
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



KFM KINGDOM HOLDINGS LIMITED

KFM 金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3816)

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS AND CONTINUOUS
APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE
DIRECTOR SERVING MORE THAN NINE YEARS;
(3) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the AGM to be held at Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 23 August 2023 at 10:00 a.m. is set out on pages 45 to 50 of this circular.

Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the AGM (no later than 10:00 a.m. on Monday, 21 August 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such case, the form of proxy previously submitted shall be deemed to be revoked.

21 July 2023

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
Grant of General Mandate, Repurchase Mandate and Extension Mandate	5
Closure of register of members	6
Proposed re-election of Directors and continuous appointment of an independent non-executive Director serving more than nine years	6
Proposed amendments to the Share Option Scheme	7
Actions to be taken	10
Voting at the AGM	10
Recommendations	10
Responsibility Statement	11
General information	11
Miscellaneous	11
Appendix I — Explanatory statement on the Repurchase Mandate	12
Appendix II — Details of the Directors proposed to be re-elected at the AGM	16
Appendix III — Proposed Amendments to the Share Option Scheme	19
Notice of AGM	45

DEFINITIONS

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

“1% Individual Limit”	the limit that the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Scheme(s) to an individual participant shall not exceed 1% of the issued share capital of the Company in any 12-month period
“Adoption Date”	the date on which the Share Option Scheme was approved by the Shareholders, i.e. 23 August 2022
“AGM”	the annual general meeting of the Company to be convened and held at Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 23 August 2023 at 10:00 a.m., the notice of which is set out on pages 45 to 50 of this circular, and any adjournment thereof
“Amended Rules”	the amendments to the Listing Rules relating to share schemes of listed issuers, which has taken effect on 1 January 2023 pursuant to the Consultation Conclusions
“Amended Share Option Scheme”	the amended share option scheme which has incorporated all of the Proposed Amendments
“Articles”	the articles of association of the Company, as amended from time to time
“associates”	has the same meaning as defined under the Listing Rules
“Board”	the board of Directors
“Companies Act”	the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	KFM Kingdom Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as defined under the Listing Rules
“Consultation Conclusions”	consultation conclusions on the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“Director(s)”	director(s) of the Company

DEFINITIONS

“Employee Participant”	any employee (whether full-time or part-time, including any executive Director but excluding any independent non-executive Director) of our Company or any of its subsidiaries (and including persons who are granted options under the Amended Share Option Scheme as an inducement to enter into employment contract with these companies)
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the General Mandate
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate number of the issued Shares as at the date of passing the relevant resolution at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China
“Proposed Amendments”	the proposed amendments to the Share Option Scheme as set out in Appendix III to this circular
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase Shares, the aggregate number of which shall not exceed 10% of the aggregate number of issued Shares as at the date of passing the relevant resolution at the AGM

DEFINITIONS

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on the Adoption Date
“Share Scheme(s)”	share option schemes and/or share awards schemes involving issuance of new Shares adopted and/or to be adopted by the Company from time to time, including the Amended Share Option Scheme
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	the companies which are for the time being and from time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap 622 of the Laws of Hong Kong)) of the Company
“substantial shareholder”	has the meaning as defined under the Listing Rule
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.



KFM KINGDOM HOLDINGS LIMITED

KFM 金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3816)

Executive Directors:

Mr. Sun Kwok Wah Peter
Mr. Wong Chi Kwok

Non-executive Director:

Mr. Zhang Haifeng (*Chairman*)

Independent non-executive Directors:

Mr. Wan Kam To
Ms. Zhao Yue
Mr. Shen Zheqing

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Workshop C, 31/F, TML Tower 3
Hoi Shing Road, Tsuen Wan
New Territories
Hong Kong

21 July 2023

To the Shareholders

Dear Sir or Madam

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS AND CONTINUOUS
APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE
DIRECTOR SERVING FOR MORE THAN NINE YEARS
AND
(3) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME**

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM and to give you notice of the AGM. Resolutions to be proposed at the AGM include, *inter alia*: (a) ordinary resolutions on the proposed grant of each of the General Mandate, the Repurchase Mandate and the Extension Mandate; (b) ordinary resolutions relating to the proposed re-election of the Directors and continuously

LETTER FROM THE BOARD

appoint Mr. Wan Kam To who has served the Company for more than nine years as an independent non-executive Director; (c) ordinary resolution relating to the Proposed Amendments and adoption of the Amended Share Option Scheme.

GRANT OF GENERAL MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the AGM, the following resolutions, among other matters, will be proposed:

- (a) to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with the Shares up to a maximum of 20% of the aggregate number of the issued Shares on the date of passing of such resolution. On the basis of 600,000,000 Shares in issue as at the Latest Practicable Date and assuming no Shares will be issued or repurchased prior to the AGM, the maximum number of Shares to be allotted and issued pursuant to the General Mandate will be 120,000,000;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase the Shares on the Stock Exchange up to a maximum of 10% of the aggregate number of the issued Shares on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

Each of the General Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the AGM; (b) the date by which the next annual general meeting is required by the Companies Act or the Articles to be held; or (c) when the authority given to the Directors thereunder is revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options granted under the Existing Share Option Scheme.

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix I to this circular.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 18 August 2023 to Wednesday, 23 August 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 August 2023.

PROPOSED RE-ELECTION OF DIRECTORS AND CONTINUOUS APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR SERVING MORE THAN NINE YEARS

Pursuant to article 105 of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Mr. Zhang Haifeng and Mr. Wan Kam To shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election as Directors at the AGM.

Mr. Wan Kam To has been serving as an independent non-executive Director for more than nine years, and is holding other listed company directorships as stated in his biographical information set out in Appendix II to this circular. Pursuant to Code Provision B.2.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, given Mr. Wan has served as an independent non-executive Director for more than nine years, his re-election will be subject to a separate resolution to be approved by the Shareholders.

The Company has in place a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and procedures to be adopted when considering candidates to be appointed or re-elected as Directors. In assessing the re-election of Mr. Zhang and Mr. Wan as a non-executive Director and an independent non-executive Director, respectively, the Nomination Committee and the Board have considered their respective contribution and service to the Company, and reviewed their respective expertise and professional qualifications to determine whether each of Mr. Zhang and Mr. Wan satisfies the selection criteria under the Nomination Policy. The Nomination Committee and the Board consider that each of Mr. Zhang and Mr. Wan has the required character and integrity to act as a Director, and possesses broad and extensive experience and professional knowledge in the fields of business management and accounting to bring objective judgement to the Board.

The Company has received an annual written confirmation from Mr. Wan confirming his independence in accordance with Rule 3.13 of the Listing Rules. In assessing the independence of Mr. Wan, the Nomination Committee have assessed and reviewed the annual written confirmation of independence given by him. The Nomination Committee also considered the fact that Mr. Wan (i) does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company; (ii) remains independent as he has not taken part in the day-to-day

LETTER FROM THE BOARD

management or performed any management role or executive function in the Group; (iii) is not involved in any relationships or circumstances which would interfere with the exercise of his independent judgement as an independent non-executive Director; and (iv) has obtained in depth understanding of the Group's operation and business and has been providing objective and independent views to the Company during his tenure. Based on the above, the Nomination Committee is of the view that Mr. Wan remains independent and meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines despite his years of service with the Company.

Mr. Wan is a qualified accountant and has extensive experience in auditing and advisory work. He contributes to the diversity of the Board by bringing his professional skills, knowledge and valuable experience in the areas of accounting as well as corporate management and governance to the Board.

Having considered the professional qualifications of Mr. Wan, his independent scope of work in the past years and the current skill mix of the Board, the Nomination Committee considered that the continuous appointment of Mr. Wan as an independent non-executive Director will bring considerable stability to the Board, and Mr. Wan will continue to provide valuable advice to the business development of the Group, whilst having sufficient diversity for the Board to discharge its functions effectively. Therefore, the Nomination Committee nominated Mr. Wan to the Board for it to propose to the Shareholders for re-election at the AGM.

Based on the aforesaid and having considered the extensive knowledge and experience of each of Mr. Zhang and Mr. Wan, the Board considers that the re-election of the above retiring Directors, including Mr. Zhang as a non-executive Director and Mr. Wan as an independent non-executive Director, is in the best interests of the Company and the Shareholders as a whole and, with the recommendation of the Nomination Committee, they should be re-elected.

Biographical information of each of the Directors who are proposed to be re-elected at the AGM is set out in Appendix II to this circular.

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules was amended to govern both share option schemes and share award schemes with effect from 1 January 2023.

Pursuant to the Amended Rules and the Share Option Scheme, alterations to the terms and conditions of a share scheme which are of a material nature must be approved by the Shareholders in general meeting. As the Proposed Amendments are of a material nature, the Proposed Amendments will be subject to Shareholders' approval at the AGM.

LETTER FROM THE BOARD

The key changes entailed by the Proposed Amendments are set out below:

- (a) To revise the definition of “eligible participants” by only including:
 - i. any Employee Participant; and
 - ii. any non-executive directors (excluding independent non-executive directors) of the Company or any subsidiary of the Company;
- (b) to allow for options held by a grantee to be transferred to a trust or a private company for the benefit of the grantee and any family member (if applicable) of such grantee for the purpose of estate planning or tax planning or any other reason the Directors and the Stock Exchange consider to be justifiable would meet the purpose of the Amended Share Option Scheme and comply with the requirements of the Listing Rules;
- (c) to include a scheme mandate limit of not exceeding 10% of the Company’s issued shares to all Share Schemes (which includes the Amended Share Option Scheme);
- (d) to require independent Shareholders’ approval for refreshment of scheme mandate within a three-year period from the date of Shareholders’ approval for the last refreshment (or, as the case may be, the Adoption Date);
- (e) to require approval by the Shareholders for grant of share options over new Shares to an individual participant if the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which includes the Amended Share Option Scheme) to an individual participant will exceed 1% of the issued share capital of the Company in any 12-month period (i.e. the 1% Individual Limit);
- (f) to require approval by the Shareholders for grant of share options over new Shares to an independent non-executive Director or a substantial shareholder if the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which includes the Amended Share Option Scheme) to an independent non-executive Director or a substantial shareholder will exceed 0.1% of the issued shares of the Company in any 12-month period;
- (g) to include a minimum vesting period of 12 months, where grant of share options to Employee Participants are subject to a shorter vesting period under specific circumstances, and grant of share options to Directors and senior management of the Company with a shorter vesting period must be approved by the Remuneration Committee¹; and
- (h) to include other house-keeping amendments for the purpose of making consequential amendments in line with the Proposed Amendments, and to better align the wording with that of the Amended Rules.

LETTER FROM THE BOARD

Notes:

1. The Board and the Remuneration Committee consider that the vesting period (including the factors to be considered for a shorter vesting period) enables the Company to offer competitive remuneration and reward packages to “eligible participants”, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the practice of the Company. Thus, the vesting period is considered appropriate and aligns with the purpose of the Amended Share Option Scheme.
2. (i) With respect to existing employees, directors or chief executive of the Company, or any of its subsidiaries, as the Directors would consider the eligible participant’s actual performance at work and previous and potential future contribution to the development and growth of the Group prior to granting the share option(s) thereto, the Directors are of the view that it would not be necessary to set performance targets, and clawback mechanism, accordingly for such eligible participant; and (ii) with respect to persons who are granted share options under the Amended Share Option Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries, the Board believes that it would provide the Board with more flexibility in setting out the particular performance target(s) and clawback mechanism in the terms and conditions of the share options to such grantee as different performance target(s) would be required for each grantee after considering their respective roles and responsibilities, and how each grantee is expected to contribute to the long-term development of the Group in different ways. Accordingly, the Directors consider not setting out any specific performance targets and clawback mechanism in the Amended Share Option Scheme aligns with the purposes of the Amended Share Option Scheme.

The Proposed Amendments and the adoption of the Amended Share Option Scheme will take effect on the date of its adoption at the AGM and is conditional upon the passing of the ordinary resolution by the Shareholders to approve the Proposed Amendments and the adoption of the Amended Share Option Scheme. So far as the Directors are aware, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting on the side resolution.

The Proposed Amendments are set out in Appendix III to this circular.

As at the Latest Practicable Date, (i) no share options had been granted under the Share Option Scheme; (ii) the Company had not adopted any share award scheme involving issuance of new Shares or being funded by existing Shares.

As advised by the legal advisers of the Company as to Hong Kong laws, the Company understands that the adoption of the Amended Share Option Scheme would not constitute an offer to public and prospectus requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (“CWUMPO”). The Company will continue to observe the requirements under the CWUMPO and ensure any grant of share options under the Amended Share Option Scheme does not constitute an offer of shares or debentures under CWUMPO or will qualify under the exemption thereof.

LETTER FROM THE BOARD

ACTIONS TO BE TAKEN

Set out on pages 45 to 50 of this circular is a notice convening the AGM at which ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the proposed grant of the General Mandate, Repurchase Mandate and Extension Mandate;
- (b) the proposed re-election of Directors; and
- (c) the proposed Amendments to the Share Option Scheme.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the AGM (no later than 10:00 a.m. on Monday, 21 August 2023 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Where a "black" rainstorm warning is in force or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted or "extreme conditions" caused by super typhoons is in force at 8:00 a.m. on 23 August 2023, the AGM to be held at Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong, on 23 August 2023 at 10:00 a.m. will be postponed. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.kingdom.com.hk) to notify Shareholders of the date, time and place of the rescheduled meeting. The AGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Having considered their own situations, Shareholders should decide on their own whether they would attend the AGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

VOTING AT THE AGM

All resolutions at the AGM shall be conducted by way of poll, and the results of the AGM will be announced by the Company in compliance with the Listing Rules.

RECOMMENDATIONS

The Board considers that the proposed grant of the General Mandate, Repurchase Mandate and Extension Mandate, the proposed re-election of Directors and continuously appoint Mr. Wan Kam To who has served the Company for more than nine years as an independent non-executive Director, the Proposed Amendments and adoption of Amended

LETTER FROM THE BOARD

Share Option Scheme to be proposed at the AGM are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the AGM.

RESPONSIBILITY STATEMENT

This circular, for 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.

GENERAL INFORMATION

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

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By order of the Board
KFM Kingdom Holdings Limited
Zhang Haifeng
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant of the Repurchase Mandate to the Directors.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 600,000,000 Shares in issue. The Repurchase Mandate will enable the Directors to repurchase the Shares on the Stock Exchange up to a maximum of 10% of the aggregate number of the issued Shares on the date of passing the relevant ordinary resolution in the AGM. Subject to the passing of the proposed resolution granting the Repurchase Mandate and assuming that no Shares will be issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 60,000,000 Shares.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Act, other applicable laws of the Cayman Islands and the Listing Rules. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Act, repurchases by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles and subject to the provisions of the Companies Act, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must

be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles and subject to the provisions of the Companies Act, out of capital.

5. GENERAL

There might be a material adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in the most recent published audited accounts, in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
July	0.25	0.22
August	0.23	0.20
September	0.23	0.19
October	0.20	0.19
November	0.21	0.17
December	0.20	0.18
2023		
January	0.20	0.18
February	0.21	0.17
March	1.00	0.21
April	0.24	0.20
May	0.23	0.21
June	0.22	0.19
July (up to the Latest Practicable Date)	0.21	0.21

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands and in accordance with the regulations set out in the memorandum of association of the Company and the Articles.

8. CONNECTED PERSON

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

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company, or has any such connected person undertaken not to do so, in the event that the grant of Repurchase Mandate to the Directors is approved by the Shareholders.

9. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If on exercise of the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder 's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Massive Force Limited (“MFL”) beneficially owned 449,999,012 Shares, representing approximately 75.0% of the existing issued Shares. The issued ordinary shares of MFL are owned as to 40.0% by Mr. Zhang Yongdong.

Assuming that the issued share capital of the Company remains unchanged up to the date of the AGM and in the event that the Repurchase Mandate is exercised in full, the shareholding of MFL in the Company will be increased to approximately 83.33%. On the basis of the current shareholding of MFL, an exercise of the Repurchase Mandate will not result in MFL becoming obliged to make a mandatory offer under Rule 26.1 of the Takeovers Code.

The Directors have no intention to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such extent as would result in the level of shareholdings in the Company held by the public falling below 25%. None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates has any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

10. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following sets out the biographical information of the Directors eligible for re-election at the AGM:

Non-executive Director

Mr. Zhang Haifeng (張海峰), aged 56, was appointed as a non-executive Director and chairman on 13 October 2016. Mr. Zhang Haifeng is currently the vice general manager of 內蒙古坤龍房地產開發有限責任公司 (Inner Mongolia Kun Long Real Estate Development Limited). Prior to his current position at Inner Mongolia Kun Long Real Estate Development Limited, he worked for various positions at 包頭市對外經濟貿易公司 (Baotou Foreign Economic Relations and Trade Limited) from 1988 to 2002.

Mr. Zhang Haifeng has not held any directorship in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and does not have any other major appointments. Save as disclosed, Mr. Zhang Haifeng does not hold any other positions with the Company or any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Zhang Haifeng. Pursuant to the letter of appointment entered into between the Company and Mr. Zhang Haifeng, Mr. Zhang Haifeng has been appointed as a non-executive Director without a specific fixed terms commencing from 13 October 2016. His appointment may be terminated by himself by serving not less than one month's notice in writing. Mr. Zhang Haifeng is subject to retirement and re-election in accordance with the code of corporate governance practices. The emolument of Mr. Zhang Haifeng is HK\$150,000 per annum which was determined by reference to the prevailing market rate.

As at the Latest Practicable Date, Mr. Zhang Haifeng did not have, and was not deemed to have, any interests in any other Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Mr. Zhang Haifeng does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Independent non-executive Director

Mr. WAN Kam To *MH* (尹錦滔), aged 70, was appointed as our independent non-executive Director in September 2012. Mr. Wan graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in 1975. He was a partner of PricewaterhouseCoopers where he worked for over 30 years and accumulated extensive experience in auditing, finance advisory and management. He is currently a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and has been appointed as the non-executive director of the Accounting and Financial Reporting Council with effect from 1 October 2019.

Mr. Wan is currently an independent non-executive director of various listed companies, which are listed on the Stock Exchange, namely A-Living Smart City Services Co., Ltd (stock code: 3319), China Resources Land Limited (stock code: 1109), Fairwood Holdings Limited (stock code: 52) and Haitong International Securities Group Limited (stock code: 665).

Mr. Wan had served as an independent non-executive director of Target Insurance (Holdings) Limited (stock code: 6161) from November 2014 to August 2021 and an independent director of China World Trade Center Co., Ltd., a company listed on the SSE (stock code: 600007) from November 2016 to November 2022.

Mr. Wan had served in the Council of Hong Kong Metropolitan University (formerly the Open University of Hong Kong) as Council member from 2009 to June 2022 and was the Honorary Treasurer from 2009 to June 2022. In recognition of his public service to HKMU and contribution to the Hong Kong community, Peter was awarded the Medal of Honour by the Hong Kong SAR Government in the 2022 Honours List and conferred the degree of Doctor of Social Sciences by the University in December 2022.

Save as disclosed, Mr. Wan Kam To has not held any directorship in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and does not have any other major appointments. Save as disclosed, Mr. Wan Kam To does not hold any other position with the Company or any of its subsidiaries.

There is no service contract entered into between the Company and Mr. Wan Kam To. Pursuant to the letter of appointment entered into between the Company and Mr. Wan Kam To, Mr. Wan Kam To has been appointed as an independent non-executive Director for a term of two years from 22 September 2012.

Mr. Wan Kam To's appointment may be terminated by himself by serving not less than one month's notice in writing. Mr. Wan Kam To is subject to retirement and re-election in accordance with the code of corporate governance practices. The emolument of Mr. Wan Kam To is HK\$500,000 per annum which was determined by reference to the prevailing market rate.

As at the Latest Practicable Date, Mr. Wan Kam To did not have, and was not deemed to have, any interests in any other Shares, underlying Shares and debentures of the Company within the meaning of Part XV of the SFO.

Mr. Wan Kam To does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of each of Mr. Zhang Haifeng and Mr. Wan Kam To and there is no information which is discloseable nor is/was Mr. Zhang Haifeng and Mr. Wan Kam To involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

The following is a summary of the Proposed Amendments to be approved and adopted by an ordinary resolution of the Shareholders at the AGM. It does not form part of, nor is it intended to be part of the rules of the Amended Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the Amended Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the Amended Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspect with the summary in this Appendix:

1. Definitions

1.1. In this Scheme, unless the context otherwise requires, each of the following words and expressions has the meaning respectively shown opposite to it:

<u>“1% Individual Limit”</u>	<u>in respect of an Eligible Participant, the number of Share issued or failing to be issued to that Eligible Participant under all the Grants made to him over any 12-month period up to and including the date of the proposed Grant, must not, unless specially approved by shareholders in general meeting in accordance with the Listing Rules, exceed 1% of the total number of Shares in issue and shall bear the meaning as defined in paragraph 8.3</u>
“Adoption Date”	23 August 2022, being the date on which the Board approved the adoption of the Scheme in the annual general meeting
“Articles”	the articles of association of the Company, as amended from time to time
“associates”	has the same meaning as defined under the Listing Rules
<u>“Auditors”</u>	<u>the auditors for the time being of the Company</u>
<u>“Award”</u>	<u>Shares granted or to be granted under any Share Award Scheme to be adopted by the Company</u>
“Board”	the board of Directors
<u>“business day”</u>	<u>any day on which the Stock Exchange is open for the business of dealing in securities</u>
<u>“close associates”</u>	<u>shall bear the meaning as defined in the Listing Rules</u>

“Company”	KFM Kingdom Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
<u>“connected person”</u>	<u>shall bear the meaning as defined in the Listing Rules</u>
<u>“core connected person”</u>	<u>shall bear the meaning as defined in the Listing Rules</u>
“Date of Grant”	the date on which an Offer is offered to an <u>Eligible Participant</u>
“Director(s)”	director(s) of the Company
<u>“Eligible Participants”</u>	<u>the person who may be invited by the Directors to take up Options as referred to in paragraph 4.1, and “Eligible Participant” shall be construed accordingly</u>
“Eligible Employee Participant”	any employee (whether full-time or part-time employee , including any executive director but excluding any independent non-executive director) of our <u>the</u> Company or any of its <u>S</u> ubsidiaries <u>(including persons who are granted options or awards under this Scheme as an inducement to enter into employment contracts with these companies)</u>
<u>“Grant”</u>	<u>including “offer”, “issue” and “grant” of Options under this Scheme</u>
“Grantee”	any <u>Eligible p</u> Participant(s) who accepts the Offer in accordance with the terms of this <u>the</u> Scheme or (where the context so permits <u>and as referred to in paragraph 6.4(a) his Personal Representative</u>)
“Group”	the Company and its <u>the S</u> ubsidiaries and <u>“member(s) of the Group” shall be construed accordingly</u>
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
<u>“INED”</u>	<u>independent non-executive director(s) of the Company from time to time</u>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Scheme”	this share option scheme (<u>involving the grant of options over Shares</u>) in its present or any amended form from time to time in accordance with the provisions hereof
“Offer”	the offer of the grant of an Option
“ <u>Offer Date</u> ”	<u>the date, which must be a business day, on which an Offer is made to an Eligible Participant</u>
“Option(s)”	an option to subscribe for Shares granted under the Scheme
“Option Period”	for the purpose of any Option, a period (<u>which may not be later than ten (10) years from the Offer Date of that Option</u>) to be determined and notified by the Board to the Grantee thereof and, in <u>the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraph 7; and (ii) 10 years from the Offer Date of that Option</u> which an Option may be exercised by the Grantees in accordance with the terms of the Scheme and the Offer. Such period shall commence on the Date of Grant and expire on such date as determined by the Board provided that the Option may not be exercised after expiration of 10 years from the Date of Grant
“ <u>Participant(s) Vehicle</u> ”	shall bear the meaning as defined in paragraph 6.1(b) any person(s) falling into the scope as stipulated in paragraph 4.1 of this document and eligible to take up Options to subscribe for Shares under the Scheme
“ <u>Personal Representative(s)</u> ”	<u>the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)</u>
“ <u>Remuneration Committee</u> ”	<u>the remuneration committee established by the Board from time to time</u>
“ <u>Scheme Mandate Limit</u> ”	<u>shall bear the meaning as defined in paragraph 8.1</u>

<u>“Senior Management”</u>	<u>a member of the senior management of the Company as disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 of the Listing Rules (as may be amended from time to time)</u>
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
<u>“Share Award Scheme”</u>	<u>any scheme adopted or to be adopted by the Company, involving the grant of new Shares by the Company</u>
<u>“Share Schemes”</u>	<u>including this Scheme and any Share Award Scheme(s)</u>
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
<u>“Subscription Price”</u>	<u>the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option, as determined in accordance with paragraph 5.1</u>
<u>“Subsidiaries”</u>	<u>the companies which are for the time being and from time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the British Virgin Islands, the People’s Republic of China or elsewhere, and “Subsidiary” shall be construed accordingly</u>
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
<u>“Vesting Date”</u>	<u>in relation to any Grantee, the earliest date on which the Option (or a tranche thereof) granted to him may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Option</u>

<u>“Vesting Period”</u>	<u>in relation to any Grantee, the period commencing on the date on which the Grantee accepts the Option granted to him and ending on the Vesting Date (both dates inclusive)</u>
“%”	per cent

1.2. In this Scheme:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. Purpose, duration and administration

- 2.1 The purpose of this Scheme ~~are~~^{is} to (i) enable the ~~Group Company~~ to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote sustainable development of the Group; and (iii) to align the interest of the Grantees with those of the Shareholders to promote long-term financial and business performance of the Company.
- 2.2 This Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 4.2 which shall be approved in the manner referred to therein ~~and~~, or save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

- 2.3 Subject to paragraphs ~~32~~ and 14, this Scheme shall be valid and effective from the Commencement Date until the Termination Date ~~for a period of 10 years~~, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the vesting and exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.
- 2.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the vesting, holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are and will be valid and will comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant to produce such evidence as they may reasonably require for such purpose.

3. Conditions

- 3.1 ~~This Scheme shall take effect for a 10 year period ending at the close of business on the tenth anniversary of the date of the annual general meeting subject to the following conditions~~ is conditional upon:
- (a) the passing of the necessary resolution(s) to approve and adopt this Scheme in general meeting or by way of written resolution(s) of all Shareholders (the “Shareholders’ Resolution”) an ordinary resolution by the Shareholders to approve and adopt this Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
 - (b) the Listing Committee of the Stock Exchange granting for the listing of, and permission to deal in, the Shares representing the Scheme Mandate Limit (as defined in paragraph 8.1) to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme, which fall to be issued pursuant to the exercise of Options on the Stock Exchange.
- 3.2 If the conditions referred to in paragraph 3.1 are not satisfied on or before the date falling 30 days after the date of the Shareholders’ Resolution, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 3.3 Reference in paragraph 3.1(b) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

3.4 A certificate of a Director that the conditions set out in paragraph 3.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

4. Grant of Options

4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall at their absolute discretion, subject to paragraph 9, invite:

(a) ~~invite any Eligible Employee~~ Participant; and

(b) ~~and any non-executive dDirectors (excluding independent non-executive Directors) of the Company or any Subsidiary;~~

~~to take up Options to subscribe for Shares, and, for the purposes of this Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants.~~

For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under this Scheme.

4.2 Without prejudice to paragraph 8.46 below, the making of an Offer to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates must be approved by the ~~independent non-executive Directors~~ INEDs. The requirements for the Grant to a Director or chief executive of the Company set out in this paragraph 4.2 do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of the Company.

4.3 The eligibility of any of the above classes of Eligible Participants to the Grant of any Option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group. Save specific performance target(s) and clawback mechanism may be attached to any Option being granted to any of the Grantee under this Scheme as an inducement to enter into employment contracts with the Company or any of its Subsidiaries, no performance target(s) should be attached to any Option being granted to any of the Grantees under this Scheme.

- 4.4 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares ~~and~~, the Option Period and the Vesting Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.
- 4.5 An Offer shall state, in addition to the matters specified in paragraph 4.4, the following:
- (a) the name, address and position of the Eligible Participant;
 - (b) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
 - (d) the earliest Vesting Date (and other subsequent Vesting Date(s), if any) on which the Grantee may exercise the Option granted to him and subscribed for Shares (or, as the case may be, separate tranches of Shares) comprised in the Offer;
 - (e) the last date by which the Offer must be accepted (which may not be later than 21 days from the Offer Date);
 - (f) the procedure for acceptance;
 - (g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
 - ~~(h)(g)~~ such other terms and conditions of the Offer as may be imposed by the Directors (or (i) in respect of Employee Participants, by the Remuneration Committee, or (ii) in respect of particular Eligible Participant as provided in this Scheme, by the INEDs) which shall not be inconsistent with the terms of this Scheme); and
 - ~~(i)(h)~~ a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme including, without limitation, the conditions specified in paragraphs ~~32.4, 6.1, and 15.98 to 15.11~~, inclusive.

- 4.6 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed and dated by the Eligible Participant together with a remittance in favour of the Company of \$1.00 by way of consideration for the Grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.6 or 4.7, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 4.6 or 4.7, it will be deemed to have been irrevocably declined.
- 4.9 The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.
- 4.10 The Vesting Period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:
- (a) an Employee Participant who is a Director or a member of the Senior Management specifically identified by the Company, the Remuneration Committee shall, or

- (b) an Employee Participant who is not a Director nor a member of the Senior Management specifically identified by the Company, the Directors shall
- have the authority to determine a shorter Vesting Period in the following circumstances:
- (i) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted; or
 - (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months.

4.11 Options will not be listed or dealt in on the Stock Exchange.

4.12 No Offer shall be made:

- (a) after inside information (has the meaning defined in the Securities and Futures Ordinance as amended from time to time) has come to the Company’s knowledge until (and including) the trading day after the Company has announced the information in accordance with the Listing Rules; or
- (b) during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, and for the avoidance of doubt, no Offer may be made during any period of delay in publishing a results announcement; or

- (c) to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

5. Subscription Price

5.1 The ~~S~~ubscription ~~P~~rice for any Option to subscribe for the Shares under this Scheme shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Board, but shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet ~~for trade in one or more board lots of the Shares on the date of the Offer~~ Date, which must be a business day; and
- ~~(b)~~ the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the ~~date of the Offer~~ Date; ~~and~~
- ~~(c)~~ (b) the nominal value of a Share.

A nominal consideration of HK\$1.00 is payable on acceptance of the Grant of an Option.

6. Exercise of Options

6.1 (a) Subject to paragraph 6.1(b) below, ~~A~~n Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. ~~Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.~~

(b) Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a vehicle (such as a trust or a private company, "Participant Vehicle") for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of this Scheme and comply with the requirements of Chapter 17 of the Listing Rules. In connection with the application for the above consent from the Directors and the above waiver from the Stock Exchange, the Grantee shall (b-1) provide information on the beneficiaries or discretionary objects of the trust

or the ultimate beneficial owners of the transferee vehicle, as well as such other information as may be required by the Directors or the Stock Exchange, and (b-2) consent to the disclosure of such information in the announcement, circular and/or report to be published by the Company. The Participant Vehicle shall comply with paragraph 6.1(a) and other provisions of this Scheme shall apply, mutatis mutandis, to the Participant Vehicle.

(c) Any breach of the provisions under paragraph 6.1(b) by a Grantee shall entitle the Company to cancel all unvested Options granted to such Grantee and to cancel any vested Option granted to such Grantee to the extent not already exercised.

6.2 An Option may be exercised in accordance with the terms of this Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence from the date of the Offer is made, but shall end in any event not later than ten (10) years from the Date of Grant of the Option subject to the provisions for early termination thereof. Subject to paragraph 4.3, and ~~Unless otherwise determined by the Directors and stated in the Offer to a Grantee, there is no minimum period required nor achieve any performance targets under this Scheme for the holding of an Option before it can be exercised~~(i) a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him; and (ii) any Option granted is not subject to any clawback mechanism.

6.3 Subject to paragraphs 2.4 and 15.98 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 6.4(e)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.

6.4 Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during the Option Period provided that:

- (a) if the Grantee is an Employee Participant and in the event of the Grantee ceasing to be an Eligible Employee Participant by reason of his death, ill-health, injury, disability or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s), or, as appropriate, the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph Rule 6.4(e) or Rule 6.4(f) occur during such period. For the avoidance of doubt, save as provided in the foregoing, all unvested Option shall be forfeited and cancelled on the date of cessation of employment;
- (b) if the Grantee is an Employee Participant and in the event of the Grantee ceasing to be an Eligible Employee Participant for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in paragraph Rule 6.4(c) below before exercising his Option in full, the Option (to the extent vested and not already exercised) shall lapse on the date of cessation or termination and shall not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.4(e) or 6.4(f) occur during such period, exercise the Option pursuant to paragraph 6.4(e) or 6.4(f) respectively, which will be the date of cessation or termination as aforesaid shall be taken to be the last day on which the Grantee was at work with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not. For the avoidance of doubt, save as provided in the foregoing, all unvested Option shall be forfeited and cancelled on the date of cessation of employment;

- (c) if the Grantee is an Employee Participant and in the event that the Grantee ceasing~~ed~~ to be an ~~Eligible~~-Employee Participant by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of the Group into disrepute), his Option (to the extent not already exercised) will lapse automatically and the Option Period of such Option shall automatically terminate on the date of cessation to be an ~~Eligible~~-Employee Participant;
- (d) in respect of a Grantee other than an Employee Participant, if the Directors shall at their absolute discretion determine that (aa) (1) the Grantee ~~of any Option (other than an Eligible Employee)~~ or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (2) that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (bb) the Option granted to the Grantee under this Scheme shall lapse as a result of any event specified in sub-paragraphs (1), (2) or (3) above in this paragraph, his Option will lapse automatically and the Option Period of such Option shall automatically terminate on the date on which the Directors have so determined;

- (e) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, a Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise his Option (to the extent vested and not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his Option in accordance with the provisions of paragraph 6.3 ~~in exercise of his Option~~ at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, the revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be; and
- (f) in the event that a resolution being proposed for the voluntary winding-up of the Company during the Option ~~P~~period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of ~~the New Share Option Scheme~~ paragraph 6.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the Grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up of the Company; and;

- (g) if the Grantee is a Participant Vehicle company wholly owned by one or more Eligible Participants:
- (i) the provisions of paragraphs 6.4(a)–(d) shall apply to the Grantee and to the Options granted to such Grantee, mutatis mutandis, as if such Options had been granted to the relevant individual Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 6.4(a)–(d) shall occur with respect to the relevant individual Eligible Participant; and
 - (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant individual Eligible Participant(s) (or, where the Grantee is originally a trust of which the relevant individual Eligible Participant is a beneficiary or discretionary object, on the date the relevant individual Eligible Participant ceases to be a beneficiary or discretionary object) provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

6.5 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise 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 before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

7. Lapse of Options

- 7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:
- (a) the expiry of the Option Period;
 - (b) the expiry of any of the periods referred to in paragraph 6.4(a) to (g);
 - (c) the date on which the Directors shall exercise the Company’s right to cancel the Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Option; and

(d) in respect of a Grantee who is a perspective employee of the Group being offered an Option as an inducement to enter into employment contracts with the Company, the date on which the Board shall at their absolute discretion determine that the Grantee no longer has interest to join the Group as an employee or the termination date of the employment offer specified in the offer to the Grantee (if any).

7.2 Transfer of employment of a Grantee who is an ~~Eligible~~-Employee Participant from one member of the Group to another member of the Group shall not be considered cessation of employment. It shall not be considered cessation of employment if a Grantee who is an ~~Eligible~~-Employee Participant is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

7.3 A resolution of the Directors to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in paragraph 6.4(c) or that any event referred to in paragraph 6.4(d)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.

8. Maximum number of Shares available for subscription

8.1 Without prejudice to paragraph 8.2, ~~The~~ maximum number of Shares which may be allotted and issued ~~upon the exercise~~ in respect of all ~~outstanding~~ Options and Awards to be granted ~~and yet to be exercised~~ under this Scheme and any other ~~Share option~~ Schemes ("**Scheme Mandate Limit**") ~~adopted by the Group~~ shall not exceed 30% of the share capital of the Company in issue from time to time. ~~No Options may be granted under this Scheme or any other option scheme adopted by the Group if the grant of such Option will result in the limit referred to in this Rule 8.1 being exceeded.~~

8.2 The total number of Shares which may be issued upon exercise of all Option (excluding, for this purpose, Options which have lapsed in accordance with the terms of this Scheme and any other share option schemes of the Group) which may be granted under this Scheme must not in aggregate exceed 10% of the number of Shares in issue as at the date of approval of this Scheme ~~(the "**General Scheme Limit**")~~. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no Option or Award may be granted under this Scheme or any other Share Scheme if the grant of such Option or Award will result in the limit referred to in this paragraph 8.1 being exceeded.

8.23 Subject to ~~Rule paragraph 8.1~~ above but without prejudice to:

(a) ~~Rule 8.4~~ paragraph 8.2(b) below, the Company may seek approval of the Shareholders in general meeting to refresh the ~~General~~ Scheme Mandate Limit under this Scheme, provided that:

(i) the total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under this Scheme and any ~~other sShare option sScheme of the Group~~ must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, Options or Awards lapsed (~~including those outstanding, cancelled, lapsed or exercised~~ in accordance with the terms of this Scheme and any ~~other sShare option sScheme of the Group~~ will not be regarded as utilised) ~~previously granted under this Scheme or any other share option scheme of the Group will not be counted for the purpose of calculating the limit as renewed. The Company shall issue a circular to the Shareholders containing, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4)(4) of the Listing Rules from time to time.~~

(ii) where the refreshment of the Scheme Mandate Limit is sought:

(A) within three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme):

(A1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding INEDs) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and

(A2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this paragraph 8.2(a)(ii)(A) do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share; and

(B) after three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme), the requirements under paragraph 8.2(a)(ii)(A) shall not be applicable;

(b)8.4 Subject to Rule paragraph 8.2(a)1 above and without prejudice to Rule 8.3 above, the Company may seek separate Shareholders' approval in general meeting to grant Options under this Scheme beyond the General Scheme Mandate Limit or, if applicable, the extended-refreshed limit referred to in paragraph Rule 8.2(a)3 above to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options to be granted to such participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such Grant should be taken as the date of Grant for the purpose of calculating the Subscription Price under paragraph 5.1. In such event, the Company must send a circular to the Shareholders containing a general description the name of the each specified Participant who may be granted such Options, the number and terms of Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

8.35 Subject to paragraph 8.4, where any Grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all Options or Awards Granted and proposed to be Granted to such person The total maximum number of Shares issued and which may fall to be issued upon exercise of the Options granted under this Scheme and any other share option scheme of the Group (excluding any Options and Awards lapsed in accordance with the terms of this Scheme or the other Share Scheme including exercised, cancelled and outstanding Options) under this Scheme and any other Share Scheme to each Grantee in any the 12-month period up to and including the date of such further Grant representing in aggregate over shall not exceed 1% of the total number of Shares in issued share capital of the Company for the time being (the "1% Individual Limit"). Any, such further Grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company with such Grantee and his close associates (or his associates if the Grantee is a connected person of the Company) or associates abstaining from voting. The Company must also send a circular to the Shareholders containing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant), information required under 17.02(2)(d) of the Listing Rules, the disclaimer under 17.02(4) of the Listing Rules and any other information as may be required by the Listing Rules then prevailing to be included in such circular. The number and terms (including the exercise pSubscription Price) of the Options or Awards to be

~~granted to such participants must be fixed before Shareholders' approval meeting. Tand the date of the Board meeting for proposing such further Ggrant should be taken as the Date of Grant for the purpose of calculating the ~~exercise p~~ Subscription Price under ~~note (1) to Rule 17.03(9) of the Listing Rules~~ paragraph 5.1.~~

8.46 ~~Without prejudice to paragraph 4.2, where any Ggrant of Options or Awards to a an INED or a substantial Shareholder or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options and Awards already granted and to be granted (excluding any Options and Awards lapsed in accordance with the terms of this Scheme or the relevant Share Scheme exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such Ggrant, and would entitle such connected person to received more than representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the total number of Shares in issue for the time being and the aggregate value (based on the closing price of the Shares at the date of each Offer) in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange), sSuch further Ggrant of Options or Awards must be approved by Shareholders in general meeting (with such Grantee, his associates and all core connected persons of the Company abstaining from voting in favour) in accordance with Rule 17.04(4) of the Listing Rules. In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing). The Company shall send a circular to the Shareholders containing all information required under Rule 17.04(3) of the Listing Rules (or otherwise in accordance with the Listing Rules effective from time to time), which includes, among other matters:~~

- ~~(a) details of the number and terms (including the exercise price) of the options to be granted to each participant, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options; and the description of the terms of the options to be granted will include the information required under rule 17.03(5) to 17.03(10) of the Listing Rules;~~
- ~~(b) a recommendation from the independent non-executive directors of the listed issuer to the independent shareholders as to voting;~~
- ~~(c) the information required under rules 17.02(2)(c) and (d) and the disclaimer required under rule 17.02(4) of the Listing Rules; and~~
- ~~(d) the information required under rule 2.17 of the Listing Rules.~~

~~All such connected persons of the Company, his/her associates and all core connected persons of the Company shall abstain from voting in favour in such general meeting in connection with obtaining the aforesaid approval, save that~~

~~they may vote against the relevant resolution at the general meeting provided that any of their intention to do so shall have been stated in the circular to be sent to the Shareholders in connection therewith. Any vote taken at the meeting of the Shareholders to approve the grant of such Options must be taken on a poll and the Company must comply with the requirements under rules 13.39(5), 13.40, 13.41 and 13.42 of the Listing Rules.~~

8.57 Any change in the terms of Options or Awards granted to a Grantee who is a Director, chief executive or substantial Shareholder, or any of their respective associates, must be approved by the Shareholders in general meeting in the manner as set out in paragraph 8.3, if the initial grant of the Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).~~as required under rule 17.04(1) of the Listing Rules.~~

8.6 The requirements for the ~~granting of Options~~ Grant to a Director or chief executive of the Company set out in ~~Rule~~ paragraph 8.2 and 8.56 above do not apply where the ~~Grantee~~ Eligible Participant is only a proposed Director or a proposed chief executive of the Company.

8.7 For the purpose of seeking the approval of the Shareholders under paragraphs 8.2, 8.3, 8.4 and 8.5, the Company must send a circular to the Shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting. The circular sent by the Company to the Shareholders shall contain, among others, the information required under Rule 2.17 of the Listing Rules, the information required under Rules 17.02(2)(c) and (d) of the Listing Rules, the disclaimer required under Rule 17.02(4) of the Listing Rules and a recommendation from the INED.

9. Adjustments to the Subscription Price

9.1 In the event of any alteration in the capital structure of the Company, whether by way of capitalisation issue, rights issue, subdivision, consolidation of Shares or reduction of share capital of the Company while any Option remains exercisable, such corresponding alterations (if any) certified in writing by the ~~a~~ Auditors ~~for the time being of the Company~~ or an independent financial adviser to the Company as fair and reasonable to be made either generally or as regards any particular Grantee, shall be made to:

- (a) the number ~~or nominal amount~~ of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of ~~any~~ the Option ~~concerned~~; and/or
- (c) (unless the relevant Grantee ~~of the Option~~ elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustments shall give a Grantee the same proportion of the issued Share capital of the Company (rounded to the nearest whole Share) for which he would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (ii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment;
- (iii) no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iv) any such adjustment shall be made in compliance with ~~the relevant terms of the New Share Option Scheme, Rule 17.03(13) of the Listing Rules and other applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time including the supplementary guidance on the Listing Rule 17.03(13) and note immediately after the rule attached to the Frequently Asked Question No. 072 2020 issued by the Stock Exchange on 6 November 2020~~ promulgated by the Stock Exchange.

In respect of any such adjustments referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, ~~such as the~~ Auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.3, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3 In giving any certificate under this paragraph 9, the Auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

10. Cancellation of Options

- 10.1 Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2 Where the Company cancels any unvested Option granted to a Grantee or any vested but not exercised Option, and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available ~~unissued Options~~ (excluding, for this purpose, the Options so cancelled) within the ~~General Scheme Mandate Limit~~ Mandate Limit or the limits approved by the Shareholders pursuant to paragraph 8.2(a) or ~~to~~ 8.2(b)4.

11. Share capital

- 11.1 The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

12. Disputes

12.1 Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under paragraph 9.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

13. Alteration of this Scheme

13.1 Subject to paragraphs 13.2 and 13.4, this Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of this Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in paragraph 1.1;
- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

~~shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles of association for the time being of the Company for a variation of the rights attached to the Shares.~~

13.2 Subject to paragraph 13.3, any ~~alterations change~~ to the terms and conditions of this Scheme which are of a material nature of any Option granted to a Grantee shall be approved by the Directors, the Remuneration Committee, the INEDs and/or the Shareholders in general meeting except (as the case may be) if the initial grant of the Option was approved by the Directors in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules. The foregoing provisions of this paragraph 13.2 shall not apply where the alterations take effect automatically under the existing terms of this Scheme.

13.3 Any change to the authority of the Directors or the administrators of this Scheme ~~in relation to any alteration to~~ the terms of this Scheme must be approved by the Shareholders in general meeting.

13.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements under Chapter 17 of the Listing Rules.

13.5 Where the terms of this Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Participants all details relating to changes in the terms of this Scheme during the life of this Scheme.

14. Termination

14.1 The Company by resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and (subject to vesting in accordance with the terms of the Offer) exercisable in accordance with this Scheme.

15. Miscellaneous

15.1 This Scheme shall not form part of any contract of employment between the Company ~~or~~, any Subsidiary and any ~~Eligible Employee~~ Participant and the rights and obligations of any ~~Eligible Employee~~ Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an ~~Eligible Employee~~ Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.

15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.

15.5 The Company must comply with Chapter 14A of the Listing Rules for providing financial assistance (if any) to any Grantee who is a connected person for purpose of facilitating such Grantee's subscription of Shares under the Option.

- 15.6 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 15.7~~6~~ Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.8~~7~~ Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one (1) day after the date of posting, if sent by mail; and
 - (b) when delivered, if delivered by hand.
- 15.9~~8~~ A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.9~~10~~ A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 15.11~~0~~ By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.12~~1~~ This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.



KFM KINGDOM HOLDINGS LIMITED

KFM 金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3816)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of KFM Kingdom Holdings Limited (“Company”) will be held in physical form at Workshop C, 31/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on Wednesday, 23 August 2023 at 10:00 a.m. for the purpose of transacting the following business:

To consider and, if thought fit, pass, with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. To receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (“**Directors**”) and the auditors of the Company for the year ended 31 March 2023.
2. To consider and approve, each as a separate resolution, if thought fit, the following resolutions:
 - (a) to re-elect Mr. Zhang Haifeng as Director;
 - (b) to re-elect Mr. Wan Kam To as Director; and
 - (c) to authorise the board of Directors to fix the Directors’ remuneration.
3. To re-appoint SHINEWING (HK) CPA Limited as the auditor of the Company and authorise the Board to fix their remuneration.

NOTICE OF AGM

4. “THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and all other applicable laws, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of HK\$0.10 each in the share capital of the Company (“**Shares**”)) which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Share in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate number of the issued Shares on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of any Share purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of the issued Shares on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF AGM

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest 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 articles of association of the Company, the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) (“**Companies Act**”) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of Shares or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT**:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of the issued Shares as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF AGM

- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest 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 articles of association of the Company, the Companies Act or any other applicable law of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. “**THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 4 above be and is hereby extended by the addition to the aggregate number of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate number of the Shares purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”
7. “**THAT**
- (a) the proposed amendments (the “**Proposed Amendments**”) to the share option scheme of the Company currently in force (the “**Share Option Scheme**”) as set out in Appendix III to the circular (“**Circular**”) of the Company dated 21 July 2023 be and are hereby approved and adopted, and the Directors be and are hereby authorised to do such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed Amendments; and
 - (b) the amended share option scheme which incorporates all of the Proposed Amendments, a copy of which has been produced to this meeting and marked “A” and signed by the chairman of this meeting for identification purpose be and is hereby approved and adopted in substitution for, and to the exclusion of, the Share Option Scheme with immediate effect after the close of this meeting.”

By order of the Board
KFM Kingdom Holdings Limited
Zhang Haifeng
Chairman

Hong Kong, 21 July 2023

NOTICE OF AGM

Principal place of business in Hong Kong:

Workshop C, 31/F, TML Tower 3

Hoi Shing Road, Tsuen Wan

New Territories, Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him/her/it.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her/its attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited ("**Branch Registrar**") at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong no later than 48 hours before the time of the meeting (no later than 10:00 a.m. on Monday, 21 August 2023 (Hong Kong time)) or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint registered holders of a share in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto or if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. For the purpose of ascertaining Shareholders' right to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 18 August 2023 to Wednesday, 23 August 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Tricor Investor Services Limited 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 August 2023.

NOTICE OF AGM

7. In relation to the proposed resolutions numbered 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The Directors have no immediate plans to issue any new shares other than shares which may fall to be issued under the share option scheme of the Company.
8. In relation to the proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the Circular.
9. Where a “black” rainstorm warning is in force or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted or “extreme conditions” caused by super typhoons is in force at 8:00 a.m. on the date of the AGM, the AGM will be postponed. The Company will publish an announcement on the website of the Company (www.kingdom.com.hk) and the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting. The AGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Having considered their own situations, Shareholders should decide on their own whether they would attend the AGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

As at the date of this notice, the board of Directors comprises the executive Directors: Mr. Sun Kwok Wah Peter and Mr. Wong Chi Kwok; the non-executive Director: Mr. Zhang Haifeng (Chairman); and the independent non-executive Directors: Mr. Wan Kam To, Ms. Zhao Yue and Mr. Shen Zheqing.