was approved by the directors, the independent non-executive directors, the Remuneration Committee, 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.
- 15.2 **Compliance with Listing Rules:** The amended terms of the Awards will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

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## 16 Miscellaneous

- 16.1 **Costs:** The Company will bear the costs of establishing and administering this Scheme.
- 16.2 **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.
- 16.3 **No legal or equitable right:** This Scheme will not confer on any person any legal or equitable right (other than those constituting the Awards themselves) against any member of the Group directly or indirectly or, other than in relation to the rights attached to the Awards themselves, give rise to any cause of action at law or in equity against any member of the Group.
- 16.4 **No right to participate:** The grant of Awards on a particular basis in any year does not create any right to the grant of Awards 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.
- 16.5 **Notification of the terms of this Scheme:** The Company will provide the terms of this Scheme to all Selected Participants upon joining this Scheme. The Company will provide to all Selected Participants all changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.
- 16.6 **Personal data:** By participating in this Scheme each Selected Participant consents to the holding, processing and transfer of personal data provided by the Selected Participant 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 Selected Participant works; and

- (d) transferring information about the Selected Participant to a country or territory outside Hong Kong.

- 16.7 **Notice:** Any notice or other communication to a Selected Participant 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 Selected Participant 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 Selected Participant will not be deemed to have been received until the same have been received by the Company.

- 16.8 **Consent and registration:** An Eligible Participant 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 allow such Eligible Participant to participate in the Scheme as a Selected Participant. The Company will not be responsible for any failure by an Eligible Participant to obtain any such consent or to file any such registration. The Company will not grant any Award or vest any Awarded Shares to an Eligible Participant unless, if so requested by the Company, the Eligible Participant proves to the satisfaction of the Company that all such consents or registrations have been obtained or made. Each Eligible Participant 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.

- 16.9 **Tax:** An Eligible Participant 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 as a Selected Participant or vesting of the Awarded Shares. The Company will not be responsible for any tax or other liability to which an Eligible Participant may become subject as a result thereof.

- 16.10 **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 Awards or Awarded Shares. These arrangements may include the sale or reduction in number of any Awarded Shares unless the Selected Participant discharges the liability himself/herself.

- 16.11 **Directors right to vote:** A Selected Participant 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.

- 16.12 **Governing law:** This Scheme and all Awards 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)(c)

### **Eligible Participants**

Subject to the terms and conditions of this Scheme, the following individuals or entities (excluding any Excluded Participant) 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:

an Employee Participant; and  
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 Awards 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

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