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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of the proposals referred to in this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or otherwise transferred** all your shares in Esprit Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**ESPRIT**  
**ESPRIT HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**Stock Code: 00330**

**PROPOSALS FOR  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES,  
RE-ELECTION/ELECTION OF DIRECTORS,  
PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME  
AND TERMINATION OF THE 2009 SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of the Company to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 5 December 2018 at 2:30 pm or any adjournment of the meeting is set out on pages 9 to 13 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed on it, together with the power of attorney or other authority (if any) under which the form of proxy is signed or a certified copy of such power of attorney or authority to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting thereof (as the case may be) if you so wish and in such event, your appointment of proxy under any form of proxy shall be deemed to be revoked.

Hong Kong, 24 October 2018

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b>	
INTRODUCTION .....	1
GRANTING OF THE REPURCHASE MANDATE .....	2
GRANTING OF THE ISSUE MANDATE .....	2
RE-ELECTION/ELECTION OF DIRECTORS .....	3
PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME AND TERMINATION OF THE 2009 SHARE OPTION SCHEME .....	4
ANNUAL GENERAL MEETING .....	7
RESPONSIBILITY STATEMENT .....	8
RECOMMENDATIONS .....	8
ADDITIONAL INFORMATION .....	8
<b>NOTICE OF ANNUAL GENERAL MEETING</b> .....	9
<b>APPENDIX I — EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE</b> ..	14
<b>APPENDIX II — PARTICULARS OF DIRECTORS PROPOSED FOR RE-ELECTION/                   ELECTION</b> .....	17
<b>APPENDIX III — SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE                   OPTION SCHEME</b> .....	19

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“2009 Share Option Scheme”	the share option scheme of the Company adopted at an annual general meeting of the Company held on 10 December 2009
“Adoption Date”	the date on which the New Share Option Scheme is adopted by resolutions of the Shareholders in general meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 5 December 2018 at 2:30 pm, the notice of which is set out on pages 9 to 13 of this circular, or any adjournment thereof
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Eligible Person(s)”	any person who satisfies the eligibility criteria under the New Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	15 October 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Member(s)” or “Shareholder(s)”	duly registered holder(s) of Shares
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company pursuant to resolution no. 6 as set out in the Notice of Annual General Meeting in its present and any amended form

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## DEFINITIONS

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“Option”	a right to subscribe for Shares granted pursuant to any share option scheme of the Company adopted from time to time
“Scheme Period”	the period of 10 years commencing on the Adoption Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HK\$0.10 each
“Share Award Scheme”	the Employees’ Share Award Scheme of the Company adopted on 17 March 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong
“%”	per cent.

Reference to times and dates in this circular are to Hong Kong times and dates.

**ESPRIT**

**ESPRIT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**Stock Code: 00330**

*Executive Chairman:*

Dr Raymond OR Ching Fai

*Executive Director*

*Deputy Chairman:*

Paul CHENG Ming Fun

*Independent Non-executive Director*

*Executive Directors:*

Anders Christian KRISTIANSEN

*Group Chief Executive Officer*

Thomas TANG Wing Yung

*Group Chief Financial Officer*

*Registered office:*

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Principal place of business in Hong Kong:*

45/F, Enterprise Square Three

39 Wang Chiu Road

Kowloon Bay

Kowloon

Hong Kong

*Non-executive Director:*

Jürgen Alfred Rudolf FRIEDRICH

*Independent Non-executive Directors:*

Dr José María CASTELLANO RIOS

Alexander Reid HAMILTON

Carmelo LEE Ka Sze

Norbert Adolf PLATT

*To the Shareholders*

24 October 2018

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE NEW SHARES,  
RE-ELECTION/ELECTION OF DIRECTORS,  
PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME  
AND TERMINATION OF THE 2009 SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to give you information regarding the resolutions to be proposed at the Annual General Meeting to enable you to make an informed decision on whether to vote for or against the proposed resolutions. The proposed resolutions include, among other matters, (i) the

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## LETTER FROM THE BOARD

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granting of the Repurchase Mandate (as defined below) to the Directors; (ii) the granting of the Issue Mandate (as defined below) to the Directors; (iii) the re-election/election of the retiring Directors; and (iv) the proposed adoption of the New Share Option Scheme and termination of the 2009 Share Option Scheme.

### **GRANTING OF THE REPURCHASE MANDATE (*Resolution no. 4*)**

As the existing general mandate to repurchase Shares granted by Shareholders at the last annual general meeting will lapse at the conclusion of the Annual General Meeting, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors a general mandate to exercise all powers of the Company to repurchase up to 10% of the total number of the Shares in issue as at the date of passing of the resolution at the Annual General Meeting (the “Repurchase Mandate”).

The Repurchase Mandate will lapse on the earliest of the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or the date on which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

Details of the proposed resolution on the Repurchase Mandate are set out in resolution no. 4 of the notice of the Annual General Meeting. An explanatory statement, as required by the Listing Rules, in connection with the Repurchase Mandate is set out in Appendix I to this circular.

### **GRANTING OF THE ISSUE MANDATE (*Resolution no. 5*)**

As the existing general mandate to issue Shares granted by Shareholders at the last annual general meeting will lapse at the conclusion of the Annual General Meeting, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors a general and unconditional mandate to issue Shares up to 5% of the total number of the Shares in issue (rather than 20% and without any increase for share repurchased as allowed under the Listing Rules) as at the date of passing of the resolution at the Annual General Meeting (the “Issue Mandate”). Any Shares to be allotted or issued pursuant to the Issue Mandate shall not be at a discount of more than 10% (rather than 20% as limited under the Listing Rules) and any refreshment of the Issue Mandate before the next annual general meeting shall be subject to approval of Shareholders in accordance with the Listing Rules.

The Issue Mandate will lapse on the earliest of the conclusion of the next annual general meeting of the Company, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or the date on which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

### **Purpose of the Issue Mandate**

The purpose of the Issue Mandate is to give the Directors flexibility to issue new Shares without having first to obtain the consent of Shareholders in general meeting. The need for such an issue of new Shares could arise, for example, in the context of a transaction which had to be completed in a timely manner, such as the acquisition of a target. The Board is of the view that the granting of such authority is now commonplace in Hong Kong and it would be in the interests of the Company if the authority was granted.

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## LETTER FROM THE BOARD

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### **Restrictions on Dilution, Discounts and Refreshments**

The Board draws the attention of Shareholders to the relevant provisions of the Listing Rules regarding the Issue Mandate, in particular the restriction on dilution, the restriction on discounts and the restrictions on refreshments set out in rules 13.36(2)(b), 13.36(4) and 13.36(5) of the Listing Rules, respectively. Broadly, these rules provide that (a) the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of 20% of the number of issued shares of a listed issuer; (b) where securities are being placed for cash consideration, a listed issuer may not issue any securities pursuant to its issue mandate at a price representing a discount of 20% or more; and (c) any refreshments of its issue mandate before the next annual general meeting is subject to the prior approval of the shareholders in a general meeting.

The Board recommends the Shareholders also refer to rule 13.36 of the Listing Rules for further information.

### **Other Information on the Issue Mandate**

Other than pursuant to any share option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares, and pursuant to any scrip dividend reinvestment scheme of the Company, the Board has no present intention to grant or issue any further new Shares.

Details of the proposed resolution on the Issue Mandate are set out in resolution no. 5 of the notice of the Annual General Meeting.

### **RE-ELECTION/ELECTION OF DIRECTORS (*Resolution no. 2*)**

In accordance with bye-law 87(1) of the Bye-laws, Mr Paul Cheng Ming Fun and Dr José María Castellano Ríos will retire from office by rotation at the Annual General Meeting. Mr Cheng, being eligible, has offered himself for re-election; while Dr Castellano will not stand for re-election after his retirement by rotation. Accordingly, Dr Castellano will retire as an Independent Non-executive Director of the Company with effect from the conclusion of the Annual General Meeting. In addition, in accordance with bye-law 86(2) of the Bye-laws, Mr Anders Christian Kristiansen, being director appointed by the Board after the Company's last annual general meeting, will retire at the Annual General Meeting and, being eligible, will offer himself for election at the Annual General Meeting.

The Company has received confirmation from Mr Cheng as to his independence in compliance with the requirements set out in rule 3.13 of the Listing Rules. The Nomination Committee of the Board has assessed the independence of Mr Cheng and considered him continue to be independent. In assessing the independence of an Independent Non-executive Director, the Nomination Committee would consider the character and the judgement demonstrated by the Director's contribution to the Board during the years of services, the relationship with the Group other than being a Director, the past and present directorships and important appointments of the Director outside the Group. Notwithstanding that Mr Cheng has served as Independent Non-executive Director for more than nine years, during his years of service, Mr Cheng continues to demonstrate strong independence in judgement and discharge his duties effectively. The proposed re-election/election for each of the above Directors will be considered by separate resolutions at the Annual General Meeting.

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## LETTER FROM THE BOARD

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In accordance with the terms of reference of the Nomination Committee with due regard to the board diversity policy of the Board, the Nomination Committee nominated Mr Cheng and Mr Kristiansen to the Board for re-election/election. The Board is pleased to recommend Mr Cheng and Mr Kristiansen for re-election/election as Directors at the Annual General Meeting.

Particulars of the Directors proposed to be re-elected/elected at the Annual General Meeting are set out in Appendix II to this circular.

### **PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME AND TERMINATION OF THE 2009 SHARE OPTION SCHEME (*Resolution no. 6*)**

The 2009 Share Option Scheme will expire after 9 December 2019 and the Company could not grant further Options after 9 December 2019. The Company therefore proposes to seek approval of the Shareholders to adopt the New Share Option Scheme and simultaneously terminate the operation of the 2009 Share Option Scheme. Upon termination, no further Options will be granted and accepted under the 2009 Share Option Scheme but the provisions of the 2009 Share Option Scheme will remain in force in all other aspects. Options which have been granted and remained outstanding under the 2009 Share Option Scheme prior to such termination shall continue to be valid and exercisable subject to and in accordance with the terms on which such Options were granted, the provisions of the 2009 Share Option Scheme and the Listing Rules.

The New Share Option Scheme provides the Board with greater flexibility to attach additional conditions to the grant of Options so as to align the interests of the Eligible Persons with those of the Shareholders.

#### *(i) Purpose of the New Share Option Scheme*

The New Share Option Scheme will provide the Eligible Persons with an opportunity to have a personal stake in the Company through offering the grant of Options under the New Share Option Scheme, the ultimate entitlement of the Eligible Persons to the Options under the New Share Option Scheme will depend on whether conditions, restrictions or limitations relating to achievement of operating or sales or financial targets or other conditions attached to the grant of such Options, which may varied by the Board at its absolute discretion have been met.

The purpose of this Scheme is to achieve the following objectives:

- motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; and
- attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Group.

#### *(ii) Key Features of the New Share Option Scheme*

- Administration of the Grant of Options to Executive Director

The Remuneration Committee, currently chaired by an independent non-executive Director and three out of five of its members including its chairman being independent non-executive Directors, is responsible for determining each year whether any Options will be granted to



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## LETTER FROM THE BOARD

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executive Directors and the performance targets to be applied, and for making recommendations to the Board for approval. No Options may be granted to executive Directors in the absence of the recommendation by the Remuneration Committee and as no Director or any of his associates shall be involved in deciding his own remuneration, no executive Director will be reviewing and/or approving his own remuneration in the Remuneration Committee and/or the Board even if the executive Director were a member of the Remuneration Committee.

— Restriction on Grant of Options to Director, Chief Executive or Substantial Shareholder

In addition, the New Share Option Scheme expressly states that any grant of Options under the New Share Option Scheme proposed to be made to an Eligible Person who is, among others, a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be first approved by independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of such Options).

No Option under the New Share Option Scheme shall be granted to any Eligible Person within the period prescribed in the Listing Rules during which a Director is prohibited from dealing in the securities of the Company or when the grant of Options is prohibited.

Any grant of Options under the New Share Option Scheme proposed to be made to an Eligible Person who is, among others, a substantial shareholder or an independent non-executive director of the Company, or any of their respective Associates, must first be approved by the shareholders of the Company in general meeting if the Shares issued and which may fall to be issued upon the exercise of such Options proposed to be granted and all other Options already granted and to be granted in the 12-month period up to and including the proposed grant date for such Options (a) represent in aggregate over 0.1% of the number of Shares then in issue and (b) have an aggregate value in excess of HK\$5 million. All such proposed grantees, their respective associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour at the general meeting.

— Conditions, Restrictions or Limitations on the Exercise of Options

Under the rules of the New Share Option Scheme, the Board may during the Scheme Period offer to grant an Option to an Eligible Person who the Board may in its absolute discretion select and subject to such conditions as it may think fit in accordance with the New Share Option Scheme.

The New Share Option Scheme expressly states that the right to exercise an Option under the New Share Option Scheme is subject to and conditional upon the achievement of performance targets which may be operating or sales or financial targets, to be set by the Board upon the recommendation from the Remuneration Committee. The performance targets may include, but not limited to, earnings per share, total shareholders' value, turnover growth, net profit growth of the Company and retail or franchise store growth, or a combination thereof during a certain performance period, which may be benchmarked against the previous year's performance, to be defined in the grant letter.

Under the rules of the New Share Option Scheme, the Board may at its discretion, determine the period of time during which the right to exercise the Option in respect of all or some of the Shares to which the Option relates will vest subject to and in accordance with the

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## LETTER FROM THE BOARD

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terms and conditions of the grant of the Option. The Board takes the preliminary view that the vesting period shall usually commence no earlier than the end of the third anniversary from the date of grant to retain ongoing business relationship with the Eligible Persons and to provide a longer period for performance measurement.

The New Share Option Scheme further expressly provides that (i) in the event that the Grantee (as defined in Appendix III to this circular) agrees to become employed by or becomes employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated or is associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group, the Options (vested and unvested) under the New Share Option Scheme shall lapse on the date of the occurrence of any such specified events taking place; (ii) in the event that the Grantee ceases to be an Employee for any reason or has tendered a notice of resignation or has received a notice of termination of employment and within 2 years from the date of such cessation of employment, agrees to become employed by or is employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated or is associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group, the Grantee shall deliver to the Company forthwith the entire economic benefit derived from any and all Shares allotted to the Grantee pursuant to the Options which have been or will be exercised by the Grantee under the Scheme unless otherwise resolved to the contrary by the Board.

The grant letter provides that the Grantee undertakes to immediately inform the Company in the event that the Grantee agrees to become employed by or is employed by or agrees to become engaged by or is engaged by or otherwise agrees to become associated or is associated with another entity the business of which competes with the business of the Group on or after the date on which the notice of resignation is tendered up to the expiry of 2 years from the date of cessation of employment.

The Board believes that such provisions can provide greater incentives and better retain the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Company.

*(iii) Compliance to the Listing Rules*

The provisions of the New Share Option Scheme will comply with the requirements of Chapter 17 of the Listing Rules. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

*(iv) Scheme Mandate Limit*

As at the Latest Practicable Date, outstanding Options that have been granted pursuant to the 2009 Share Option Scheme would entitle their holders to subscribe for 84,045,000 Shares.

As at the Latest Practicable Date, the total number of issued Shares was 1,887,211,562 Shares. On the basis that no further Shares are issued between the Latest Practicable Date and the Adoption Date, 10% of the number of Shares in issue on the Adoption Date shall be 188,721,156 Shares.

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## LETTER FROM THE BOARD

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*(v) Value of Options*

The Board considers that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price, exercise period and the conditions that an Option is subject to. The Board believes that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

*(vi) Conditions to the adoption of the New Share Option Scheme*

The New Share Option Scheme will take effect subject to the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders and is conditional upon the Stock Exchange granting the approval of the New Share Option Scheme and the listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at 45/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours from 21 November 2018 to 5 December 2018 and at the Annual General Meeting.

### **ANNUAL GENERAL MEETING**

The notice of the Annual General Meeting is set out on pages 9 to 13 of this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the granting of the Repurchase Mandate, the granting of the Issue Mandate, the re-election/election of retiring Directors and the proposed adoption of the New Share Option Scheme and the termination of the 2009 Share Option Scheme.

The chairman of the Annual General Meeting will put forth each of the resolutions to be proposed at such meeting to be voted by way of a poll pursuant to bye-law 66 of the Bye-laws. As at the Latest Practicable Date, none of the Directors nor, to the best of their knowledge and having made all reasonable enquires, any of their associates was aware of any Shareholder who is required to abstain from voting at the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it, together with the power of attorney or other authority (if any) under which the form of proxy is signed or a certified copy of such power of attorney or authority, to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting thereof (as the case may be) if you so wish and in such event, your appointment of proxy under any form of proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATIONS

The Board considers that the granting of the Repurchase Mandate, the granting of the Issue Mandate, the re-election/election of retiring Directors and the adoption of the New Share Option Scheme and the termination of the 2009 Share Option Scheme are in the best interests of the Company and its Shareholders as a whole and accordingly recommends you to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Esprit Holdings Limited**  
**Dr Raymond Or Ching Fai**  
*Executive Chairman*

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## NOTICE OF ANNUAL GENERAL MEETING

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# ESPRIT

## ESPRIT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**Stock Code: 00330**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Esprit Holdings Limited (the “**Company**”) will be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 5 December 2018 at 2:30 pm (the “**Annual General Meeting**”) for the purpose of transacting the following businesses:

As to ordinary business:

1. To receive the audited consolidated financial statements and the Reports of the Directors and Independent Auditor of the Group for the year ended 30 June 2018;
2. (a) To re-elect Mr Paul Cheng Ming Fun as director of the Company (the “**Director**”);  
  
(b) To elect Mr Anders Christian Kristiansen as Director; and  
  
(c) To authorize the board of Directors to fix the directors’ fees;
3. To re-appoint Messrs. PricewaterhouseCoopers as auditor of the Company at a remuneration to be determined by the Directors;

and as to special business, to consider and, if thought fit, pass with or without modification, the following resolution nos. 4, 5 and 6 as ordinary resolutions:

### ORDINARY RESOLUTIONS

4. “**THAT:**
  - (a) subject to paragraph 4(c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph 4(d) below) of all the powers of the Company to repurchase shares in the capital of the Company (“**Shares**”) in issue and any securities which carry a right to subscribe for or purchase Shares, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph 4(a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period (as defined in paragraph 4(d) below) to procure the Company to repurchase its Shares and any securities which carry a right to subscribe for or purchase Shares at a price determined by the Directors;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate number of Shares which may be purchased pursuant to the approval in paragraphs 4(a) and 4(b) above shall not exceed 10% of the total number of Shares in issue, and the aggregate number of any securities which carry a right to subscribe for or purchase Shares which may be purchased pursuant to the approval in paragraphs 4(a) and 4(b) above shall not exceed 10% of the total number of such securities of the Company (or any relevant class thereof), in each case in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings.”

5. “**THAT:**

- (a) subject to paragraphs 5(b) and 5(c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph 5(d) below) of all the powers of the Company to allot, issue and deal with additional Shares, to grant rights to subscribe for, or convert any security into, shares (including but not limited to the issue of any securities converted into shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which would or might require the exercise of such power during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with, pursuant to the approval in paragraph 5(a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 5(d) below), or (ii) any option scheme or similar arrangement of the Company for the granting or issuance of Shares or rights to acquire Shares, or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued or to be issued by the Company or any securities which are convertible into Shares, or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend in accordance with the bye-laws of the Company, shall not exceed 5% of the total number of Shares in issue as at the date of passing of this resolution;
- (c) where the Shares are being issued for cash consideration pursuant to the approval in paragraph 5(a) above, the Company may not issue any additional Shares at a discount of more than 10% to the Benchmark Price (as defined in paragraph 5(d) below); and any refreshments of the approval in paragraph 5(a) above before the next annual general meeting of the Company is subject to the prior approval of the shareholders of the Company in a general meeting; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(d) for the purposes of this resolution:

“**Benchmark Price**” means the higher of:

- (i) the closing price of Shares as quoted on The Stock Exchange of Hong Kong Limited on the date of the agreement involving the relevant proposed issue of Shares; and
- (ii) the average closing price of Shares as quoted on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the earlier of: (aa) the date of announcement of the transaction or arrangement involving the relevant proposed issue of Shares; (bb) the date of the agreement involving the relevant proposed issue of Shares; and (cc) the date on which the price of Shares proposed to be issued is fixed.

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of Shares or any class thereof whose names stand on the registers of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

6. “**THAT:**

- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the approval of the New Share Option Scheme (as defined below) for the listing of, and permission to deal in, the shares in the Company (“**Shares**”) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme (the “**New Share Option Scheme**”), the terms and conditions of which are set out in the document marked “A” which has been produced of identification, the New Share Option Scheme and all the terms and conditions contained therein be and are hereby approved and adopted by the Company;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the Directors of the Company be and are hereby authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the New Shares Option Scheme and to do all such acts as they may in their absolute discretion consider necessary or expedient in order to give full effect to the New Share Option Scheme; and
- (c) subject to paragraph 6(a) above, the share option scheme adopted by the Company on 10 December 2009 (the “**2009 Share Option Scheme**”) be and is hereby terminated with immediate effect provided that the options which have been granted and remain outstanding shall continue to be valid and exercisable subject to and in accordance with the terms on which the Options were granted, the provisions of the 2009 Share Option Scheme and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”

By order of the Board  
**Esprit Holdings Limited**  
**Florence Ng Wai Yin**  
*Company Secretary*

Hong Kong, 24 October 2018

*Principal place of business in Hong Kong:*  
45/F, Enterprise Square Three  
39 Wang Chiu Road  
Kowloon Bay  
Kowloon  
Hong Kong

*Registered office:*  
Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Notes:*

- (a) A shareholder of the Company entitled to attend and vote at the Annual General Meeting or any adjournment meeting thereof (as the case may be) is entitled to appoint one or more proxies to attend and vote in his stead. A proxy needs not be a shareholder of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares of the Company in respect of which each such proxy is appointed. A form of proxy for use in connection with the Annual General Meeting is enclosed with the circular to the shareholders of the Company dated 24 October 2018.
- (b) Where there are joint registered holders of any share of the Company, any one of such joint registered holders may vote at the Annual General Meeting or any adjourned meeting thereof (as the case may be), either personally or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto; but if more than one of such joint registered holders, whether in person or by proxy, be present at the Annual General Meeting or any adjourned meeting thereof (as the case may be), that one of the said persons so present whose name stands first on the Registers of Members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.
- (c) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjourned meeting thereof (as the case may be).



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## NOTICE OF ANNUAL GENERAL MEETING

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- (d) For the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the Annual General Meeting, the Registers of Members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration	At 4:30 pm on Thursday, 29 November 2018
Closure of Registers of Members	Friday, 30 November 2018 to Wednesday, 5 December 2018 (both dates inclusive)
Record date	Wednesday, 5 December 2018

During the above closure period, no transfer of shares of the Company will be effected. To be eligible to attend and vote at the Annual General Meeting, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

- (e) At the Annual General Meeting, the chairman of the meeting will exercise his power under bye-law 66 of the bye-laws of the Company to put each of the resolutions set out in the notice of the Annual General Meeting to be voted by way of poll. On a poll, every shareholder present in person (or in the case of a corporation by its authorized representative) or by proxy shall have one vote for every share of which he/she/it is the holder.
- (f) Upon arrival at the venue of the Annual General Meeting, voting slip(s) will be given to every shareholder present in person (or in the case of a corporation by its authorized representative) or by proxy to mark his/her/its vote(s). The voting slips will be collected by the scrutineer towards the end of such meeting. After verification by the scrutineer, the poll results will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited.
- (g) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- (h) As at the date hereof, the board of Directors comprises (i) Dr Raymond Or Ching Fai (Executive Chairman), Mr Anders Christian Kristiansen (Group Chief Executive Officer) and Mr Thomas Tang Wing Yung (Group Chief Financial Officer) as Executive Directors; (ii) Mr Jürgen Alfred Rudolf Friedrich as Non-executive Director; and (iii) Mr Paul Cheng Ming Fun (Deputy Chairman), Dr José María Castellano Ríos, Mr Alexander Reid Hamilton, Mr Carmelo Lee Ka Sze and Mr Norbert Adolf Platt as Independent Non-executive Directors.

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## **APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE**

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The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Repurchase Mandate.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the authorized share capital of the Company was 3,000,000,000 Shares, of which 1,887,211,562 Shares were issued and fully paid.

On the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Repurchase Mandate, if granted, would allow the Company to repurchase up to 188,721,156 Shares (which represent 10% of the Shares in issue as at the Latest Practicable Date) during the period from the date of passing the resolution at the Annual General Meeting up to the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws or (iii) the date upon which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

### **REASONS FOR REPURCHASES**

The Directors believe that it is in the interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net asset value of the Company and its assets and/or earnings per Share. The Directors are seeking the grant of the Repurchase Mandate to give the Company the flexibility to repurchase Shares if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which they are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then prevailing.

### **FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchases will be made out of funds which are legally available for such purpose in accordance with all applicable laws of Bermuda, the memorandum of association and the Bye-laws of the Company and the Listing Rules.

Under Bermuda law, share repurchases may only be made out of the capital paid up on the relevant Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase; and any premium, if any, payable may only be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

The Directors do not propose to make any share repurchases to the extent that it would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company. Based on the audited consolidated financial statements of the Company as at 30 June 2018 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that the exercise in full of the Repurchase Mandate during the proposed Repurchase Mandate period might have a material adverse impact on the working capital position or gearing position of the Company.

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## APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

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### SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Per Share	
	Highest HK\$	Lowest HK\$
<b>2017</b>		
October	4.77	4.12
November	4.72	3.92
December	4.25	3.96
<b>2018</b>		
January	4.33	3.14
February	3.30	2.97
March	3.13	2.62
April	2.91	2.30
May	2.79	2.52
June	2.69	2.30
July	2.53	2.03
August	2.14	1.86
September	1.93	1.65
October (up to the Latest Practicable Date)	2.17	1.89

*Source: quoted prices from the Stock Exchange's website (www.hkex.com.hk)*

### REPURCHASE OF SHARES

The Company has not repurchased any Shares on the Stock Exchange during the six months immediately preceding the Latest Practicable Date.

### EFFECT OF THE TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in a Shareholder's proportionate interest in the voting rights of the Company, which will be treated as an acquisition of voting rights for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation for the relevant Shareholder(s) to make a mandatory offer in accordance with rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors, Marathon Asset Management LLP, the Company's largest single Shareholder, held 226,026,638 Shares, representing approximately 11.97% of the issued share capital of the Company as at such date.

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## **APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE**

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On the basis that the issued share capital of the Company remains unchanged up to the date of the Annual General Meeting and in the event that the Directors exercise in full the Repurchase Mandate on the date of the Annual General Meeting, the attributable interest of Marathon Asset Management LLP in the Company would be increased to approximately 13.30% of the total issued share capital of the Company. Accordingly, the Directors are not aware of any consequences that would give rise to an obligation to make a mandatory offer under rules 26 and 32 of the Takeovers Code in the event that the Repurchase Mandate is exercised in full.

### **DIRECTORS AND THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their respective close associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate, in the event the Repurchase Mandate is approved by Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares held by them to the Company, in the event the Repurchase Mandate is approved by the Shareholders.

### **UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules, all applicable laws of Bermuda and the memorandum of association and the Bye-laws of the Company.

As at the Latest Practicable Date, particulars of the Directors proposed for re-election/election are as follows:

**Paul Cheng Ming Fun**, aged 81, has been an Independent Non-executive Director of the Company since November 2002 and became Deputy Chairman of the Board since July 2008. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Board, a director of a subsidiary and a trustee of a trust of the Company. Mr Cheng obtained his Bachelor of Arts degree from Lake Forest University (Illinois, USA) and Master of Business Administration degree from the Wharton School of the University of Pennsylvania. Mr Cheng is an independent non-executive director of Chow Tai Fook Jewellery Group Limited, a company listed on The Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of Pacific Alliance China Land Ltd., a company listed on the AIM Board of the London Stock Exchange. Mr Cheng was a former member of the Hong Kong Legislative Council as well as the former chairman of Inchcape Pacific Limited, N M Rothschild & Sons (Hong Kong) Ltd., The Link Management Limited (Link Asset Management Limited) and the Hong Kong General Chamber of Commerce. He was an independent non-executive director of Global Logistic Properties Limited until 23 January 2018. He is currently an Honorary Steward of the Hong Kong Jockey Club.

As at the Latest Practicable Date, Mr Cheng is interested or deemed to be interested in 1,763,778 Shares and holds such Options granted under the 2009 Share Option Scheme entitling him to subscribe for 780,000 Shares, representing 0.13% of the total issued share capital of the Company. Out of the 1,763,778 Shares, 881,836 Shares were jointly held by himself and his spouse, Mrs Janet Mary Cheng and 881,942 Shares were deemed to be held by Mrs Janet Mary Cheng. Save as disclosed herein, Mr Cheng does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Cheng does not have a service contract with the Company. Mr Cheng has no fixed term of service with the Company but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Cheng is entitled to a director's fee of HK\$1,465,000 per annum, which comprises HK\$750,000 for acting as Deputy Chairman of the Board, HK\$480,000 for his directorship, HK\$150,000 for acting as Chairman of the Remuneration Committee and HK\$85,000 for acting as a member of the Nomination Committee. Mr Cheng's director's fee has been determined by reference to the level of remuneration for non-executive directors of listed companies with a global operation and the demand of the Company for Mr Cheng's attention as one of its Independent Non-executive Directors.

**Anders Christian Kristiansen**, aged 51, has been appointed as Executive Director of the Company and Group Chief Executive Officer effective 1 June 2018. He is a member of the Remuneration Committee and the General Committee of the Board, a director of certain subsidiaries and a trustee of a trust of the Company. Prior to joining Esprit, he was an industrial advisor for a global private equity fund, Permira. He was previously the chief executive officer and director of New Look, a global fast fashion apparel company based in London, from January 2013 to September 2017. Under his leadership, New Look transformed its business model from a traditional high street retailer to a strong omnichannel player, with an enhanced focus on brand building. Mr Kristiansen was instrumental to the successful execution of a 5-year strategic plan. Prior to this role, he has held various senior executive roles in the Bestseller Fashion Group China, Staples Inc. in China, and in Lyreco, an office supplies company, where he managed the business in Europe and then in Asia Pacific.

As at the Latest Practicable Date, Mr Kristiansen is deemed to be interested in 2,000,000 awarded Shares pursuant to the Share Award Scheme and holds such Options granted under the 2009 Share Option Scheme entitling him to subscribe for 8,000,000 Shares, representing 0.52% of the total issued share capital of the Company. Save as disclosed herein, Mr Kristiansen does not have any interests in Shares within the meaning of Part XV of the SFO.

Mr Kristiansen has entered into an employment contract with the Company that may be terminated by either party by serving 12 months' notice in writing. He is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Mr Kristiansen is entitled to a salary of EUR1,400,000 per annum with annual discretionary bonus opportunity of EUR1,400,000 of which the first 12 months are guaranteed, and a car allowance of EUR40,000. Mr Kristiansen's remuneration has been reviewed by the Remuneration Committee and was determined with reference to his professional background, the time commitment required, the responsibilities of the role, the salaries paid by comparable companies and employment conditions elsewhere in the Group.

None of Mr Cheng and Mr Kristiansen have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company.

Save as disclosed above, as at the Latest Practicable Date, there are no other matters in relation to the re-election/election of Mr Paul Cheng Ming Fun and Mr Anders Christian Kristiansen that need to be brought to the attention of Shareholders and there is no other information that is required to be disclosed pursuant to rules 13.74 and 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

The following is a summary of the principal terms of the New Share Option Scheme to be submitted to the shareholders of the Company for adoption at the general meeting. The rules of the New Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at 45/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours from 21 November 2018 to 5 December 2018 and at the Annual General Meeting. In this Appendix, the following expressions have the following meanings:

“2018 Share Option Scheme”	the new share option scheme proposed to be adopted by the Company pursuant to ordinary resolution no. 6 as set out in the notice of annual general meeting in its present or any amended form
“Adoption Date”	the date on which the 2018 Share Option Scheme is adopted by resolution of the shareholders of the Company in general meeting
“Allotment Date”	the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised thereunder
“Associate”	shall have the meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Business Day”	shall have the meaning ascribed to it under the Listing Rules
“Chief Executive”	shall have the meaning ascribed to it under the Listing Rules
“Close Associate”	shall have the meaning ascribed to it under the Listing Rules
“Commencement Date”	in respect of any particular Option, the Business Day on which that Option is deemed to have been granted in accordance with paragraph 3(d)
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Esprit Holdings Limited, a company incorporated in Bermuda with limited liability
“Connected Person”	shall have the meaning ascribed to it under the Listing Rules
“Core Connected Person”	shall have the meaning ascribed to it under the Listing Rules

“Eligible Person”	any person who satisfies the eligibility criteria in paragraph 2
“Employee”	any employee or officer of any company in the Group who is employed by any company in the Group (whether full time or part time) at the time when the Option is granted to such employee
“Grant Date”	the date (which shall be a Business Day) on which the grant of an Option is made to or deemed to be made to (and subject to acceptance by) an Eligible Person
“Grantee”	any Eligible Person who accepts the grant of any Option in accordance with the terms of the 2018 Share Option Scheme or (where the context permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Person (being an individual) and, where appropriate, the term “Grantee” shall include the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Mandate Limit”	the maximum number of Shares which may be issued under this Scheme and Other Schemes pursuant to paragraph 5(b), as may be refreshed by approval by ordinary resolution of Shareholders in general meeting from time to time pursuant to paragraph 5(c)
“Option”	a right to subscribe for Shares granted to (subject to acceptance by) an Eligible Person pursuant to the 2018 Share Option Scheme, including both Vested Option and Unvested Option
“Option Period”	in respect of any particular Option, the period to be notified by the Board to each Grantee which the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the Commencement Date



“Other Scheme”	other than the 2018 Share Option Scheme, any share option scheme involving the grant by the Company of options over 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, including but not limited to the share option scheme adopted by the shareholders of the Company in general meeting on 10 December 2009
“Other Scheme Option”	an option to subscribe for Shares granted under any Other Scheme
“Overriding Limit”	the maximum number of Shares which may be allotted and issued pursuant to Options and Other Scheme Options, determined according to paragraph 5(a)
“Scheme Period”	the period of ten years commencing on the Adoption Date
“Shares”	fully paid shares of HK\$0.10 each of the Company (or such other nominal amount prevailing from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the terms and conditions of the 2018 Share Option Scheme (subject to adjustment in accordance with the 2018 Share Option Scheme)
“Subsidiary” or “Subsidiaries”	a subsidiary or subsidiaries (within the meaning of the Companies Ordinance or the Listing Rules or section 86 of the Companies Act) for the time being and from time to time of the Company whether incorporated in Hong Kong, Bermuda or elsewhere
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Unvested Option”	an Option that is not yet exercisable pursuant to the terms of the 2018 Share Option Scheme and the terms on which the Option is granted
“Vested Option”	an option that is exercisable pursuant to the terms of the 2018 Share Option Scheme and the terms on which the Option is granted

“Vesting Period” such period of time, as may be determined by the Board in its absolute discretion and set out in the terms of the grant of the Option, during which the right to exercise the Option in respect of all or some of the Shares to which the Option relates will vest subject to and in accordance with the terms and conditions of the grant of the Option

## **1. PURPOSE OF THE SHARE OPTION SCHEME**

- (a) The 2018 Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Persons have made or may make to the Group.
- (b) The 2018 Share Option Scheme will provide the Eligible Persons with an opportunity to have a personal stake in the Company through the Company offering the grant of Options. The ultimate entitlement of the Eligible Persons to the Options will depend on whether conditions, restrictions or limitations relating to achievement of operating or sales or financial targets or other conditions attached to the grant of Options, which may be varied by the Board at its absolute discretion has been met. The purpose of this Scheme is to achieve the following objectives:
  - (i) motivate the Eligible Persons to optimise their performance and efficiency for the benefit of the Group; and
  - (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons whose contributions are or will be beneficial to the long term growth of the Group.

## **2. WHO MAY JOIN AND BASIS FOR DETERMINING ELIGIBILITY**

- (a) The Board may at its discretion grant Options to:
  - (i) any director, Employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“**Affiliate**”); or
  - (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, Employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or
  - (iii) a company beneficially or wholly owned by any director, Employee, consultant, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.
- (b) In order for a person to satisfy the Board that he/she/it is qualified to be (or, where applicable, continues to qualify to be) an Eligible Person, such person shall provide all such information as the Board may request for the purpose of assessing his/her/its eligibility (or continuing eligibility).

- (c) Each grant of Options to a director, Chief Executive or Substantial Shareholder of the Company, or any of their respective Associates, must be approved in accordance with the requirements of the Listing Rules.

### **3. GRANT OF OPTIONS**

- (a) On and subject to the terms of the 2018 Share Option Scheme, the Board may during the Scheme Period offer to grant an Option to any Eligible Person, who the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit.
- (b) The Board shall fully comply with the relevant provisions of the Listing Rules from time to time in force when granting Options, and in particular, when granting Options to Connected Persons.
- (c) No Option shall be granted to any Eligible Person if the Grant Date in respect of that Option occurs (or would, in the absence of this paragraph, occur):
  - (i) within the period prescribed in the Listing Rules during which a director of the Company is prohibited from dealing in the securities of the Company; or
  - (ii) the grant of Options is prohibited.
- (d) A grant of an Option shall be made to an Eligible Person by letter (the date of which shall be deemed to be the Grant Date) in such form as the Board may from time to time determine specifying, inter alia, the Subscription Price, the Option Period, the number of Shares comprised in and the other relevant terms and conditions of the Option (including without limitation any performance, operational and/or financial targets that may be set by the Board) and shall require the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the 2018 Share Option Scheme and all other conditions attaching to the grant. The grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 14 Business Days from the Grant Date, provided that no such grant shall be open for acceptance after the expiry of the Scheme Period or after the 2018 Share Option Scheme has been terminated (if applicable). An Option cannot be accepted by any person who ceases to be qualified as an Eligible Person after the grant of Option has been made, provided that if an individual ceases to be an Eligible Person as a result of his death, his legal personal representative may accept the Option to the deceased person for a period of 14 Business Days from the Grant Date.
- (e) An Option shall be regarded as accepted when the duplicate of the grant letter, comprising acceptance of the Option, duly signed by the Grantee is received by the Company within the period referred to in paragraph 3(d).
- (f) Where any grant of Options is proposed to be made to an Eligible Person who is a director, Chief executive or Substantial Shareholder of the Company, or any of their respective Associates, or to any trust or company to which a director, Chief Executive or Substantial Shareholder of the Company is related in the manner set out in paragraph 2(a)(ii) or (iii), such grant (with the relevant terms and conditions including without limitation any

performance targets set by the Board) must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed Grantee of such Options). No director or any of his Associates shall be involved in deciding his own remuneration including any grant of Options. The Remuneration Committee, a majority of members of which mainly comprise non-executive directors, is responsible for considering and recommending for the Board's approval each year whether grants to executive directors will be awarded, and the performance targets to be applied.

- (g) Without prejudice to the generality of paragraph 3(f), where any grant of Options is proposed to be made to an Eligible Person who is a Substantial Shareholder or an independent non-executive director of the Company, or any of their respective Associates, or to any trust or company to which a Substantial Shareholder or an independent non-executive director of the Company is related in the manner set out in paragraph 2(a)(ii) or (iii), which would result in the Shares issued and which may fall to be issued upon the exercise of such Options proposed to be granted and all other options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the 2018 Share Option Scheme and any other share option scheme(s) of the Company and/or any Subsidiary in the 12-month period up to and including the proposed Grant Date for such Options:
- (i) representing in aggregate over 0.1% of the number of Shares then in issue; and
  - (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such Options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million,

then such grant of Options must first be approved by the shareholders of the Company in general meeting at which meeting all proposed Grantee(s) under this sub-paragraph 3(g), their respective Associates and all Core Connected Persons of the Company shall abstain from voting in favour at the general meeting. Any vote taken at the meeting to approve the proposed grant of such Options must be taken on a poll.

- (h) Any proposed change in the terms of Options granted to an Eligible Person who is a Substantial Shareholder or an independent non-executive director of the Company, or any of their respective Associates, or to any trust or company to which a Substantial Shareholder or an independent non-executive director of the Company is related in the manner set out in paragraph 2(a)(ii) or (iii), must first be approved by the shareholders of the Company in general meeting at which meeting the Grantee in question, his/her/its Associates and all Core Connected Persons of the Company shall abstain from voting in favour at the general meeting, where such Connected Persons may vote against the relevant resolution at the general meeting provided that their intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules. Any vote taken at the meeting to approve the proposed change to the terms of such Options must be taken on a poll.

- (i) Subject to the provisions of the 2018 Share Option Scheme, the Listing Rules and other applicable rules and regulations, the Board may, on a case by case basis and at its discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the 2018 Share Option Scheme as it may think fit (which shall be stated in the letter containing the grant of the Option) including (without prejudice to the generality of the foregoing):
- (i) the continuing eligibility of the Grantee under the 2018 Share Option Scheme, and in particular, where the Board resolves that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, which may be set by the Board at its absolute discretion from time to time, the Option (whether or not it is subject to a Vesting Period and to the extent that it has not already been exercised) shall lapse;
  - (ii) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, which may be varied by the Board at its absolute discretion from time to time, failing which the Option (whether or not it is subject to a Vesting Period and to the extent that it has not already been exercised) shall lapse unless otherwise resolved to the contrary by the Board;
  - (iii) in the event that the Grantee is a corporation, that any material change of the management and/or any change in the shareholding of the Grantee shall constitute a failure to meet the continuing eligibility criteria under the 2018 Share Option Scheme;
  - (iv) in the event that an Option is granted to a trust pursuant to paragraph 2(a)(ii), that any change of the beneficiary of such trust which results in the Eligible Person to which the trust is related ceasing to be a beneficiary of such trust shall constitute a failure to meet the continuing eligibility criteria under the 2018 Share Option Scheme;
  - (v) in the event that an Option is granted to a discretionary trust pursuant to paragraph 2(a)(ii), that any change of the discretionary objects of such discretionary trust which results in the Eligible Person to which the discretionary trust is related ceasing to be a discretionary object of such discretionary trust shall constitute a failure to meet the continuing eligibility criteria under the 2018 Share Option Scheme;
  - (vi) conditions, restrictions or limitations relating to the achievement of operating or sales or financial targets, which may include, but not limited to, earnings per share, total shareholders' value, turnover growth, net profit growth of the Company and retail or franchise store growth, or a combination thereof during a certain performance period, which may be benchmarked against the previous year's performance, to be determined by the Board from time to time;
  - (vii) the satisfactory performance of certain obligations by the Grantee;
  - (viii) the Vesting Period; or

- (ix) in the event that the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceases to be an Employee for any reason or has tendered a notice of resignation or has received a notice of termination of employment and within 2 years from the date of such cessation of employment, agrees to become employed, engaged or otherwise associated with or is employed, engaged or otherwise associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group, the Grantee shall deliver to the Company forthwith the entire economic benefit derived from any and all Shares allotted to the Grantee by the Company pursuant to the Options which have been or will be exercised by the Grantee under the 2018 Share Option Scheme.

#### **4. SUBSCRIPTION PRICE OF SHARES**

The Subscription Price for any Share under the 2018 Share Option Scheme shall be a price determined by the Board and notified to each Grantee (in the letter containing the offer of the grant of the Option) and shall not be less than the highest of (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the Grant Date, which must be a Business Day; (b) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Grant Date; and (c) the nominal value of a Share. The Subscription Price shall also be subject to any adjustments made in a situation contemplated under paragraph 9.

#### **5. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- (a) Subject to the Listing Rules, the maximum number of Shares subject to outstanding Options (whether being Vested Options or Unvested Options) and outstanding Other Scheme Options shall not exceed 30% of the Shares in issue from time to time. No Option or Other Scheme Options may be granted if it will result in this Overriding Limit being exceeded.
- (b) Subject to the Overriding Limit and sub-paragraphs (c) and (d) below, the maximum number of Shares in respect of which Options may be granted under this Scheme (including the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted to any Eligible Person) and any other share option scheme of the Company shall not exceed 10% of the number of Shares in issue on the Adoption Date. Based on the number of Shares in issue as at the Latest Practicable Date and assuming no further issue or purchase of Shares from the Latest Practicable Date to the Adoption Date, the maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2018 Share Option Scheme is 188,721,156 Shares. Unless approved pursuant to sub-paragraphs (c) and (d) below, no Options or Other Scheme Options may be granted if such grant will result in the Mandate Limit being exceeded. Options and Other Scheme Options lapsed according to the terms of the 2018 Share Option Scheme or Other Scheme(s) will not be counted for the purpose of calculating the Mandate Limit.
- (c) Subject to sub-paragraph (a) above and the approval of the shareholders of the Company in general meeting, the Company may from time to time "refresh" a Mandate Limit provided that the total number of Shares which may be issued upon exercise all Options and Other Scheme Options to be granted under the limit as "refreshed" shall not exceed 10%

of the number of Shares in issue as at the date of the resolution to approve the “refreshed” limit. Options and Other Scheme Options previously granted (including those outstanding, cancelled, lapsed (according to this Scheme or the Other Schemes) or exercised options) will not be counted for the purpose of calculating the “refreshed” limit. The Company can seek the approval of shareholders in general meeting to “refresh” a Mandate Limit any number of times as the Board considers appropriate. The Company will comply with all applicable laws, rules and regulations in seeking a refreshment of a Mandate Limit. Unless approved pursuant to sub-paragraph (d) below, the Board cannot grant any Option on or after the date on which the Mandate Limit is “refreshed” if such grant will result in the Mandate Limit as refreshed being exceeded.

- (d) Subject to the Overriding Limit and a specific approval of shareholders of the Company in general meeting, the Board may grant Options to Eligible Person(s) identified by the Board. If such shareholders’ approval is obtained, the Board may grant Options to any Eligible Person in respect of such number of Shares and on such terms as specified in the approval.
- (e) The maximum number of Shares referred to in sub-paragraphs (a), (b), (c) and (d) above shall be adjusted, in such manner as the Auditors or the independent financial adviser of the Company shall certify as fair and reasonable in accordance with paragraph 9.
- (f) Subject to paragraph 3(d) and subject as hereinafter provided in this paragraph 5(f), no Eligible Person shall be granted an Option which, if accepted and exercised in full, would result in the total number of Shares already issued and which may fall to be issued upon exercise of such Option proposed to be granted and all other options already granted and to be granted to him under the 2018 Share Option Scheme and any other share option scheme(s) of the Company and/or any Subsidiary, within the 12-month period up to and including the proposed Grant Date (including exercised, cancelled and outstanding options), would represent in aggregate over 1% of the number of Shares in issue as at the proposed Grant Date. If the prior approval of the shareholders of the Company in general meeting is obtained, in accordance with the relevant procedural requirements of the Listing Rules, at which meeting such Eligible Person and his Close Associates (or his Associates if the Eligible Person is a Connected Person) shall abstain from voting on the relevant resolution, the Board may grant Options to such Eligible Person in respect of such number of Shares and on such terms as may be specified in the said shareholders’ approval, notwithstanding that such grant of Options will result in the said 1% limit being exceeded.

## **6. TIME OF EXERCISE OF OPTION**

- (a) Subject to certain restrictions contained in the 2018 Share Option Scheme, a Vested Option may be exercised in accordance with the terms of the 2018 Share Option Scheme and the terms of grant set out in the grant letter referred to in paragraph 3(d) at any time during the applicable Option Period.
- (b) The right to exercise an Option is subject to and conditional upon the achievement of performance targets (if any) to be set by the Board and stated in the grant letter referred to in paragraph 3(d).



**7. RIGHTS ARE PERSONAL TO GRANTEE**

An Option shall be personal to the Grantee and shall not be assignable and except for the transmission of an Option on the death of a Grantee (being an individual) to his legal personal representative(s), no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option, or any part thereof, in favour of such Grantee (whether or not it is subject to a Vesting Period and to the extent it has not already been exercised).

**8. RIGHTS ON DEATH/CEASING EMPLOYMENT/RETIREMENT**

Subject to the terms of the 2018 Share Option Scheme, a Vested Option may be exercised by the Grantee at any time during the applicable Option Period in accordance with the terms of the grant letter referred to in paragraph 3(d), provided that:

- (a) in the event of death of the Grantee (being an individual) before exercising the Option in full, his legal personal representatives may exercise the Vested Option up to the Grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within the period of 12 months following his death or such longer period as the Board may determine;
- (b) subject to sub-paragraphs (c) and (d) below, in the event of the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceasing to be an Employee for any reason other than his death or the termination of his employment on one or more of the grounds specified in paragraph 14(f), then, if the Option Period has not at the date of such cessation commenced, the Option shall lapse; and if the Option Period has commenced, the Grantee may exercise the Vested Option up to his entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 3 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable);
- (c) where the Grantee is an Employee, or the Grantee is related to an Employee as referred to in paragraph 2(a)(ii) or (iii), at the time of the grant of the relevant Option(s) and the employment of the Employee is terminated on the ground of disability due to physical injury or ill health or insanity and none of the events which would be a ground for termination of his employment specified in paragraph 14(f) has occurred (i) in the case of an Unvested Option, the Board shall have absolute discretion in determining whether the Unvested Option shall continue to be in full force and effect notwithstanding the cessation of the employment; and (ii) in the case of a Vested Option, the Grantee may exercise the Vested Option (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) within 3 months following such cessation or such longer period as the Board may determine;
- (d) where the Grantee is an Employee, or the Grantee is related to an Employee as referred to in paragraph 2(a)(ii) or (iii), at the time of the grant of the relevant Option(s), in the event



that such Grantee (or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) shall cease to be an Employee but becomes, or continues to be, a director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate (as defined in paragraph 2(a)(i)), then (i) in the case of an Unvested Option, the Board shall have absolute discretion in determining whether the Unvested Option shall continue to be in full force and effect; and (ii) in the case of a Vested Option, the Vested Option (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) can be exercised within 3 months following the date of such cessation or such longer period as the Board may determine;

- (e) in the event of the Grantee who is a director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate but not an Employee, or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceasing to be a director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a Grantee being an individual), any Unvested Option shall lapse and the Vested Option (to the extent exercisable as at the date of such cessation and not exercised) can be exercised within 3 months following the date of such cessation;
- (f) subject to the provisions of the 2018 Share Option Scheme, in the event of the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceases to be an Employee by reason of retirement in accordance with his employment contract and/or the retirement policy of the Group, the Options granted to such Grantee whether vested or not shall be automatically and immediately accelerated so that all such Options shall become vested and exercisable within 3 months after the date of such retirement, unless the Board has notified the Grantee in writing on or prior to the date of such retirement that the acceleration set out in this sub-paragraph (f) does not apply to the Options granted to the Grantee. All outstanding Options so vested which are not exercised within the 3 months after the date of retirement shall lapse upon the expiry of the aforesaid 3-month period. The Board's determination as to (i) whether an Employee ceases to be an Employee by reason of retirement and (ii) what is the date of retirement shall be final and binding on the Grantee.

## **9. EFFECTS OF ALTERATIONS TO CAPITAL**

Subject to the provisions as described in the clause under "Maximum Number of Shares Available for Subscription" of the 2018 Share Option Scheme, in the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves (including an issue of scrip dividend), rights issue or open offer of Shares, consolidation, subdivision or reduction of capital of the Company or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made in:

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares referred to in paragraph 5.

The Auditors or the independent financial adviser of the Company shall certify in writing to the Board the alterations, and according to their opinion based on fairness and reasonableness either generally or as regards any particular Grantee (except in the case of a capitalisation issue where no such certification shall be required unless otherwise expressly required by the Board) and satisfy the requirement that such alterations give the Grantee the same proportion of the equity capital as that to which that the Grantee was previously entitled, provided that:

- (i) any such alterations shall be made on the basis that the relevant total Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt, the issue of securities as consideration in a transaction to which the Company is a party shall not be regarded as a circumstance requiring any such alterations.

#### **10. RIGHTS ON A TAKEOVER**

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers), the Grantee shall be entitled to exercise the Vested Option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers).

#### **11. RIGHTS ON A SCHEME OF ARRANGEMENT**

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Subscription Price payable in respect of the exercise of the relevant Vested Option (such notice to be received by the Company not later than five Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Vested Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

**12. RIGHTS ON A VOLUNTARY WINDING UP**

In the event notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Subscription Price payable in respect of the exercise of the relevant Vested Option (such notice to be received by the Company not later than five Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Vested Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

**13. RIGHTS ATTACHING TO SHARES UPON EXERCISE OF AN OPTION**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the bye-laws of the Company in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered in to the register of members of the Company as the holder thereof.

**14. LAPSE OF OPTION**

An Option (whether or not such Option is subject to a Vesting Period and to the extent such Option has not already been exercised) shall lapse automatically and not be exercisable on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 8(a), (b), (c), (d) and (e);
- (c) subject to the Supreme Court of Bermuda not making an order prohibiting the offeror to acquire the remaining Shares in the offer, the expiry of the period referred to in paragraph 10;
- (d) subject to paragraph 12, the date of the commencement of the winding-up of the Company;
- (e) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 11;
- (f) the date on which the Grantee who is an Employee, or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii), ceases to be an Employee by reason of the termination of his employment on the grounds that he has been guilty of serious

misconduct, or has become insolvent or is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract or terms of office with the Company or the relevant Subsidiary. A resolution of Board or the board of directors of the relevant Subsidiary to the effect that the employment of a Grantee (or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) has or has not been terminated on one or more of the grounds specified in this sub-paragraph (f) shall be conclusive and binding on the Grantee;

- (g) the happening of any of the following events, unless otherwise waived by the Board:
- (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation);
  - (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any similar provisions under the Companies Act) or otherwise become insolvent;
  - (iii) there is unsatisfied judgment, order or award outstanding against the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) or the Company has reason to believe that the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) is unable to pay or have no reasonable prospect of being able to pay his debts;
  - (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (g)(i), (ii) and (iii) above;
  - (v) a bankruptcy order has been made against the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) or any director of the Grantee (being a corporation) in any jurisdiction; or
  - (vi) a petition for bankruptcy has been presented against the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) or any director of the Grantee (being a corporation) in any jurisdiction;
- (h) where the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) commits a breach of paragraph 7, the date on which the Board shall exercise the Company's right to cancel the Option;

- (i) the date on which the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board;
- (j) the date on which the Board resolves that the Grantee (or the relevant person to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to paragraph 3(i)(i); or
- (k) where the Grantee (or the Employee to which the Grantee is related as referred to in paragraph 2(a)(ii) or (iii)) shall cease to be an Employee or has tendered a notice of resignation or has received a notice of termination of employment and becomes employed by or engaged by or associated with or agrees to become employed by or engaged by or associated with another entity the business of which (in the opinion of the Board) competes with the business of the Group (the “Event”), all Options granted to such Grantee shall lapse on the date the Event takes place.

#### **15. CANCELLATION OF OPTIONS GRANTED**

The Board shall have the absolute discretion to cancel any Options granted at any time at the request of the Grantee provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made to the same Grantee if there are available Shares in the authorised but unissued share capital of the Company comprising in ungranted Options (excluding for this purpose all cancelled Options) within the limits referred to in paragraph 5.

#### **16. ALTERATION TO THE 2018 SHARE OPTION SCHEME AND TERMINATION**

- (a) The 2018 Share Option Scheme may be altered in any respect by resolution of the Board except that the following matters shall require shareholders’ approval at general meeting:
  - (i) the provisions of the 2018 Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the shareholders of the Company in general meeting; and
  - (ii) any alterations to the terms and conditions of the 2018 Share Option Scheme which are of a material nature, except where such alterations take effect automatically under the existing terms of the 2018 Share Option Scheme,

unless where the sole purpose of the alteration is to align the provisions of the 2018 Share Option Scheme with the amendments to the applicable laws, regulations or Listing Rules then the alteration may be approved by resolution of the Board and does not require shareholders’ approval at general meeting. The Board shall ensure that the amended terms of this Scheme must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.

- (b) Any change to the authority of the Board in relation to any alteration to the terms of the 2018 Share Option Scheme must first be approved by the shareholders of the Company in general meeting.

- (c) The Company, by resolution in general meeting or the Board may at any time terminate the operation of the 2018 Share Option scheme and in such event no further Options will be granted and accepted but the provisions of the 2018 Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms on which the Options are granted.

#### **17. CONDITIONS OF THE 2018 SHARE OPTION SCHEME**

The 2018 Share Option Scheme shall take effect subject to the passing of necessary resolution to adopt the 2018 Share Option Scheme by the shareholders of the Company in a general meeting of the Company and is conditional upon (a) the Stock Exchange granting approval of the 2018 Share Option Scheme and the listing of and permission to deal in any Shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the 2018 Shares Option Scheme; and (b) if necessary, the Bermuda Monetary Authority granting permission for the issue and free transfer of any Shares to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the 2018 Share Option Scheme.

#### **18. ADMINISTRATION OF THE 2018 SHARE OPTION SCHEME**

- (a) Subject to paragraphs 16(c) and 17, the 2018 Share Option Scheme shall be valid and effective for the Scheme Period (after which no further Options will be granted or accepted) but the provisions of the 2018 Share Option Scheme shall remain in full force, and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as maybe required in accordance with the provisions of the 2018 Share Options Scheme.
- (b) The 2018 Share Option Scheme shall be administered by the Board whose decision (save as otherwise provided in the 2018 Share Option Scheme) shall be final and binding on all parties.

#### **19. RESPONSIBILITY STATEMENT**

This circular, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.