
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 a licensed securities dealer or registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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ROYAL DELUXE HOLDINGS LIMITED

御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

PROPOSALS FOR RE-APPOINTMENT OF AUDITORS, RE-ELECTION OF RETIRING DIRECTORS, GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES, ADOPTION OF THE 2023 SHARE AWARD SCHEME, ADOPTION OF THE 2023 SHARE OPTION SCHEME, AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting (the “AGM”) of Royal Deluxe Holdings Limited to be held at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 19 September 2023 at 10:30 a.m. is set out on pages 75 to 82 of this circular.

Whether or not you intend to attend and vote at 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof (as the case may be) should you so desire and in such event, the form of proxy shall be deemed to be revoked.

24 August 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	8
APPENDIX I – EXPLANATORY STATEMENT	29
APPENDIX II – DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM.	34
APPENDIX III – SUMMARY OF THE RULES OF THE 2023 SHARE AWARD SCHEME.	38
APPENDIX IV – SUMMARY OF THE PRINCIPAL TERMS 2023 SHARE OPTION SCHEME	54
NOTICE OF AGM.	75

DEFINITIONS

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

“2023 Share Award Scheme”	the share award scheme proposed to be approved and adopted by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular;
“2023 Share Option Scheme”	the share option scheme proposed to be approved and adopted by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix IV to this circular;
“Actual Selling Price”	the actual price at which the Award Shares are sold (net of brokerage, the Stock Exchange trading fee, the Securities and Futures Commission of Hong Kong transaction levy, Financial Reporting Council transaction levy and any other applicable costs) on vesting of an Award pursuant to the 2023 Share Award Scheme or in the case of a vesting when there is an event of change in control or privitisation of the Company, the consideration receivable under the related scheme or offer;
“Adoption Date”	the date on which the 2023 Share Option Scheme and/or the 2023 Share Award Scheme is conditionally adopted by ordinary resolutions of the Shareholders;
“AGM”	the annual general meeting of the Company to be convened and held at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 19 September 2023 at 10:30 a.m. or any adjournment thereof, the notice convening the AGM is set out on pages 75 to 82 of this circular, or any adjournment thereof;
“AGM Notice”	the notice of AGM set out on pages 75 to 82 of this circular;
“Articles of Association”	the second amended and restated articles of association of the Company adopted on 1 September 2022 and as amended, supplemented or otherwise modified from time to time and “Article” shall mean an article of the Articles of Association;

DEFINITIONS

“Award(s)”	an award granted by the Board to an Eligible Participant, which may vest in the form of Award Shares or Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the 2023 Share Award Scheme;
“Award Letter”	the letter issued by the Company to each Selected Participant in such form as determined from time to time by the Board or its delegate(s), specifying the date on which the grant of an Award is made to a Selected Participant (being the date of the Award Letter), the number of Award Shares, the vesting criteria and conditions, the vesting date and such other details as they may consider necessary;
“Award Share(s)”	the Shares as awarded by the Board pursuant to the 2023 Share Award Scheme;
“Board”	the board of Directors;
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Company”	Royal Deluxe Holdings Limited (Stock code: 3789), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Consultation Conclusions”	the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Share Schemes of Listed Issuers published by the Stock Exchange in July 2022;
“controlling shareholder”	has the meaning as defined in the Listing Rules;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“Eligible Participant(s)”	<p>in the context of the 2023 Share Award Scheme, means Employee Participant, who the Board or the Committee considers, in its sole discretion, has the eligibility ascribed in the 2023 Share Award Scheme;</p> <p>in the context of the 2023 Share Option Scheme, means (i) any Employee Participant; or (ii) any Service Provider who the Board or the Committee considers, in its sole discretion, has the eligibility ascribed in the 2023 Share Option Scheme;</p>
“Employee Participant(s)”	<p>the directors and employees of the Company or any of its subsidiaries (including persons who are granted Options or Awards under the 2023 Share Option Scheme or 2023 Share Award Scheme respectively as an inducement to enter into employment contracts with the Company or any of its subsidiaries);</p>
“Existing Share Option Scheme”	<p>the share option scheme of the Company adopted by the Company pursuant to an ordinary resolution of the Shareholders passed on 17 January 2017;</p>
“Grant Date”	<p>the date on which the grant of Offer or Award is made to an Eligible Participant, being the date of an Offer Letter or Award Letter;</p>
“Group”	<p>the Company and its subsidiaries;</p>
“Hong Kong”	<p>the Hong Kong Special Administrative Region of the People’s Republic of China;</p>
“HK\$”	<p>Hong Kong dollars, the lawful currency of Hong Kong;</p>
“Issue Mandate”	<p>a general and unconditional mandate proposed to be granted to the Directors to exercise all power of the Company to allot, issue and otherwise deal with Shares up to 20% of the issued share capital of the Company on the date of AGM as set out in ordinary resolution no. 5 of the AGM Notice;</p>

DEFINITIONS

“Latest Practicable Date”	17 August 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Committee”	has the meaning as defined in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Offer”	an offer for the grant of an Option made in accordance with the terms of the 2023 Share Option Scheme;
“Offer Date”	means the date of the Offer Letter, which date must be a business day, on which an Offer is made to an Eligible Participant;
“Offer Letter”	the letter issued by the Board to the Selected Participant pursuant to an Option granted under the 2023 Share Option Scheme containing terms and conditions of the Option;
“Option(s)”	option(s) to subscribe for Shares pursuant to the 2023 Share Option Scheme;
“Option Period”	in respect of any Option, the period commencing on the Acceptance Date of an Option and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the 2023 Share Option Scheme;
“Option Price”	the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors (which price may, if the Directors so determine, be set at different levels for different periods during the Option Period) provided always that it shall comply with the provisions of the 2023 Share Option Scheme;

DEFINITIONS

“Related Income”	all cash income derived from the Award Shares (i.e. cash dividends declared and paid on the Award Shares) excluding any interest earned on such cash income and held on Trust for the benefit of the Selected Participant;
“Remuneration Committee”	the remuneration committee of the Company;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares up to 10% of the issued share capital of the date of AGM as set out in ordinary resolution no. 6 in the AGM Notice;
“Returned Share(s)”	such Award Shares that are not vested and/or are lapsed or forfeited in accordance with the terms of the 2023 Share Award Scheme, or such Shares being deemed to be Returned Shares under the 2023 Share Award Scheme;
“Returned Trust Funds”	all cash income derived from the Returned Shares (i.e. cash dividends declared and paid on the Returned Shares) or otherwise derived pursuant to the 2023 Share Award Scheme, in either case excluding any interest earned on such cash income and held on Trust for the purpose of the 2023 Share Award Scheme;
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all Options and Awards to be granted under the 2023 Share Option Scheme, the 2023 Share Award Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue;
“Selected Participant(s)”	any Eligible Participant who accepts the Offer or Award in accordance with the terms of the 2023 Share Option Scheme or 2023 Share Award Scheme respectively, or his personal representative;

DEFINITIONS

“Service Provider(s)”	individuals or entities that provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business, with the aim of promoting the long-term growth of the Group, including the following persons:- (a) consultants, agents or advisors (professional or otherwise) being industry experts providing advisory services to the Group’s business or business development of any member of the Group in formwork erection and related ancillary services and fitting-out services; and (b) contractors and subcontractors which provide formwork, scaffolding, erection of concrete precast components, renovation, fitting-out and finishing services to support the Group’s businesses and suppliers and vendors of timber, metal formwork, metal scaffolding and hardware materials; provided that (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall not be Service Providers for the purpose of this Scheme;
“Service Provider Sublimit”	the total number of Shares which may be issued upon exercise of all Options to be granted to the Service Providers under the 2023 Share Option Scheme and any other schemes of the Group, which shall in aggregate not exceed 1% of the total number of Shares in issue on the Adoption Date;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong) as amended and supplemented from time to time;

DEFINITIONS

“Share(s)”	share(s) of nominal or par value of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	in relation to an Option, an amount equal to the Option Price multiplied by the relevant number of Shares in respect of which such Option is exercised;
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-Backs as approved by the Securities and Futures Commission of Hong Kong, as amended, modified or otherwise supplemented from time to time;
“Trust”	the trust constituted by the trust deed to be entered into between the Company and the Trustee, to service the 2023 Share Award Scheme;
“Trustee”	the trustee to be appointed by the Company for the purpose of the Trust which will be an independent third party and not connected with the Company or the Company’s connected persons; and
“%”	per cent.

LETTER FROM THE BOARD



ROYAL DELUXE HOLDINGS LIMITED

御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

Executive Directors:

Mr. Wang Kei Ming (*Chairman*)

Mr. Wang Yu Hin

Independent Non-executive Directors:

Mr. Lai Ah Ming Leon

Mr. Kwong Ping Man

Mr. Sio Kam Seng

Registered Office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Unit A, 22/F

T G Place

10 Shing Yip Street

Kwun Tong, Kowloon

Hong Kong

24 August 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-APPOINTMENT OF AUDITORS,
RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATE TO
ISSUE AND REPURCHASE SHARES,
ADOPTION OF THE 2023 SHARE AWARD SCHEME,
ADOPTION OF THE 2023 SHARE OPTION SCHEME,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to: (i) furnish you with details of re-appointment of auditors; (ii) furnish you with details of the proposed re-election of retiring Directors; (iii) provide you with details of the proposed Issue Mandate and the proposed Repurchase Mandate and the extension of the Issue Mandate by addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate; (iv) provide you with details of the proposed adoption of the 2023 Share Award Scheme; (v) provide you with details of the proposed adoption of the 2023 Share Option Scheme; (vi) set out an explanatory statement regarding the Repurchase Mandate; and (vii) give you the AGM Notice.

LETTER FROM THE BOARD

RE-APPOINTMENT OF AUDITORS

Crowe (HK) CPA Limited will retire as the auditors of the Company at the AGM and, being eligible, offer themselves for re-appointment.

Upon the recommendation of the audit committee of the Company (the “**Audit Committee**”), the Board proposes to re-appoint Crowe (HK) CPA Limited as the auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 108 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Further, according to Article 112 of the Articles of Association, any Director appointed by the Board or by ordinary resolution in general meeting to fill a causal vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining who are to retire by rotation at an annual general meeting.

At the AGM, Mr. Wang Yu Hin (“**Mr. Benjamin Wang**”) and Mr. Sio Kam Seng (“**Mr. Sio**”) will retire and, being eligible, offer themselves for re-election.

The nomination committee of the Company (the “**Nomination Committee**”) had reviewed the independence of Mr. Sio for which he also submitted annual confirmation to the Company on his fulfillment of the independence guidelines set out in Rule 3.13 of the Listing Rules. After due consideration, the Board confirmed that Mr. Sio remains independent from the Board and continues to be considered as an independent non-executive Director and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. Mr. Sio had abstained from deliberation and decision in respect of assessment of his own independence.

The Company has in place a nomination policy which sets out, inter alia, the selection criteria (the “**Criteria**”) and the evaluation procedures in nomination candidates to be appointed or re-appointed as Directors. The re-appointment of each of Mr. Benjamin Wang and Mr. Sio was recommended by the Nomination Committee, and the Board has accepted the recommendations following a review of their overall contribution and service to the Company including their attendance of Board meetings and general meeting, the level of participation and performance on the Board, and whether they continue to satisfy the Criteria.

LETTER FROM THE BOARD

Biographical details of the retiring Directors are set out in Appendix II to this circular. In consideration of the background, specific knowledge and experience of Mr. Benjamin Wang and Mr. Sio, the Board believes that they could bring an invaluable insight. Their in-depth knowledge, extensive experience and expertise continue to provide invaluable contribution and diversity to the Board.

GENERAL MANDATE TO ISSUE SHARES

The Company's existing mandate to issue shares was approved by ordinary resolutions at the annual general meeting held on 1 September 2022. The existing mandate to issue shares will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant to the Directors new general and unconditional mandate to allot, issue and otherwise deal with Shares of up to 20% of the total number of the issued Shares as at the date of passing of the relevant resolution.

In addition, a separate ordinary resolution will be proposed at the AGM to add to the Issue Mandate those Shares repurchased by the Company pursuant to the Repurchase Mandate (if so granted to the Directors at the AGM).

The Directors have no present intention to exercise the Issue Mandate or the Repurchase Mandate (if granted to the Directors at the AGM).

The Issue Mandate allows the Company to allot, issue and otherwise deal with Shares only during the period ending on the earliest of (i) the conclusion of the next AGM of the Company; (ii) the date by which the next AGM of the Company is required to be held by the Articles of Association or the laws of the Cayman Islands; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company (the "**Relevant Period**").

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,200,000,000 Shares. Subject to the passing of the relevant resolution to approve the Issue Mandate and on the basis that no further Shares are allotted and issued or repurchased prior to the date of the AGM, the Directors would be authorised to allot, issue and otherwise deal with a maximum of 240,000,000 new Shares under the Issue Mandate, representing 20% of the total number of the issued Shares as at the date of the AGM.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

The Company's existing mandate to repurchase shares was approved by ordinary resolutions at the annual general meeting held on 1 September 2022. The existing mandate to repurchase shares will lapse at the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant to the Directors new general and unconditional mandate to repurchase Shares of up to 10% of the total number of the issued Shares as at the date of passing of the relevant resolution. The Repurchase Mandate will allow the Company to make repurchases only during the Relevant Period.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,200,000,000 Shares. Subject to the passing of the relevant resolution to approve the Repurchase Mandate and on the basis that no further Shares are allotted and issued or repurchased prior to the date of the AGM, the Company would be allowed to repurchase a maximum of 120,000,000 Shares under the Repurchase Mandate, representing 10% of the total number of the issued Shares as at the date of the AGM.

An explanatory statement is required to be sent to the Shareholders under the Listing Rules, is set out in Appendix I to this circular, to provide the requisite information regarding the Repurchase Mandate to the Shareholders.

PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME

The Board is of the view that granting of the Award is an effective instrument to encourage, retain and attract talents of significant importance to the future business development of the Group. Therefore, the Company recognises the needs to have in place incentive mechanisms by way of share awards to support the long-term development of the Group. On 14 July 2023, the Board has resolved to propose the adoption of the 2023 Share Award Scheme. At the AGM, an ordinary resolution no. 8 will be proposed for the Shareholders to consider, and if thought fit, to approve the adoption of the 2023 Share Award Scheme. The 2023 Share Award Scheme complies with the latest requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the 2023 Share Award Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,200,000,000 Shares.

LETTER FROM THE BOARD

Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under the 2023 Share Award Scheme and any other share option scheme(s) of the Company and the awards to be granted under any share award scheme(s) of the Company that involve(s) the issuance of new Shares (if any), in aggregate will be 120,000,000 Shares, representing 10% of the Shares in issue as at the Adoption Date.

Condition precedent of the 2023 Share Award Scheme

The 2023 Share Award Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of ordinary resolution(s) by the Shareholders in the AGM to approve the adoption of the 2023 Share Award Scheme and to authorise the Board to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the Awards granted under the 2023 Share Award Scheme; and
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, any Award Shares to be issued under the 2023 Share Award Scheme.

An application will be made to the Stock Exchange for the approval of the listing for, and permission to deal in, the Shares to be issued pursuant to the Award Shares granted under the 2023 Share Award Scheme.

Explanation of the terms of the 2023 Share Award Scheme

A summary of the principal terms of the rules of the 2023 Share Award Scheme is set out in Appendix III hereto.

The purpose of the 2023 Share Award Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Awards to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group. The 2023 Share Award Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

The reason for adopting the 2023 Share Award Scheme in addition to the 2023 Share Option Scheme is to give the Company greater flexibility and increase the number of effective measures the Company may deploy to reward, retain and motivate its employees, as well as other Eligible Participants, in order to achieve better performance and further align the interests of the grantees with the interests of the Company and its Shareholders.

LETTER FROM THE BOARD

Shares awarded under the 2023 Share Award Scheme and Options granted under the 2023 Share Option Scheme are inherently different in nature. A Selected Participant under the 2023 Share Award Scheme is generally not required to pay any price to subscribe for the Awarded Shares, whereas a grantee is required to pay the Subscription Price to subscribe for Shares on the exercise of an Option under the 2023 Share Option Scheme. Pursuant to the Rule 17.03(9) of the Listing Rules, the Subscription Price in respect of any particular Option shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the relevant Offer Date in respect of such Option, which must be a trading day; or (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding relevant Offer Date in respect of such Option. Thus, for exercising the Options under the Share Option Scheme, the grantees under the 2023 Share Option Scheme must have immediately available funds for the payments of the Subscription Prices.

In addition, the values of the Options would be reduced or diminished if the market prices of the Shares decline and in that case, the Options may not provide effective incentive to the Option grantee. As such, the Directors believe that adopting the 2023 Share Award Scheme in addition to the 2023 Share Option Scheme will provide the Company with greater flexibility to reward, retain and motivate the employees as well as the other Eligible Participants, allow the Group to further strengthen its competitiveness in attracting and retaining superior talent and cultivating business relationships, and, consequently, to improve the performance and achieve growth for the Company. The Directors will take into consideration all relevant factors when considering whether to grant an Option or Award to the grantee and adopt what it considers to be the most effective means of achieving the purpose of the 2023 Share Award Scheme and the 2023 Share Option Scheme. The Directors consider that the adoption of the 2023 Share Award Scheme is in the interests of the Company and the Shareholders as a whole.

Eligible Participants

Eligible Participants under the 2023 Share Award Scheme include the Employee Participants.

In determining the basis of eligibility of each Eligible Participant, the Board shall take into consideration matters including, but without limitation to:

- (i) the experience of the Eligible Participant on the Group's business;
- (ii) the length of service of the Eligible Participant with the Group; and
- (iii) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

LETTER FROM THE BOARD

Further, the Board will consider the following in determining the eligibility of Employee Participants:

- (i) the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard;
- (ii) the length of engagement with the Group; and
- (iii) the individual contribution or potential contribution to the development and growth of the Group.

As at the Latest Practicable Date, the Company had not formulated any concrete plan or present intention to grant any Options or Awards to the independent non-executive Directors under the 2023 Share Option Scheme and the 2023 Share Award Scheme. However, having considered that (i) equity-based remuneration continues to be an important means of ensuring alignment between the interests of shareholders and all Board members, including the independent non-executive Directors and (ii) it is common to include independent non-executive Directors as eligible persons of the share schemes among public companies, the Board believes the inclusion of independent non-executive Directors as participants of the 2023 Share Option Scheme and the 2023 Share Award Scheme and the flexibility to grant share options or awards to the independent non-executive Directors in addition to cash-based incentives will allow the Company to keep its remuneration package competitive in order to attract and retain talents.

The Company is of the view that the independence and impartiality of the independent non-executive Directors will not be impaired by any potential grant of the Options or Awards for the following reasons: (i) the independent non-executive Directors will continue to comply with the independence requirement under Rule 3.13 of the Listing Rules; (ii) approval by independent Shareholders will be required if any Option is to be granted to independent non-executive Directors or any of their respective associates would result in the total number of Shares issued and to be issued upon exercise of all the Options granted and to be granted to such person in the period of 12 months up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue; and (iii) the Board will be mindful of the recommended best practice E.1.9 of the corporate governance code set out in Appendix 14 to the Listing Rules that issuers should generally not grant equity-based remuneration with performance-related elements to independent non-executive directors when considering any future grants of Options to the independent non-executive Directors.

Vesting period

The vesting period for Awards under the 2023 Share Award Scheme shall not be less than twelve (12) months from the Grant Date.

LETTER FROM THE BOARD

To ensure the practicability of fully attaining the purpose of the 2023 Share Award Scheme, the Board is of the view that (i) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Selected Participant, such as those set out in paragraph 12.1 of Appendix III to this circular; (ii) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to the changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions, such as performance-based vesting conditions instead of time-based vesting criteria, depending on individual circumstances.

Hence, the Board and the Remuneration Committee are of the view that maintaining the ability to grant Awards with a shorter vesting period in the circumstances as prescribed in paragraph 12.1 of Appendix III to this circular is in line with the market practice and give the Company flexibility to provide a competitive remuneration package to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified and is appropriate and aligns with the purpose of the 2023 Share Award Scheme.

Performance targets and clawback mechanism

The Board may at its discretion specify any conditions (including performance targets (if any)) which must be satisfied before the Award Shares may be vested in the Award Letter. Such performance targets may include, among others, financial targets and management targets, which shall be determined based on the (i) individual performance, (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Selected Participants.

In relation to the clawback mechanism of the 2023 Share Award Scheme, any outstanding Award Shares not yet vested shall be immediately forfeited under certain circumstances specified in the 2023 Share Award Scheme, such as the Selected Participant being convicted of any criminal offence involving his/her integrity or honesty, or the Selected Participant has done something which brings the Group into disrepute. For details of the circumstances in which Award Shares which are unvested shall be forfeited, please refer to paragraph 17 in the Appendix III to this circular.

The Board is of the view that the aforementioned measures will provide the Board with increased flexibility in establishing the terms and conditions of the Award Shares for specific grant circumstances. This will enable the Board to offer meaningful incentives to attract and retain high-quality personnel who are beneficial to the development of the Group and contribute to the overall benefit of the Group and the Shareholders.

LETTER FROM THE BOARD

Basis of determination of the purchase price of the Award Shares

The purchase price of the Award Shares (if any) shall be such price as determined by the Board, the committee of the Board, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Participants.

None of the Directors is or will be a trustee of the 2023 Share Award Scheme nor has a direct or indirect interest in the trustee.

The Board has no present intention to grant any Award to any of the Eligible Participants under the 2023 Share Award Scheme after its adoption.

Document on display

A copy of the rules of the 2023 Share Award Scheme will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.royal-deluxe.com for display for a period of not less than fourteen (14) days before the date of the AGM and the rules of the Shares Award Scheme will be made available for inspection at the AGM.

As at the Latest Practicable Date, the Board has not made any immediate plan to make grants of Awards to any Eligible Participants upon the 2023 Share Award Scheme being effective.

ADOPTION OF THE 2023 SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 17 January 2017 and is valid and effective for a period of 10 years from the date of adoption. Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules have been amended with effect from 1 January 2023. In light of the above, the Company proposes to terminate the Existing Share Option Scheme and adopt the 2023 Share Option Scheme to replace the Existing Share Option Scheme.

As at the Latest Practicable Date, there were no outstanding Options granted under the Existing Share Option Scheme. As the Board has no intention of granting any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date and the date of the AGM, no options will remain outstanding after the Existing Share Option Scheme is terminated. The Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the Company does not have any share scheme other than the Existing Share Option Scheme.

LETTER FROM THE BOARD

According to the terms of the Existing Share Option Scheme, the Company may by an ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme, and in such event, no further options can be granted under the Existing Share Option Scheme.

Upon termination of the Existing Share Option Scheme, no further options may be granted but in all other respects, the provisions of the Existing Share Option Scheme shall remain in full force and effect. Therefore, the termination of the Existing Share Option Scheme will not in any event affect the terms of the grant of such outstanding options that have already been granted under the Existing Share Option Scheme and outstanding options granted under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme.

An ordinary resolution will be proposed at the AGM for the Shareholders to consider, and if thought fit, to approve the termination of the Existing Share Option Scheme and adoption of the 2023 Share Option Scheme. The 2023 Share Option Scheme complies with the latest requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,200,000,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2023 Share Option Scheme, and any other share option scheme(s) of the Company and the awards to be granted under the 2023 Share Award Scheme and any share award scheme(s) of the Company that involve(s) the issuance of new Shares (if any), in aggregate will be 120,000,000 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date.

As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the 2023 Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

Conditions precedent of the 2023 Share Option Scheme

The 2023 Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders in the AGM to terminate the Existing Share Option Scheme;
- (ii) the passing of an ordinary resolution by the Shareholders in the AGM to approve the adoption of the 2023 Share Option Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme; and

LETTER FROM THE BOARD

- (iii) the Listing Committee granting approval for the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options granted under the 2023 Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing for, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the 2023 Share Option Scheme.

Explanation of the terms of the 2023 Share Option Scheme

A summary of the principal terms of the 2023 Share Option Scheme is set out in Appendix IV to this circular. This serves as a summary of the terms of the 2023 Share Option Scheme but does not constitute the full terms of the same.

The purpose of the 2023 Share Option Scheme is to recognise and acknowledge the contributions that Eligible Participants have made or may make to the Group, and to enable the Group to grant Options to Eligible Participants as incentives or rewards for their contributions to the Group with the view to achieving the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

Eligible Participants

Eligible Participants include (i) the Employee Participants and (ii) the Service Providers.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (i) the experience of the Eligible Participants on the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); (iii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider); and (iv) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

In determining the basis of eligibility of each Employee Participants, the factors in assessing whether any individual is eligible to participate in the 2023 Share Option Scheme include: (i) their individual performance; (ii) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iii) the length of their engagement with the Group; and (iv) their individual contributions or potential contributions towards the development and growth of the Group.

LETTER FROM THE BOARD

In determining the basis of eligibility of Service Providers, the Board will take into account (i) the individual performance of the relevant Service Provider; (ii) the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the principal business of the Group and whether such business dealings could be readily replaced by third parties); (iv) track record in the quality of services provided to and/or cooperation with the Group; and (v) the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers. In assessing whether the Service Providers provide services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

The Directors (including the independent non-executive Directors) are of the view that the categories of the Service Providers are in line with the business needs of the Group and that the criteria for their selection align with the purpose of the 2023 Share Option Scheme. Apart from the contributions from employees, the success of the Group might also come from the efforts and contributions from non-employees (including the Service Providers) who have contributed to the Group or may contribute to the Group. Grant of Options to the Service Providers would not only align the interest of the Group with such Eligible Participants, but also strengthen their loyalty to the Group and provide incentives for (i) a higher degree of their participation and involvement in the business of the Group; and (ii) maintaining a stable and long term relationship with the Group. Through the grant of Options, the interest of such Eligible Participants will align with that of the Group in promoting the growth and development of the Group's business, which is desirable and necessary from a commercial perspective and helps maintain or enhance the competitiveness of the Group.

In respect of the Service Providers, the Group has, in its ordinary and usually course of business, always relied on the services of the Service Providers (including but not limited to suppliers, contractors, consultants, agents and advisors). For example, the Group consistently relies on contractors and suppliers for carrying out various construction projects. It is believed that the Group's success is attributable to the high quality of services provided by such individuals and entities even though they may not always be able to serve as full-time or part-time employees of the Group due to a variety of reasons. The Company appreciates the participation and contributions made by our business partners and would like to give them share-based incentives as and when appropriate so as to, among other things, motivate them to achieve higher performance target, provide higher quality of services, which will in turn further increase the Group's revenue. Moreover, the Group considers that attracting more of such business partners and exploring potential business opportunities with them would help to promote the corporate and brand image of the Group.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) believe that, despite that the Company not having previously granted any share options or awarded shares to its Service Providers, for the reasons detailed in paragraphs (a) and (b) below, it would be in the Company's interest to have the flexibility to grant Options to the Service Providers in recognition of their contribution to the Company where warranted. The Group has engaged the Service Providers to provide services according to its business needs in the past. The categories of Service Providers encompass industry experts with specialized skills and knowledge who provide advisory services to the Group and contractors/suppliers which provide services and equipment or materials in connection with the Group's principal businesses. The Directors consider that these Service Providers provide services that are necessary to support the Group's ongoing development and operations in line with its business needs and the industry norm of providing equity based payment to stakeholders in order to align interests and incentivise performance and long term business relationships. The Directors have given consideration to the criteria for determining the eligibility of a particular Service Provider as set out in paragraph 3.4.1 and 3.4.2 to Appendix IV, which included qualitative and quantitative factors based on the type of the Service Provider participant and allows a variety of aspects of the relationship and contributions/potential contributions of the Service Provider to be taken into account. The Directors will also impose appropriate vesting requirements and performance targets in any grant in such manner so as to align the interest of the Service Provider with that of the Group and to achieve the purpose of the 2023 Share Option Scheme. The Directors (including the independent non-executive Directors) are of the view that the inclusion of Service Providers as Eligible Participants, the criteria for of selection of the Eligible Participants, and the terms of the grants fair and reasonable and align with the purpose of the 2023 Share Option Scheme, based on the following reasons:

- (a) Despite the Service Providers will receive service fees in cash from the Group, it is essential to allow flexibility to provide equity-based payment as part of its payment options when appropriate, in order to align its interests and maintain business relationships with certain Service Providers given the unique challenges posed by the Group's business, including but not limited to, (i) the difficulty in finding and engaging experienced, qualified Service Providers such as contractors, suppliers, consultants, agents and advisers, (ii) the length time required to carry out and complete a single project, and (iii) the potential detrimental impact on the business that may arise due to a change of Service Provider(s) during the course of a project. In light of these challenges, the Board believes that it is in the Group's best interest to allow flexibility to pay service fees in a combination of cash and Options or grant Options as incentives to the Service Providers when deemed appropriate.

LETTER FROM THE BOARD

- (b) The Group has collaborated with Service Providers for site preparation, project execution, project management, engineering consultancy, surveying, and other services that related to or ancillary to the principal business of the Group. Furthermore, in view of the rapid change in market situation, the Group may require professional services to be provided by the Service Providers on a continuing or recurring basis to cope with its demand for initiatives, projects and focuses and to support its expansion plans from time to time. In such case, the Board will determine whether the Service Providers providing professional services are eligible to participate in the 2023 Share Option Scheme based on whether such professional services provided are in line with the Company's business need and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, having regard to the Group's principal business segments and focuses from time to time. Such Service Providers may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. For example, these Service Providers may be seasoned people in their own fields and professionals with extensive business connections which the Group may not be able to recruit them as employees, or they may prefer to be employed on self-employed basis or be engaged on contract basis which is in line with industry norm, and the Company may need to outsource such functions and procure services from suppliers, or is unable to turn to internal resources for these kind of specialised support due to various restraints. A sustainable and collaborative working relationship with these Service Providers is vital for the smooth and efficient business operation and the long-term development of the Group.

Recognising the contribution of the Service Providers as mentioned above may enhance their performance and further contribution to the Company which are essential to the sustainable and successful development of the Company. The adoption of the 2023 Share Option Scheme confers several advantages:

- (a) aligning the interests of the Services Providers and the Group by providing them the opportunity to partake in the Group's future prospects and benefit from additional rewards through their sustained and long-term contributions, as the success of the Group will directly impact the value of the Options granted to such Service Providers;
- (b) incentivising the Service Providers to provide high-quality services to the Group by linking their rewards to the Group's success, thereby encouraging optimal performance and efficiency;
- (c) enhancing loyalty and foster long-term stable cooperation between the Group and the Service Providers; and

LETTER FROM THE BOARD

- (d) facilitating the Group's capacity to allocate its financial resources more efficiently, for instance, by preserving cash for other parts of the Group's business operations or investments while continuing to provide competitive incentives to attract and retain high-calibre Service Providers.

For the avoidance of doubt, Service Providers shall exclude placing agents or financial advisers providing advisory services to the Group for fundraising, merger or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectively.

Maximum number of Shares subject to the 2023 Share Option Scheme

The Scheme Mandate Limit is the total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share schemes of the Company, which shall not exceed 10% of the total number of Shares in issue on the Adoption Date. The Service Provider Sublimit, being a sublimit under the Scheme Mandate Limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other share schemes of the Company, which shall not exceed 1% of the total number of Shares in issue on the Adoption Date.

As at the Latest Practicable Date, there were 1,200,000,000 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the Scheme Mandate Limit and the Service Provider Sublimit will be 120,000,000 and 12,000,000 Shares, respectively.

The Service Provider Sublimit was determined after considering the potential dilution effect arising from grants of Options to the Service Providers, the importance of striking a balance between achieving the purpose of the 2023 Share Option Scheme and protecting Shareholders from the dilution from granting a substantial amount of Options to the Service Providers, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers, the extent of use of Service Provider in the Group's business, and the relevance and significance of the Service Providers to the main business of the Group. While the Board does not have any plan to grant any Options to any Service Providers as at the Latest Practicable Date, the Directors (including all the independent non-executive Directors) are of the view that such Service Provider Sublimit is appropriate and reasonable given the Company's business needs and the minimal potential dilution to the shareholding of public Shareholders following the exercise of the Options to be granted to Service Providers under the Service Provider Sublimit of approximately 1.0% based on the number of issued Shares as at the Latest Practicable Date, considering the fact that there is no other schemes involving the grant of share option or share awards to Service Providers, and such sublimit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2023 Share Option Scheme.

LETTER FROM THE BOARD

The Group is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong. During the ordinary and usual course of business of the Group, the Group will from time to time require services from the Service Providers for its main business, including but not limited to (i) agents, consultants and advisors who provide advisory services, consultancy services and/or other professional services to the Group; and (ii) suppliers of equipment, materials, goods and services to the Group and contractors who support the Group's principal business activities in the construction industry and/or other principal business activity(ies) that may be carried out by the Group from time to time. All of such services are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by introducing new customers or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the abovementioned fields and they contribute to a substantial part of development and growth of the Group which would be taken into consideration when the Board considers a grant of Options. It is expected that the Group's continued success will benefit from the different expertise that the Service Providers could provide to the Group. As such, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable considering the nature of the industry and the Group's business needs, and such a limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2023 Share Option Scheme.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the AGM. In case the adoption of the 2023 Share Option Scheme is approved by the Shareholders at the AGM but the Service Provider Sublimit is not so approved by the Shareholders, no Option shall be granted to any Service Provider and the Service Provider Sublimit shall be deemed to be nil Share, but the Company may, as and when appropriate in compliance with all applicable requirements under the Listing Rules, seek Shareholders' approval of the same or a different sublimit on the total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company to the Service Providers. Before proposing such a sublimit for the Shareholders' re-consideration, the Board would ascertain and consider the reasons why the Service Provider Sublimit was not previously met with the Shareholders' approval (such as whether the disapproval was related to the inclusion of Service Providers as Eligible Participants, the categories of Service Providers or the percentage level of the Service Provider Sublimit), whether there are other alternatives which could serve the same purpose of retaining or rewarding Service Providers, and all other relevant prevailing circumstances (including but not limited to the then business needs of the Company and industry norm), so as to make sure that such a sublimit is appropriate and in the interests of the Company and the Shareholders.

LETTER FROM THE BOARD

Performance targets and clawback mechanism

Save as determined by the Board and provided in the Offer Letter, the 2023 Share Option Scheme does not stipulate any performance target that the grantee is required to achieve before the relevant Option can be exercised. However, the 2023 Share Option Scheme gives the Board discretion to impose such conditions on the Options where appropriate. The Directors consider that it may not always be appropriate to impose such conditions particularly when one of the purpose of granting the Options is to remunerate or compensate Eligible Participants for past contributions. The Directors consider it more beneficial to the Company to retain the flexibility to determine whether such condition are appropriate in light of the particular circumstances of each grant.

As for clawback mechanism, upon the occurrence of the events including the failure of the grantee to perform duties effectively or is involved in serious misconduct, breach of any non-competition or non-disclosure agreement entered into with the Group, the contravention of the relevant laws and regulations of the applicable jurisdiction and/or the provisions of the Articles of Association by the grantee, the involvement of the grantee in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company, the sanction by the Stock Exchange and/or subject to any disciplinary actions imposed by the Securities and Futures Commission of Hong Kong or conviction of any criminal offence to the grantee, and the failure of the grantee to discharge, or discharge properly his or her duties or fail to comply with the Company's internal policy and/or his/her employment agreement which result in serious loss in asset of the Company and other serious and adverse consequence, the Board may clawback such number of Options (to the extent not being exercised) granted or extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period. The Options that are clawed back shall be regarded as cancelled accordingly. The Board is of the view that with such clawback mechanism in place, the Company would be able to claw back the equity incentives granted to the grantees culpable of misconduct, which is in line with the purpose of the 2023 Share Option Scheme and the interest of the Shareholders in general. The directors believe that the 2023 Share Option Scheme will provide the Board with flexibility in determining the applicable performance targets and any other conditions to which the specific grant of Options may be subject on a case-by-case basis, and thus will place the Group in a better position to attract human resources that are valuable to the long-term growth and development of the Group.

LETTER FROM THE BOARD

Vesting period

The vesting period for an Option shall not be less than 12 months, save where the Board or (where the arrangements relate to grants of Options to the Directors and senior management of the Company) Remuneration Committee determines a shorter vesting period under the circumstances more particularly described in Appendix IV to this circular. Such circumstances may (i) provide flexibility to grant Options as part of competitive terms to induce valuable talents to join the Group (paragraphs 5.2(a) of Appendix IV); (ii) reward past contribution which may otherwise be neglected due to administrative or technical reasons (paragraphs 5.2(b) and (d) of Appendix IV); (iii) reward exceptional performers with accelerated vesting (paragraphs 5.2(e) and (f) of Appendix IV); and (iv) to motivate exceptional performers based on performance metrics rather than time (paragraph 5.2(c) of Appendix IV). As there are certain instances where a strict 12-month vesting requirement would not work or would not be fair to the grantees, to ensure the practicability in fully attaining the purpose of the 2023 Share Option Scheme, there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified and the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to the changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances. The Board and the Remuneration Committee are of the view that such arrangements are appropriate because they are in line with the requirements under the Listing Rules and market practice, and give the Company flexibility to provide a competitive remuneration package to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified, which is in line with the purpose of the 2023 Share Option Scheme.

Basis of determination of the Subscription Price

The Board will also determine the Subscription Price in respect of any Option pursuant to the terms of the 2023 Share Option Scheme, which shall be at least the highest of: (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (ii) the average closing price per Share as stated in the Stock Exchange's daily quotations sheet for the five (5) business days immediately preceding the Offer Date; or (iii) the nominal value of a Share. The Directors consider that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

LETTER FROM THE BOARD

The Board has sought legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to the 2023 Share Option Scheme and 2023 Share Award Scheme proposed to be adopted. The Company understands that while the 2023 Share Option Scheme is not restricted to executives and employees of the Group, the adoption thereof 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). The Company will comply with the relevant requirements when granting Options to the Eligible Participants.

Based on the above, the Board considers that the adoption of the 2023 Share Option Scheme is in the interests of the Company and the Shareholders as a whole and would enable the purpose of the 2023 Share Option Scheme to be achieved.

A summary of the principal terms of the 2023 Share Option Scheme is set out in Appendix IV to this circular.

The 2023 Share Option Scheme does not have a trustee and hence none of the Directors is and will be a trustee of the 2023 Share Option Scheme.

The Board has no present intention to grant any Options to any of the Eligible Participants under the 2023 Share Option Scheme after its adoption.

Document on display

A copy of the rules of the 2023 Share Option Scheme will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.royal-deluxe.com for display for a period of not less than fourteen (14) days before the date of the AGM and the rules of the 2023 Shares Option Scheme will be made available for inspection at the AGM.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Tuesday, 19 September 2023. To determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 14 September 2023 to Tuesday, 19 September 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 13 September 2023.

LETTER FROM THE BOARD

AGM

The notice convening the AGM to be held at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 19 September 2023 at 10:30 a.m. is set out on pages 75 to 82 of this circular. A form of proxy for use by Shareholders at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for the holding of the AGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the AGM or any adjourned meeting thereof (as the case may be) should you so desire and in such event, the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions as set out in the notice convening the AGM will be voted by poll and, after being verified by the scrutineer, the results of the poll will be published in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATIONS

The Directors consider that the proposals for the re-appointment of auditors, re-election of the retiring Directors, the grant of the Issue Mandate and the grant of Repurchase Mandate, the extension of the Issue Mandate, the proposed adoption of the 2023 Share Award Scheme and the proposed adoption of the 2023 Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM and as set out in the AGM Notice.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

By Order of the Board
Royal Deluxe Holdings Limited
Wang Kei Ming
Chairman and Executive Director

This appendix serves as an explanatory statement, as required under the Listing Rules to provide the requisite information to the shareholders for consideration of the Repurchase Mandate pursuant to Rule 10.06 of the Listing Rules.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,200,000,000 Shares. Subject to the passing of the relevant resolution to approve the Repurchase Mandate and on the basis that no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of AGM, the Company will be allowed to repurchase a maximum of 120,000,000 Shares during the Relevant Period.

2. SOURCES OF FUNDS

The Directors propose that the repurchase of Shares under the Repurchase Mandate would be financed from the Company's internal resources.

In repurchasing the Shares, the Company may only apply funds which are legally available for such purposes in accordance with the constitutive documents of the Company, the Listing Rules and the applicable laws and regulations of the Cayman Islands. The Company will not purchase the Shares 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 from time to time.

3. REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention of exercising the proposed Repurchase Mandate, the Directors believe that the flexibility afforded by the proposed Repurchase Mandate would be beneficial to the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions at the time, lead to an enhancement of the net asset value and/ or earnings per Share and will only be made when the Directors believe that repurchase of Shares will benefit the Company and Shareholders as a whole.

4. SHARE PRICES

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

	Shares Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
August	0.159	0.127
September	0.159	0.121
October	0.145	0.121
November	0.140	0.120
December	0.139	0.115
2023		
January	0.138	0.114
February	0.124	0.105
March	0.121	0.115
April	0.115	0.092
May	0.103	0.091
June	0.101	0.083
July	0.107	0.094
August (up to the Latest Practicable Date)	0.105	0.082

5. 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 repurchase pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the Articles of Association, the memorandum of association of the Company and the applicable laws of the Cayman Islands.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares 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 the Takeover Code. As a result, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, the following shareholders had interests representing 10% or more of the issued share capital of the Company:

Long position in the Company

Name of shareholder	Capacity/Nature of interest	Number of shares held	Approximate percentage of shareholding in the Company	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Wang K M Limited <i>(Note 1)</i>	Beneficial owner	801,600,000	66.8%	74.2%
K C Limited	Beneficial owner	49,200,000	4.1%	4.6%
Mr. Benjamin Wang	Beneficial owner	9,880,000	0.8%	0.9%
Mr. Joseph Wang <i>(Note)</i>	Interest in controlled corporations/ Interest of spouse	850,800,000	70.9%	78.8%
Ms. Chao <i>(Note)</i>	Interest in controlled corporations/ Interest of spouse	850,800,000	70.9%	78.8%

Note:

Each of Mr. Joseph Wang and Ms. Chao holds 50% of the issued share capital of Wang K M Limited, which directly holds 66.8% of the shares of the Company. Each of Mr. Joseph Wang and Ms. Chao also holds 50% of the issued share capital of K C Limited, which directly holds 4.1% of the shares of the Company. Ms. Chao is the spouse of Mr. Joseph Wang. Therefore, Each of Mr. Joseph Wang and Ms. Chao is deemed, or taken to be, interested in the same number of shares of the Company in which Wang K M Limited and K C Limited are interested for the purpose of the SFO. Mr. Joseph Wang is the sole director of each of Wang K M Limited and K C Limited.

On the basis of 120,000,000 Shares in issue as at the Latest Practicable Date and assuming there is no further issue or repurchase of Shares during the period from the Latest Practicable Date up to and including the date of the AGM, if the Repurchase Mandate were exercised in full, the total number of the Shares which will be repurchased pursuant to the Repurchase Mandate shall be 12,000,000 Shares (being 10% of the total number of issued Shares as at the Latest Practicable Date) and the interests in the shareholding in the Company held by Mr. Joseph Wang and Ms. Chao would be increased from approximately 70.9% to approximately 78.8% of the issued Shares. Such increase would result in the aggregate number of Shares in the public hands being reduced to less than 25%. Any repurchase of the Shares which results in the number of the Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float.

The Directors do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 or Rule 32 of the Takeovers Code.

The Directors will not repurchase the Shares on the Stock Exchange if the repurchase would result in the number of the listed securities which are in the hands of the public falling below 25%, being the relevant minimum prescribed percentage for the Company as required by the Stock Exchange.

7. DISCLOSURE OF INTEREST OF DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

As at the Latest Practicable Date, none of the Directors nor, to the best of their respective knowledge and belief and having made all reasonable enquiries, their close associates (as defined under the Listing Rules), have any present intention, if the Repurchase Mandate is approved by the Shareholders and is exercised, to sell any Shares to the Company or any of its subsidiaries under the Repurchase Mandate.

As at the Latest Practicable Date, no core connected person (as defined in the Listing Rules) of the Company (i) has notified the Company that he/she/it has a present intention to sell any Shares; (ii) has undertaken to the Company that he/she/it will not sell any Shares held by he/she/it to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

8. MATERIAL ADVERSE CHANGE

As compared with the financial position of the Company as at 31 March 2023 (being the date to which the latest audited accounts of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

9. SHARE REPURCHASE MADE BY THE COMPANY

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

The following are particulars of the Directors proposed to be re-elected at the AGM:

RE-ELECTION OF DIRECTORS**Mr. Wang Yu Hin (“Mr. Benjamin Wang”)**

Mr. Benjamin Wang Yu Hin, aged 37, is an executive Director. Mr. Benjamin Wang is responsible for overseeing the Group’s operation, business development, human resources, and finance and administration. Mr. Benjamin Wang was appointed as an executive Director on 18 July 2016. Mr. Benjamin Wang is also a member of each of the environmental, social, governance committee (the “**ESG Committee**”) and the risk committee of the Company (the “**Risk Committee**”).

Mr. Benjamin Wang graduated with a Bachelor of Science with a major in Chemistry from the University of California, Los Angeles, in September 2006. Mr. Benjamin Wang continued to pursue his postgraduate education in biochemical science in the United States from October 2006 to late 2010. Mr. Benjamin Wang also completed an advanced workshop for general managers (總經理高級研修班) at the Tsinghua University Training Centre of Professional Managers (清華大學職業經理訓練中心) in July 2015. He had worked in Osstem Hong Kong Limited from May 2011 to September 2014 with his last position as assistant sales manager. He then joined Ming Tai Construction as personal assistant to the director in September 2014 and was subsequently promoted to cost controller in January 2016. Mr. Benjamin Wang obtained a Certificate in Safety and Health for Supervisors (Construction) from the Occupational Safety and Health Council in August 2014. Mr. Benjamin Wang is appointed as Deputy Secretary of the Hong Kong Construction Sub-Contractors Association since July 2018. Mr. Benjamin Wang graduated from the EMBA-Global Asia programme offered by HKU Business School, Columbia Business School and London Business School in June 2019. Mr. Benjamin Wang joined Registered Specialist Trade Contractors Federation as Secretary of Youth Committee in May 2021.

Mr. Benjamin Wang is the son of Mr. Wang Kei Ming (“**Mr. Joseph Wang**”), the chairman, an executive Director and a controlling shareholder of the Company, and the son of Ms. Chao Lai Heng (“**Ms. Chao**”), the chief executive officer and a controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Benjamin Wang holds 9,880,000 Shares, which representing approximately 0.8% of the issue Shares.

Mr. Benjamin Wang has entered into a service contract with the Company and it has been renewed for a term of three years commencing on 6 February 2023, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. The director’s remuneration of Mr. Benjamin Wang will be reviewed annually by the Board and the Remuneration Committee by reference to the prevailing market practice, the Company’s remuneration policy, his experience, duties and responsibilities within the Company. For the year ended 31 March 2023, the total remuneration paid to Mr. Benjamin Wang amounted to approximately HK\$3,024,000.

Save as disclosed above, as at the Latest Practicable Date, Mr. Benjamin Wang does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, as at the Latest Practicable Date, Mr. Benjamin Wang does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company and he had no interests in the Shares which are required to be disclosed pursuant to Part XV to the SFO.

Save as disclosed above, the Company considers that in relation to the re-election of Mr. Benjamin Wang as an executive Director, there is no information to be disclosed pursuant to paragraphs 13.51(2)(h) to (v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Sio Kam Seng (“Mr. Sio”)

Mr. Sio, aged 64, was appointed as an independent non-executive Director on 17 January 2018. He is the chairman of the Nomination Committee and the member of each of the Audit Committee, the Remuneration Committee, the ESG Committee and the Risk Committee.

Mr. Sio graduated from The Queen’s University of Brighton in 2002 with a Bachelor of Science in Construction Engineering and Management. He obtained a Postgraduate Diploma and a master’s degree in Business Administration from the University of Wales in 2005 and 2012, respectively. He is currently a member of the Institute of Certified Management Accountants and the Institute of Public Accountants in Australia, the Society of Environmental Engineers, the Chartered Institute of Building, the Hong Kong Institute of Directors, and the Hong Kong Management Association. He is also a fellow member of Life Management Institute, an associate member of the Chartered Institute of Arbitrators and a senior associate member of Australian and New Zealand Institute of Insurance and Finance.

Mr. Sio has over 25 years of experience in the insurance industry. Prior to joining the Group, he worked at HSBC Insurance Company Limited from 1989 to 1992 and his last position was area manager. He then served in Sime Insurance Brokers (HK) Ltd from 1993 to 1995 with his last position as assistant general manager. He then worked at Man Sang Holdings Inc from 1995 to 1997 and his last position was chief executive officer. He served in Howden Insurance Brokers (HK) Limited from 1998 to 2017 and his last position was chief executive officer. He has been a director of China Metro-Rural Holdings Limited since 2009, a company that develops and operates integrated agricultural logistics platforms and engages in rural-urban migration redevelopment in mainland China. He has also been a deputy chief executive officer of Lockton Companies (Hong Kong) Limited since 1 January 2018, a company that provides risk consulting and insurance broking services.

Mr. Sio has entered into a letter of appointment with the Company and it has been renewed for a term of three years commencing on 6 February 2023, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. The director’s fee of Mr. Sio is HK\$198,000 per annum and will be reviewed annually by the Board and the Remuneration Committee by reference to the prevailing market practice, the Company’s remuneration policy, his experience, duties and responsibilities within the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Sio does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, as at the Latest Practicable Date, Mr. Sio does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company and he had no interests in the Shares which are required to be disclosed pursuant to Part XV to the SFO.

Save as disclosed above, the Company considers that in relation to the re-election of Mr. Sio as an independent non-executive Director, there is no information to be disclosed pursuant to paragraphs 13.51(2)(h) to (v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

The following is a summary of the principal rules of the 2023 Share Award Scheme but does not form part of, nor was it intended to be, part of the 2023 Shares Award Scheme nor should it be taken as affecting the interpretation of the 2023 Share Award Scheme

1. ELIGIBLE PARTICIPANTS TO THE 2023 SHARE AWARD SCHEME

- 1.1. Eligible Participants are the Employee Participants (including the independent non-executive Directors). In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group, and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future. For Employee Participants, assessing factors include: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group
- 1.2. However, no individual who is a resident in a place where the grant, acceptance or vesting of an Award pursuant to the 2023 Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2023 Share Award Scheme.

2. PURPOSE OF THE 2023 SHARE AWARD SCHEME

- 2.1. The purpose of the 2023 Share Award Scheme is to recognise the contribution or future contribution of the Eligible Participants for their contribution to the Group by granting Awards to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group. The 2023 Share Award Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

3. AWARDS

- 3.1. An Award gives a Selected Participant a conditional right, when the Award Shares vest, to obtain the Award Shares or, at the determination of the Board or its delegate(s), it is not practicable for the Selected Participant to receive the Award in Shares solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or its delegate(s) will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares and Related Income derived from such Award Shares.
- 3.2. For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares would be paid to the Selected Participants even though the Award Shares have not yet vested.

4. GRANT OF AWARD

- 4.1. The Board or the committee of the Board or person(s) to which the Board has delegated its authority, may, from time to time, select any Eligible Participant to be a Selected Participant and grant an Award to such Selected Participant (in the case of the Board's delegate(s), to any Selected Participant other than a Director or an office of the Company) by way of an Award Letter. The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions (including but not limited to performance target(s), if any), the purchase price of the Award Shares (if any) and the vesting date and such other details as the Board or its delegate(s) may consider necessary. Upon receipt of the Award Letter, the Selected Participants are required to confirm their acceptance of the Award by returning to the Company a notice of acceptance duly executed by them within 21 days after the Grant Date (the "**Acceptance Period**") without payment unless otherwise stated in the relevant Award Letter as the Board may determine. If the Selected Participant fails to return the notice of acceptance upon the expiration of the Acceptance Period to the Company, the Award automatically lapses forthwith and the Shares pursuant to the Award will become Returned Shares.

- 4.2. No Award Shares shall be granted to any Eligible Participant if such grant of Award Shares to such person would result in the number of Shares issued and to be issued in respect of all award shares and options granted (excluding any award shares and options lapsed) in accordance with the terms of the 2023 Share Award Scheme and other share scheme(s) adopted by the Company to such person in the 12-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the date of such grant representing in aggregate over 1% (or such other percentage as may be specified by the Stock Exchange from time to time) of Shares in issue, unless:
- (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which such person and his/her close associates (as defined under the Listing Rules) (or his/her associates if such person is a connected person) shall abstain from voting;
 - (b) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
 - (c) the number and terms of such Award Share are fixed before the general meeting of the Company at which the same are approved.
- 4.3. Each grant of an Award to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of an Award). In addition:
- (a) where any grant of Award Shares to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all award shares granted (excluding any award shares lapsed) in accordance with the terms of the 2023 Share Award Scheme and other share award scheme(s) of the Company (if any) to such person in the 12-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the date of such grant representing in aggregate over 0.1% (or such other percentage as may be specified by the Stock Exchange from time to time) of the Shares in issue as at the date of such grant, such further grant of Award Shares must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules; or

(b) where any grant of Award Shares to an independent non-executive Director or substantial shareholder of the Company (or any of their respective associates) would result in Shares issued and to be issued in respect of all award shares and options granted (excluding any award shares and options lapsed) in accordance with the terms of the 2023 Share Award Scheme and other share scheme(s) adopted by the Company to such person in the 12-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the date of such grant representing in aggregate over 0.1% (or such other percentage as may be specified by the Stock Exchange from time to time) of Shares in issue as at the date of such grant, such further grant of Award Shares must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.

4.4. In the circumstances described in **Paragraphs 4.3(a) and 4.3(b)** above, the Company must send a circular to the Shareholders. The Selected Participants, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

5. RESTRICTIONS ON GRANTS AND TIMING OF GRANTS

5.1. No Award shall be made to Selected Participants pursuant to **Paragraph 5** and no directions or recommendation shall be given to the Trustee with respect to a grant of an Award under the 2023 Share Award Scheme:

5.1.1. after inside information has come to the Company's knowledge until (and including) the trading day on which it has announced the information. In particular, no Awards shall be granted during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of 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 results announcement, no Awards may be granted; nor should any Award be made to any Eligible Participant during any other periods of time stipulated by the relevant sections of the Listing Rules from time to time in relation to any restriction on the time of grant of awards, or

- 5.1.2. who is subject to the Model Code during the periods or times in which such Eligible Participant is prohibited from dealing in the Shares pursuant to the Model Code.

6. MAXIMUM NUMBER OF SHARES TO BE GRANTED

- 6.1. The total number of Shares which may be issued in respect of all options and awards to be granted under the 2023 Share Award Scheme and other share schemes of the Company must not in aggregate exceed 120,000,000, representing 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue as at the Adoption Date or the relevant date of approval of the refreshment of the Scheme Mandate Limit.
- 6.2. For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any options or awards that have already lapsed in accordance with the terms of the relevant share scheme(s) of the Company will not be regarded as utilised.
- 6.3. The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting every three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date), provided that:
- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% (or such other percentage as may be specified by the Stock Exchange from time to time) of the total number of issued Shares as at the date of such Shareholders' approval of the refreshment of the Scheme Mandate Limit;
 - (b) for the purpose of calculating the Scheme Mandate Limit, options or awards lapsed will not be regarded as utilized and options or awards cancelled will be regarded as utilised; and
 - (c) a circular regarding the proposed refreshment of the Scheme Mandate Limit has to be despatched to the Shareholders in a manner complying with, and containing the matters specified in, Chapter 17 of the Listing Rules.

- 6.4. Further to the requirements set out under above, any refreshment of the Scheme Mandate Limit within three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date) must be approved by the Shareholders in general meeting subject to the following provisions:
- (a) any controlling shareholder and their associates (or if there are no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules; and
 - (c) the requirements under sub-paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of Shares 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 Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of the Shares, rounded to the nearest whole Share.
- 6.5. The Company may seek separate approval from the Shareholders in general meeting for granting awards which will result in the Scheme Mandate Limit being exceeded, provided that:
- (a) the grant is only to Eligible Participants specifically identified by the Company before the approval is sought; and
 - (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules and any other applicable laws and rules.
- 6.6. If the Company conducts any share consolidation or subdivision after the Scheme Mandate Limit has been approved in the general meeting, the maximum number of Shares that may be issued by the Company pursuant to the 2023 Share Award Scheme and all other share schemes of the Company under the utilised Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

7. PURCHASE PRICE OF SHARE AWARD

- 7.1. The purchase price of the Award Shares (if any) shall be such price as determined by the Board, the committee of the Board, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Participants.
- 7.2. No acceptance price of Award Shares will be payable on the acceptance of such Award.

8. RIGHTS ATTACHED TO THE AWARD

- 8.1. Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares would be paid to the Selected Participants even though the Award Shares have not yet vested, the Selected Participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the Selected Participant, nor does he/she have any rights to any cash or non-cash income until the Award Shares and Related Income vest.
- 8.2. Neither the Selected Participant nor the Trustee may exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Award Shares, any Returned Shares, any bonus Shares and any scrip Shares). In particular, the Trustee holding unvested Shares under the 2023 Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.
- 8.3. In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek instruction from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.
- 8.4. In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not, unless otherwise instructed by the Company, subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants, and shall sell the bonus warrants created and granted to it, and the net proceeds of sale of such bonus warrants shall be held as Returned Trust Funds.

8.5. In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive the cash component, unless otherwise instructed by the Company, which shall be treated as Related Income (for the cash income derived from Award Shares) or Returned Trust Funds (for the cash income derived from Returned Shares).

9. RIGHTS ATTACHED TO THE SHARES

9.1. Any Award Shares transferred to a Selected Participant in respect of any Awards will be subject to all the provisions of the Articles of Association and will form a single class with the fully paid Shares in issue on the relevant date.

10. ISSUE OF SHARES AND/OR TRANSFER OF FUNDS TO THE TRUSTEE

10.1. The Company shall, for the purposes of satisfying the Awards, (i) issue and allot Shares to the Trustee under the Scheme Mandate Limit granted or to be granted by the Shareholders at general meetings of the Company from time to time for future awards and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price. The Trustee shall hold the Award Shares and Related Income derived from such Award Shares on trust for the Selected Participant until the end of the relevant vesting period. When the Selected Participant has satisfied all vesting conditions specified by the Board at the time of making the Award and become entitled to the Award Shares, the Trustee shall transfer the relevant Award Shares and Related Income derived from such Award Shares to the Selected Participants.

11. ASSIGNMENT OF AWARDS

11.1. Any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made. Unless a waiver is granted by the Stock Exchange or otherwise permitted or required under the applicable laws and regulations, any Award shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

12. VESTING OF AWARDS

12.1. Subject to the Listing Rules, the Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the 2023 Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested hereunder. The vesting date in respect of any Award shall be not less than 12 months from the Grant Date, provided that for Employee Participants, the vesting date may be less than 12 months from the Grant Date (including on the Grant Date) in the following circumstances where:

- (a) grants of “make whole” Awards to new joiners to replace share awards or options they forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Awards 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 Award would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months;
- (e) grants with a total vesting and holding period of more than twelve (12) months;
or
- (f) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

12.2. Within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any vesting date, the Board or its delegate(s) shall send to the relevant Selected Participant a vesting notice.

13. PERFORMANCE TARGET

13.1. Subject to the rules of the 2023 Share Award Scheme, the Listing Rules and any applicable laws and regulations, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall have the power from time to time to establish and administer performance targets (if any) that must be fulfilled by a Selected Participant before any of the Awards may be vested to such Selected Participants under such Awards. Such performance targets shall include, among others, financial targets and management targets which shall be determined based on the (i) individual performance, (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Selected Participants. For example, performance targets may be set in terms of sales, revenue, cash flow, cash collection, return on investment, commencement and completion of projects, customer satisfaction metrics or such other parameters or matters relevant to the roles and responsibilities of the relevant Selected Participant. The finance department of the Company shall be responsible for compiling a performance appraisal report on statistics relating Group-level performance targets and the human resources department shall be responsible for compiling a performance appraisal report based on the Group's performance appraisal results and the individual performance appraisal results, which will be submitted to the Board or such committee of the Board or person(s) delegated with its authority, for consideration and approval. For the avoidance of doubt, an Award Share shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant Award Letter.

14. ADJUSTMENT

- 14.1. In the event of any alteration in the capital structure of the Company following the commencement of the 2023 Share Award Scheme from any issue of shares in or other securities of the Company by way of subdivision, consolidation or reduction of the share capital or any capitalisation issue or right issue which the Board considers an adjustment as necessary under this paragraph, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board or its delegate(s) determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2023 Share Award Scheme for the Selected Participants. All fractional Shares (if any) arising out of such alteration in the capital structure of the Company in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant vesting date. The Trustee shall hold Returned Shares to be applied in accordance with the provisions of the rules of the 2023 Share Award Scheme for the purpose of the 2023 Share Award Scheme.
- 14.2. Any adjustments made under the foregoing paragraph must give a Selected Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that person was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or auditors of the Company must confirm to the Directors in writing that the adjustment satisfy the requirements of the relevant provision of the Listing Rules.

15. CESSATION AS AN ELIGIBLE PERSON

- 15.1. If there is a change in position(s) or duty(ies) of the Selected Participant's employment or contractual engagement with the Group and such Selected Participant is still regarded as an Eligible Participant, any outstanding Award Shares and Related Income not yet vested shall continue to vest in accordance with the vesting dates set out in the Award Letter, unless the Board or its delegate(s) determines otherwise at their absolute discretion.
- 15.2. If a Selected Participant ceases to be an Eligible Participant by reason of (i) retirement of the Selected Participant at his/her normal retirement age as specified in his/her terms of employment or contractual engagement with the Group or as prescribed by statute; or (ii) his/her job-related permanent physical or mental disablement or job-related death, any outstanding Award Shares and Related Income not yet vested shall continue to vest in accordance with the vesting dates set out in the Award Letter, unless the Board or its delegate(s) determines otherwise at their absolute discretion.
- 15.3. If a Selected Participant ceases to be an Eligible Participant by reason of (i) death of the Selected Participant; (ii) termination of the Selected Participant's employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement; (iii) termination of the Selected Participant's employment or early termination of the contractual engagement with the Group by reasons of misconduct or otherwise pursuant to law or employment or engagement contract; (iv) termination of the Selected Participant's employment or contractual engagement with the Group by reason of redundancy or unsatisfactory performance; (v) resignation of the Selected Participant's employment; (vi) winding up of any member of the Group in which the Selected Participant is employed or is contractually engaged; (vii) end of the term of the Selected Participant's contract for provision of services, goods or otherwise with the Group; or (viii) end of the term of the contract of the Selected Participant's engagement with the Group as contractual staff, any outstanding Award Shares and Related Income not yet vested shall immediately lapse, unless the Board or its delegate(s) determines otherwise at their absolute discretion.
- 15.4. If a Selected Participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally, any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

15.5. If a Selected Participant is not in good standing or is subject to disciplinary action, performance review or internal investigation by reasons of unsatisfactory performance or misbehaviour or non-compliance with its terms of employment or contractual engagement with the Group or otherwise and such Selected Participant is still regarded as an Eligible Participant, any outstanding Award Shares and Related Income not yet vested shall immediately lapse, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

15.6. If a Selected Participant ceases to be an Eligible Participant for reasons other than those stated above, any outstanding Award Shares and Related Income not yet vested shall immediately lapse, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

16. LAPSE OF AWARDS

16.1. An Award shall lapse automatically on the earliest of:

- (a) unless the Board or its delegate(s) determines otherwise at their absolute discretion, the date on which the Selected Participant ceases to be an Eligible Participant in accordance with **Paragraphs 15.3 to 15.6** above;
- (b) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
- (c) a Selected Participant is found to be an Excluded Participant; or
- (d) a Selected Participant fails to return duly executed transfer documents prescribed by the Board and/or the Trustee for the relevant Award Shares within the stipulated period.

In the event of lapse of any Award, the Award or the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and all the Award Shares or the relevant Award Shares shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the 2023 Share Award Scheme.

17. CLAWBACK MECHANISM

17.1. If a Selected Participant, being an employee whose employment is terminated by the Group by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Selected Participant having been convicted of any criminal offence involving his/her integrity or honesty, or the Selected Participant having done something which brings the Group into disrepute or causes damages to the Group (including, among others, causing material misstatement of the financial statements of the Company), any outstanding Award Shares and Related Income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

18. CANCELLATION OF AWARDS

18.1. The Board in its sole discretion may cancel an Award Share granted but remained unvested with the approval of the Selected Participant of such Award Share in certain circumstances, including where it is necessary to comply with the laws in the jurisdictions in which the Eligible Participants and the Company are subject to, or in order to comply with the requirements of any securities exchange.

18.2. Award Shares may be granted to an Eligible Participant in place of his/her cancelled Award Shares provided that there are available Scheme Mandate Limit approved by the Shareholders as referred to in Rule 17.03B or Rule 17.03C of the Listing Rules. The Award Shares cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

19. ALTERATION OF THE 2023 SHARE AWARD SCHEME

19.1. The Directors may from time to time in their absolute discretion alter the definition of “Eligible Participant(s)” and “Award Period” and the provisions in **Paragraphs 1, 2, 4, 6, 7, 8, 11 to 22** of this appendix which are of a material nature or provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Selected Participants or prospective Selected Participants provided that approval from the Shareholders in general meeting (with the Selected Participants and their associates abstaining from voting) has been obtained. Save for the above, the Board or its delegate(s) may alter the terms of the 2023 Share Award Scheme without the approval of the Shareholders in a general meeting. No such alteration shall operate to affect adversely the terms of issue of any Award Shares granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Selected Participants as would be required of the Shareholders under the constitutional documents for the time being of the Company for a variation of the rights attached to the Shares.

- 19.2. Any change to the authority of the Board to alter the terms of the 2023 Share Award Scheme shall not be valid unless approved by the Shareholders in general meeting.
- 19.3. Any change to the terms of Award Shares granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Award Shares requires such approval (except where the alterations take effect automatically under the existing provisions of the 2023 Share Award Scheme).
- 19.4. The amended terms of the 2023 Share Award Scheme and/or the Award Shares must comply with the relevant requirements of Chapter 17 of the Listing Rules.

20. TERMINATION

- 20.1. The 2023 Share Award Scheme shall terminate on the earlier of (i) the falling on the tenth (10th) anniversary date of the Adoption Date; and (ii) such date of early determination as determined by resolution in general meeting or the Board.

21. ADMINISTRATION OF THE SHARE AWARD SCHEME

- 21.1. The Board shall have the power to administer the 2023 Share Award Scheme, including the power from time to time to (i) construe and interpret the rules of the 2023 Share Award Scheme and the terms of the Awards granted under the Share Award Scheme; (ii) to make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the 2023 Share Award Scheme, provided that they are not inconsistent with the rules of the 2023 Share Award Scheme; (iii) decide how the vesting of the Award Shares will be settled; (iv) grant Awards to those Eligible Participants whom it shall select from time to time; (v) determine the terms and conditions of the Awards; (vi) determine the commencement or termination date of an Eligible Participant's employment with any member of the Group; (vii) establish and administer performance targets (if any) that must be duly fulfilled by a Selected Participants under such Awards; (viii) approve the Award Letter; (ix) instruct the Trustee to apply any Returned Trust Funds to satisfy any fees payable to the Trustee; and (x) take such other steps or actions to give effect to the terms and intent of the rules of the 2023 Share Award Scheme.

21.2. The Board may delegate the authority to administer the 2023 Share Award Scheme to a committee of the Board or other person(s) as deemed appropriate at the sole discretion of the Board. The Board or its delegate(s) may also appoint one or more independent third-party contractors to assist in the administration of the 2023 Share Award Scheme as they think fit.

22. DURATION

22.1. Subject to any early termination as may be determined by the Board or by resolutions of Shareholders in general meeting, the 2023 Share Award Scheme shall be valid and effective for (i) a term of ten (10) years commencing on the date on which the 2023 Share Award Scheme is adopted by the Company (after which no further Awards will be granted); and (ii) thereafter for so long as there are any non-vested Award Shares prior to the expiration of the 2023 Share Award Scheme.

23. CONDITIONS OF THE 2023 SHARE AWARD SCHEME

23.1. The 2023 Share Award Scheme is conditional upon the passing of ordinary resolution(s) by the Shareholders at a general meeting of the Company to (i) approve and adopt the 2023 Share Award Scheme; (ii) authorise the Board to grant Award Shares under the 2023 Share Award Scheme; (iii) authorise the Board to allot and issue Shares in respect of any Award Shares to be granted pursuant to the 2023 Share Award Scheme; and (iv) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Shares on the Stock Exchange which may be issued by the Company in respect of all Award Shares to be granted in accordance with the terms and conditions of the 2023 Share Award Scheme.

24. MISCELLANEOUS

24.1. Should there be any discrepancy between English and Chinese versions, the English version shall prevail.

The following is a summary of the principal rules of the 2023 Share Option Scheme but does not form part of, nor was it intended to be, part of the 2023 Shares Option Scheme nor should it be taken as affecting the interpretation of the 2023 Share Option Scheme.

1. PURPOSE OF THE SCHEME

- 1.1. The purpose of the 2023 Share Option Scheme is to recognise and acknowledge the contributions that Eligible Participants have made or may make to the Group, and to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contributions to the Group with the view to achieving the principal objectives of (i) recruiting and retaining high-calibre personnel and key staff members that are valuable to the Group and whose contributions are important to the long-term growth and profitability of the Group; and (ii) motivate the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

2. LIFE OF THE 2023 SHARE OPTION SCHEME

- 2.1. Subject to **Paragraphs 26 and 27**, the 2023 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further Options will be offered or granted but the provisions of the 2023 Share Option Scheme shall remain in full force and effect in all other respects with respect to Options granted during the life of the 2023 Share Option Scheme.

3. PARTICIPANTS OF THE 2023 SHARE OPTION SCHEME AND ELIGIBILITY CRITERIA

- 3.1. The Eligible Participants of the 2023 Share Option Scheme to whom Options may be granted by the Board shall include (i) the Employee Participants (including the independent non-executive Directors); and (ii) the Service Providers.
- 3.2. In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

- 3.3. For Employee Participants, assessing factors include without limitation: the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group.
- 3.4. For each category of Service Providers, the factors in assessing whether such Service Provider is eligible to participate in the 2023 Share Option Scheme include, in particular: (i) the individual performance of the relevant Service Providers; (ii) the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they related to the principal business of the Group and whether such business dealings could be readily replaced by third parties); (iv) the track record in the quality of services provided to and/or cooperation with the Group; (v) the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers. For the avoidance of doubt, Service Providers shall exclude placing agents or financial advisers providing advisory services to the Group for fundraising, merger or acquisitions and professional service providers such as auditors or valuers who provider assurance or are required to perform their services to the Group with impartiality and objectivity. Further, with respect to the eligibility of each category of the Service Providers, the Board will, on a case by case basis, specifically consider the following factors:

3.4.1. Consultants, agents and advisors

Service Providers under this category are mainly consultants, agents and advisers who provide advisory services, consultancy services and/or other professional services to the Group on a continuing or recurring basis in its ordinary and usual course of business which include industry experts acting the capacity of architects, engineers and information technology specialists to the Group on areas related to the Group's principal business activities of formwork erection and related ancillary services and fitting-out services or on areas desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing business opportunities to the Group, applying their specialized skills or knowledge in the abovementioned fields, which includes entitles which provide services in relation to site preparation, project execution, project management, engineering consultancy, and surveying and other services related or ancillary to the Group's businesses.

The Board will take into account both qualitative and quantitative factors when determining the eligibility of such consultants, agents and advisers, including but not limited to (i) the individual performance of the relevant consultant, agent, or adviser; (ii) their knowledge, experience, and network in the construction and formwork erection industry and/or other industries related to the Group's principal business activities from time to time; (iii) the frequency of collaboration and length of business relationship with the Group and whether such business dealings could be readily replaced by third parties; (iv) the background, reputation, and track record of the relevant consultant, agent, or adviser; (v) the potential or actual contribution of such consultant, agent, or adviser to the Group's business affairs, specifically whether their involvement can positively impact the Group's business by increasing revenue or profits, or reducing costs associated with the services provided by the relevant consultant, agent, or adviser; (vi) the adaptability and responsiveness of the consultant, agent, or adviser to the changes in the industry, technology, or market conditions, which demonstrates their ability to provide timely and relevant solutions to the Group; and (vii) other factors, including but not limited to the capability, expertise, technical know-how, and/or business connections of the relevant consultant, agent or adviser, and the synergy between them and the Group.

3.4.2. Contractors and suppliers

Service Providers under this category are (i) suppliers of equipment, materials, goods and services, which include suppliers and vendors of timber, metal formwork, metal scaffolding and hardware materials and (ii) contractors and/or sub-contractors, which include registered specialist trade contractors providing formwork, scaffolding, erection of concrete precast components and other registered subcontractors providing renovation, fitting-out and finishing services, all of which are particularly labour intensive activities, to support the Group's principal business activities in the construction industry of formwork erection and related ancillary services and fitting-out services on a continuing or recurring basis in its ordinary and usual course of business.

The Board will take into account both qualitative and quantitative factors when determining the eligibility of such suppliers, including but not limited to (i) the nature, reliability, and quality of the materials, equipment, or services supplier; (ii) the value of the materials, equipment, or services provided by the relevant supplier or the value of contract secured by the contractor; (iii) the frequency of collaboration and length of business relationship between the contractor or supplier and the Group; (iv) the materiality and nature of the business relationship with the Group, such as whether they relate to the principal business of the Group and whether such business dealings could be readily replaced by third parties; (v) the background, reputation, and track record of the relevant contractor and supplier; (vi) the replacement costs of such

supplier, contractor and/or the materials, equipment, or services supplied (including the continuity and stability of supply or provision of such materials, equipment or services); and (vii) the potential or actual contribution of the contractor and supplier to the Group's business affairs, specifically whether their involvement can positively impact the Group's business by increasing revenue or profits, or reducing costs associated with the services provided by the relevant supplier.

4. OFFER AND GRANT OF OPTIONS

- 4.1. On and subject to the terms of the 2023 Share Option Scheme and only when in compliance with the Listing Rules applicable from time to time, the Board shall be entitled but shall not be bound at any time and from time to time within ten (10) years from the Adoption Date to make an Offer to any Eligible Participant as the Board may at its absolute discretion select to take up Options to subscribe for such number of Shares, being a board lot for dealing in Shares on the Main Board or an integral multiple thereof, as the Board may determine, at the Subscription Price. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (including, without limitation, any minimum period for which an Option must be held before it can be exercised, any performance targets which must be achieved before an Option can be exercised, and/or any clawback mechanism for the Company to recover or withhold any remuneration (which may include Options granted) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances) as the Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the 2023 Share Option Scheme.
- 4.2. Subject to the rules of the 2023 Share Option Scheme, the Listing Rules and any applicable laws and regulations, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall have the power from time to time to establish and administer performance targets (if any) that must be fulfilled by a Selected Participant before any of the Options may be vested to such Selected Participants under such grant of Options. Such performance targets shall include, among others, financial targets and management targets which shall be determined based on the (i) individual performance, (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Selected Participants. For example, performance targets may be set in terms of sales, revenue, cash flow, cash collection, return on investment, commencement and completion of projects, customer satisfaction metrics or such other parameters or matters relevant to the

roles and responsibilities of the relevant Selected Participant. The finance department of the Company shall be responsible for compiling a performance appraisal report on statistics relating Group-level performance targets and the human resources department shall be responsible for compiling a performance appraisal report based on the Group's performance appraisal results and the individual performance appraisal results, which will be submitted to the Board or such committee of the Board or person(s) delegated with its authority, for consideration and approval. For the avoidance of doubt, unless stated in the relevant Offer Letter, the Options shall not be subject to any performance targets, criteria or conditions.

5. VESTING PERIOD

- 5.1. Save in the circumstances prescribed in **Paragraph 5.2** below, an Option must be held by the grantee for at least twelve (12) months before the Option can be exercised.
- 5.2. Where the grantee is an Employee Participant who is a Director or senior management of the Company the Remuneration Committee or where the grantee is an Employee Participant who is not a Director or senior management of the Company the Board shall have the authority to determine a shorter vesting period under any of the following circumstances:
 - (a) grants of "make-whole" Options to new joiners to replace the awards or options they forfeited when leaving the previous employer;
 - (b) grants to a grantee whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
 - (d) grants that are made in batches during a year for administrative and compliance reasons. They may 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;
 - (e) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; and
 - (f) grants of Options with a total vesting and holding period of more than 12 months.

6. CLAWBACK MECHANISM

6.1. If any of the following events shall occur during an Option Period:

- (a) the grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance or has breached any non-competition or non-disclosure agreement entered into with the Group;
- (b) the grantee has contravened the relevant laws and regulations of the applicable jurisdiction and/or the provisions of the Articles of Association;
- (c) the grantee has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company;
- (d) the grantee has been sanctioned by the Stock Exchange, or was subject to any disciplinary actions imposed by the Securities and Futures Commission of Hong Kong or has been convicted of any criminal offence; or
- (e) the grantee has failed to discharge, or failed to discharge properly, his/her duties or fail to comply with the Company's internal policies, adhere to the terms of his/her employment agreement, or demonstrate a satisfactory level of performance, resulting in significant loss, reputational damage, legal or regulatory consequences, or any other serious and adverse consequences to the Company,

the Board may, (but is not obliged to) by notice in writing to the grantee concerned (i) clawback such number of Options (to the extent not being exercised) granted as the Board may consider appropriate; or (ii) extend the vesting period (regardless of whether the initial vesting date has occurred, if applicable) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Board may consider appropriate. The Options that are clawed back pursuant to this paragraph shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit (as defined below), as the case may be) and the Service Provider Sublimit (or the Refreshed Service Provider Sublimit (as defined below), as the case may be).

7. SUBSCRIPTION PRICE

7.1. The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to the terms of the 2023 Share Option Scheme, be a price notified by the Board to each grantee and shall be at least the highest of:-

- (a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the Offer Date;
- (b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

8. RESTRICTION ON THE TIME OF GRANT OF OPTION

8.1. Any Offer must not be made after inside information has come to the Company's knowledge until (and including) the trading day after such inside information has been announced in accordance with the relevant requirements of the Listing Rules and, in particular, no Eligible Participant shall be granted an Option during the period commencing one (1) month immediately before the earlier of:-

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's result for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) 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 announcement for such results. For the avoidance of doubt, no Options shall be granted as mentioned above during any period of delay in publishing a results announcement.

9. ACCEPTANCE OF OFFERS

- 9.1. An Offer shall remain open for acceptance by the Eligible Participant concerned for such period as determined by the Board, which period shall not be more than fourteen (14) days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth (10th) anniversary of the Adoption Date or after the 2023 Share Option Scheme has been terminated in accordance with the provisions of the 2023 Share Option Scheme.
- 9.2. An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect with retrospective effect from the Offer Date when the duplicate letter comprising acceptance of the Offer, duly signed by the grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance/payment in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company.

10. MAXIMUM OF SHARES AVAILABLE FOR SUBSCRIPTION

- 10.1. (a) The total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue as at the Adoption Date unless shareholders' approval has been obtained pursuant to **Paragraphs 10.1(c) and 10.1(d) or Paragraph 10.1(e)** below. Options or awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other share schemes of the Company shall not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.
- (b) (i) Subject to **sub-paragraph (ii)** of this **paragraph 10.1(b)** below, within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company to the Service Providers must not, in aggregate, exceed 1% of the total number of Shares in issue as at the Adoption Date unless shareholders' approval has been obtained pursuant to **Paragraphs 10.1(c) and 10.1(d) or Paragraph 10.1(e)** below. Options or awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other share schemes of the Company shall not be regarded as utilised for the purpose of calculating the Service Provider Sublimit.

- (ii) Notwithstanding any other provisions of the 2023 Share Option Scheme, the Service Provider Sublimit is subject to approval by the Shareholders in general meeting. If on the Adoption Date the adoption of the 2023 Share Option Scheme is approved by the Shareholders in general meeting but the Service Provider Sublimit is not so approved by the Shareholders, no Option shall be granted to any Service Provider and the Service Provider Sublimit shall be deemed to be nil Share, and the provisions of the 2023 Share Option Scheme shall be construed accordingly, unless and until a sublimit on the total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company to the Service Providers is subsequently approved by the Shareholders in general meeting, in which case the Service Provider Sublimit shall be deemed to be the sublimit so approved by the Shareholders with effect from the date of such approval, and the provisions of the 2023 Share Option Scheme shall be construed accordingly.
- (c) The Company may seek approval by the Shareholders in general meeting for “refreshing” the Scheme Mandate Limit (and the Service Provider Sublimit) after three (3) years from date of Shareholders’ approval for the last refreshment (or the Adoption Date). Any “refreshment” within any three (3) year period must be approved by the Shareholders subject to the following provisions:
 - (i) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder of the Company, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under **sub-paragraphs (i) and (ii)** of this **Paragraph 10(c)** 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 each of the Scheme Mandate Limit and the Service Provider Sublimit (as a percentage of total number of Shares in issue) upon refreshment is the same as the unused part of each of the Scheme Mandate Limit and the Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

- (d) The total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share schemes of the Company under the Scheme Mandate Limit and the Service Provider Sublimit as “refreshed” must not, in aggregate, exceed 10 % and 1% of the total number of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit (the “**Refreshed Scheme Mandate Limit**”) and the refreshed Service Provider Sublimit (the “**Refreshed Service Provider Sublimit**”) respectively. The Company must send a circular to the Shareholders containing the number of options and awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the “refreshment”. Options previously granted under the 2023 Share Option Scheme and any other share schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the 2023 Share Option Scheme or any other share schemes of the Company and exercised Options) will not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit and the Refreshed Service Provider Sublimit. Options or awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other share schemes of the Company shall not be regarded as utilised for the purpose of calculating the Refreshed Scheme Mandate Limit and the Refreshed Service Provider Sublimit.
- (e) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the Refreshed Service Provider Sublimit, as the case may be) provided that the Options in excess of the Scheme Mandate Limit, the Refreshed Scheme Mandate Limit, the Service Provider Sublimit or the Refreshed Service Provider Sublimit (as the case may be) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to its shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each such Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose. The number and terms of Options to be granted to such Eligible 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.

- (f) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the Refreshed Service Provider Sublimit, as the case may be) has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the share schemes of the Company under the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the Refreshed Service Provider Sublimit, as the case may be) as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

11. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

- 11.1. Where any grant of Options to an Eligible Participant would result in the total number of Shares issued and to be issued in respect of all Options granted under the 2023 Share Option Scheme and all options and awards granted under any other share schemes of the Company to such Eligible Participant (excluding any options or awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other share schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue as at the date of such grant, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. A circular must be sent by the Company to the Shareholders disclosing the identity of the Eligible Participant, the number and terms of the Options to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose. The number and terms of the Options to be granted to such Eligible Participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

12. GRANTS OF OPTIONS TO CERTAIN CONNECTED PERSONS

- 12.1. Any grant of Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director of the Company who is the grantee).

12.2. Where Options are proposed to be granted to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, and the proposed grant of Options would result in the total number of Shares issued and to be issued in respect of all Options granted under the 2023 Share Option Scheme and all options and awards granted under any other share schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme or any other share schemes of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue on the Offer Date, such further grant of Options must be approved by the Shareholders taken on a poll in general meeting. In addition, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting (except that any such person may vote against the proposed grant provided that his/her intention to do so has been stated in the relevant circular to the shareholders of the Company). The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. A circular to the Shareholders must be prepared and sent by the Company containing (a) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before the Shareholder's meeting; (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent shareholders as to voting; (c) the information required under Rule 17.02(2)(c) of the Listing Rules; and (d) the information required under Rule 2.17 of the Listing Rules. Any change in the terms of Options granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in the manner set out in this paragraph if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the 2023 Share Option Scheme).

13. TIME OF EXERCISE OF OPTION

13.1. An Option may be exercised in accordance with the terms of the 2023 Share Option Scheme at any time during a period to be notified by the Board subject to the terms of grant (including but not limited to the vesting period set out in **Paragraph 5**), the expiry date of such period not to exceed ten (10) years from the Offer Date.

14. RIGHTS ARE PERSONAL TO GRANTEE

14.1. An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or equitable) in favour of any third party over or in relation to any Option or attempt to do so, unless a waiver is granted by the Stock Exchange. Any breach of this **Paragraph 14.1** by the grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such grantee to the extent not already exercised without incurring any liability on the part of the Company.

15. RIGHTS ON CEASING EMPLOYMENT

15.1. In the event that the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment, directorship, appointment or engagement on one or more of the grounds specified in **Paragraph 21.1(d)** or his resignation provided in **Paragraph 21.1(e)**, the grantee may exercise the Option in accordance with the provisions of the 2023 Share Option Scheme up to his entitlement at the date of cessation, and such Option (to the extent not already exercised) shall lapse on the date of cessation of such employment or directorship. The date of cessation as aforesaid shall be the last working day with the Company or the relevant subsidiary whether salary or compensation is paid in lieu of notice or not, or the last day of office or appointment as Director, or the last date of appointment or engagement as consultant or adviser to the Company or the relevant subsidiary, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or the board of Directors or governing body of the relevant subsidiary shall be conclusive.

16. RIGHTS ON DEATH

16.1. In the event that the grantee (being an individual) ceases to be an Eligible Participant by reason of death and none of the events which would be a ground for termination of his employment, directorship, appointment or engagement under **Paragraph 21.1(d)** arises, the personal representative(s) of the grantee shall be entitled within a period of twelve (12) months after the date of death (or such longer period as the Board may determine or, if any of the events referred to in **Paragraphs 18, 19 and 20** occurs during such period, his personal representative(s) may exercise the Option pursuant to **Paragraphs 18, 19 and 20** within such period) to exercise the Option up to the entitlement of such grantee as at the date of death (to the extent which has become exercisable but not already exercised).

17. RIGHTS ON WINDING UP OF A GRANTEE

17.1. If a grantee (being a corporation) commences winding up by whatever means, whether voluntarily or not, or suffers a change in its constitution, management, Directors, shareholding or beneficial ownership which in the opinion of the Board is material, the Option (to the extent not already exercised) shall lapse on the date of the commencement of winding up of the grantee or on the date of notification by the Company that the said change in constitution, management, Directors, shareholding or beneficial shareholding is material, as the case may be, and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence.

18. RIGHTS ON A GENERAL OFFER

18.1. If a general (or partial) offer (whether by takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), the terms of which have been approved by any relevant regulatory authority and are in accordance with applicable laws and regulatory requirements and becomes, or is declared unconditional prior to the expiry of the Option, the Company shall within seven (7) days of such offer becoming or being declared unconditional give notice thereof to all grantees, whereupon the grantees (or their personal representatives) shall be entitled to exercise the Options in full or in part in accordance with the terms of the 2023 Share Option Scheme (to the extent which have become exercisable but not already exercised) at any time within fourteen (14) days after the date of such notice and, to the extent any of the Options have not been so exercised, such Options shall upon the expiry of such period lapse.

19. RIGHTS ON WINDING UP

19.1. In the event that a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as it despatches such notice of the proposed general meeting to each Shareholder give notice thereof to all grantees (or their personal representatives), who may, by notice in writing to the Company (such notice to be received by the Company not later than five (5) business days prior to the proposed general meeting) accompanied by remittances/payments for the full amount of the aggregate Subscription Price for the Shares in respect of which the notices are given, exercise the Options (to the extent which have become exercisable but not already exercised) either to their full extent or to the extent specified in such notices and the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to such grantees which fall to be issued on such exercise, credited as fully paid up and register such grantees as holders thereof. Any Options shall, to the extent they have not been so exercised, lapse and determine.

20. RIGHTS ON A COMPROMISE OR SCHEME OF ARRANGEMENT

20.1. If, pursuant to the laws of the Cayman Islands or other applicable law, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of the Company summoning a meeting to consider such a compromise or arrangement. Upon receipt of the notice, the grantees may, during the period commencing on the date of the notice and ending on the earlier of (i) the date two (2) calendar months thereafter, and (ii) the date on which such compromise or arrangement is sanctioned by the court, exercise their Options (to the extent which have become exercisable but not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the grantees to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the grantees in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been so exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the 2023 Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

21. LAPSE OF OPTION

21.1. The right to exercise an Option shall lapse automatically and become not exercisable (to the extent not already exercised) immediately upon the earliest of:-

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in **Paragraphs 15, 16, 17, 18, 19 and 20**;
- (c) subject to **Paragraph 19**, the date of the commencement of the winding-up of the Company;
- (d) the date on which the relevant grantee ceases to be an Eligible Participant by reason of the termination of the employment, directorship, appointment or engagement of such grantee on any one or more of the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangement or composition with his creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the grantee with the Company or the relevant subsidiary for the employment, appointment or engagement, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the service contract, letter of appointment or other contract or agreement for the employment, appointment or engagement of the grantee with the Company or the relevant subsidiary;
- (e) the date on which the resignation of the grantee is received by the Company or the relevant subsidiary (as the case may be); or
- (f) the date on which the grantee commits a breach of **Paragraph 14**.

22. RANKING OF SHARES

22.1. The Share(s) to be issued and allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment. The Options themselves, however, do not carry any voting, dividend, transfer or other rights, including those arising on a liquidation of the Company, prior to their being exercised and the underlying Shares being issued.

23. REORGANISATION OF CAPITAL STRUCTURE

23.1. In the event of any capitalisation issue, rights issue or consolidation, subdivision or reduction of the share capital of the Company in accordance with legal requirements and the requirements of the Stock Exchange (other than an issue of Shares as consideration in respect of a transaction in which the Company and/or any of its subsidiaries is a party), such corresponding adjustments (if any) shall be made to:-

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price;

or any combination thereof, as the auditors or an independent financial adviser to be appointed by the Company for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable, provided always that:-

- (i) no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value;
- (ii) such adjustments shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, as that to which the grantee was entitled before such adjustments;
- (iii) 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,

and in each case, any adjustment must be made in compliance with the Listing Rules (including, without limitation, Chapter 17 thereof) and any guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, the auditors or an independent financial adviser to be appointed by the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules or the relevant guidance or interpretation thereof.

**24. ALTERATION TO THE 2023 SHARE OPTION SCHEME AND THE TERMS OF
OPTIONS GRANTED UNDER THE 2023 SHARE OPTION SCHEME**

- 24.1. Subject to the Listing Rules, all provisions of the 2023 Share Option Scheme may be altered from time to time in any respect by a resolution of the Board provided that:-
- (a) any alterations of the terms and conditions of the 2023 Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the Shareholders in general meeting;
 - (b) any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2023 Share Option Scheme;
 - (c) the amended terms of the 2023 Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
 - (d) any change to the authority of the Board to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in general meeting.

25. CANCELLATION OF OPTIONS GRANTED

25.1. Any Option may be cancelled in whole or in part and at any time:

- (a) if agreed between the Company and the relevant grantee; or
- (b) if the Board offers to grant to the grantee replacement Options of equivalent value of the Options being cancelled; or
- (c) if the Company pays or procures to be paid to the grantee an amount equal to the cash value of the Options being cancelled as at the date of cancellation as determined by the Board by reference to the difference between the closing price of a Share as stated on the Stock Exchange's daily quotations sheet on the date of cancellation and the Subscription Price,

provided that new Options may be issued to a grantee in place of his cancelled Options only if there is available Scheme Mandate Limit or Refreshed Scheme Mandate Limit (or, where the grantee is a Service Provider, the Service Provider Sublimit or the Refreshed Service Provider Sublimit). The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be) (and the Service Provider Sublimit (or the Refreshed Service Provider Sublimit, as the case may be)).

26. TERMINATION

26.1. The Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the 2023 Share Option Scheme and in such event no further Options shall be offered but the provisions of the 2023 Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior thereto but not yet exercised or in respect of which Shares are not yet issued to the grantees at the time of termination. Upon such termination, details of the Options granted (including Options exercised or outstanding) and (if applicable) Options that become void or non-exercisable as a result of such termination shall be disclosed in the circular to the Shareholders seeking approval of the first new scheme to be established or refreshment of scheme mandate limit under any other existing share scheme of the Company after such termination.

27. CONDITIONS OF THE 2023 SHARE OPTION SCHEME

27.1. The 2023 Share Option Scheme shall take effect subject to the fulfilment of the conditions set out as follows:-

- (a) the passing of an ordinary resolution by the Shareholders in a general meeting to terminate the Existing Share Option Scheme;
- (b) the passing of the necessary resolution by the Shareholders to approve and adopt the 2023 Share Option Scheme with the Scheme Mandate Limit, and to authorise the Board to grant the Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the 2023 Share Option Scheme; and
- (c) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares that may be issued by the Company pursuant to the exercise of the Options which may be granted under the 2023 Share Option Scheme.

NOTICE OF AGM

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ROYAL DELUXE HOLDINGS LIMITED

御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Royal Deluxe Holdings Limited (the “Company”) will be held at 2/F., 35-45B Bonham Strand, Sheung Wan, Hong Kong on Tuesday, 19 September 2023 at 10:30 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements and the reports of the directors of the Company (the “Directors”) and the independent auditors’ report of the Company for the year ended 31 March 2023.
2. To re-appoint Crowe (HK) CPA Limited as auditors of the Company and to authorise the board of Directors to fix their remuneration.
3.
 - a. To re-elect Mr. Wang Yu Hin as an executive Director; and
 - b. To re-elect Mr. Sio Kam Seng as an independent non-executive Director.
4. To authorise the board of Directors to fix the remuneration of the Directors.

NOTICE OF AGM

5. **“THAT:**
- a. subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities (the **“Listing Rules”**) on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with any additional shares (the **“Shares”**) of HK\$0.01 each in the share capital of the Company or securities convertible into such Shares or options, warrants, or similar right to subscribe for any Shares or convertible securities of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
 - b. the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power (including but not limited to the power to allot, issue and deal with additional Shares) during or after the end of the Relevant Period;
 - c. the total number of Shares to be allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in sub-paragraph (a) and (b) of this resolution, otherwise than pursuant to or in consequence of:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of any options granted under any share option scheme adopted by the Company or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any other eligible persons thereunder of shares or rights to subscribe for shares in the capital of the Company;
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in the Company in lieu of the whole or part a dividend pursuant to the articles of association of the Company (the **“Article of Association”**) from time to time; or
 - (iv) an 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 of the Company, shall not exceed 20% of the total number of issued Shares as at the time of passing this resolution, and the said approval shall be limited accordingly; and

NOTICE OF AGM

- d. For the purposes of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
- (i) The conclusion of the next annual general meeting of the Company; or
 - (ii) The expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
 - (iii) The date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

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

6. “**THAT:**
- a. Subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the share capital of the Company on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all power to repurchase such shares are subject to and in accordance with all applicable laws and requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - b. The approval in paragraph (a) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its Shares at a price determined by the Directors;
 - c. The total number of Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the total number of the issued Shares as at the time of the passing of this resolution, and the said approval 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; or
 - (ii) The expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
 - (iii) The date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
7. “**THAT** conditional upon the passing of resolutions no. 5 and no. 6 as set out in this notice convening the AGM of which this resolution forms part, the general mandate granted to the Directors pursuant to resolution no. 5 as set out in this notice convening the AGM of which this resolution forms part be and is hereby extended by the addition thereto of the total number of Shares which may be repurchased by the Company under the authority granted pursuant to resolution no. 6 as set out in this notice convening the AGM of which this resolution forms part, provided that such amount shall not exceed 10% of the total number of the issued Shares as at the date of passing this resolution.”
8. “**THAT:**
- (a) To approve and adopt the rules of the share award scheme of the Company, a copy of which marked “A” is produced to the meeting and for the purpose of identification signed by the chairman of this meeting thereof (the “**2023 Share Award Scheme**”), subject to and conditional upon the Listing Committee (the “**Listing Committee**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval to the listing of and permission to deal in the ordinary shares of the Company (or such shares as shall result from a capitalization issue, rights issue, subdivision, consolidation, re-classification, reconstruction or reduction of share capital of the Company from time to time) (the “**Share(s)**”) to be issued pursuant to the vesting or exercise of any awards granted under the 2023 Share Award Scheme;

NOTICE OF AGM

- (b) To authorise the board of directors of the Company (the “**Board**”) to grant awards of Shares pursuant to the 2023 Share Award Scheme and to allot and issue Shares, direct and procure the professional trustee to be appointed by the Company to (i) assist with the administration, exercise and vesting of awarded Shares; and (ii) transfer Shares and otherwise deal with Shares granted pursuant to the 2023 Share Award Scheme as and when they vest or are exercised (as the case may be) and subject to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”); and
- (c) To authorise the Board to modify and/or amend the 2023 Share Award Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Award Scheme relating to modification and/or amendment and the requirements of the Listing Rules.”

9. “**THAT:**

- (a) to approve and adopt the rules of the share option scheme of the Company, a copy of which marked “B” is produced to the meeting and for the purpose of identification signed by the chairman of this meeting thereof (the “**2023 Share Option Scheme**”), subject to and conditional upon the passing of the resolution in paragraph (a) hereinabove and the Listing Committee granting approval to the listing of and permission to deal in the Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the 2023 Share Option Scheme;
- (b) To authorise the Board to administer the 2023 Share Option Scheme under which share options will be granted to the eligible participants (as defined in the 2023 Share Option Scheme) who are eligible under the 2023 Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the options in accordance with the terms of the 2023 Share Option Scheme and the requirement of the Listing Rules;
- (c) To authorise the Board to modify and/or amend the 2023 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Option Scheme relating to modification and/or amendment and the requirements of the Listing Rules; and
- (d) Subject to paragraph (a) hereinabove, the share option scheme adopted by the Company on 17 January 2017 be and is hereby terminated (save with respect to any outstanding, issued and unexercised options thereof) with effect from the adoption of the 2023 Share Option Scheme.”

NOTICE OF AGM

10. “**THAT** the Scheme Mandate Limit (as defined in the 2023 Share Award Scheme and the 2023 Share Option Scheme) on the total number of Shares that may be issued in respect of all options and awards to be granted to the eligible participants under all the share schemes of the Company (i.e., 10% of the Shares in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit.”

11. “**THAT** the Service Provider Sublimit (as defined in the 2023 Share Option Scheme) on the total number of Shares that may be issued in respect of all options and awards to be granted to service providers under all the share schemes of the Company (i.e. 1% of the Shares in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

QUESTIONS FROM SHAREHOLDERS

The Board considers that the AGM is an important opportunity for Shareholders to express their views by raising questions and voting. Shareholders’ participation in the AGM are considered to be important. The Board wishes to emphasise that Shareholders can raise questions during the AGM. Shareholders who would like to raise questions in relation to any resolution set out in this notice or the business of the Company at the AGM can submit questions by 10:30 a.m. on Sunday, 17 September 2023 (being not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof) via email to rdh@royal-deluxe.com or via telephone hotline at (852) 2180 7387 providing personal particulars as follows for verification purposes:

- a) Full name;
- b) Registered address;
- c) Number of Shares held;
- d) Hong Kong Identity Card Number or passport number (in case of natural person)/ company registration number (in case of body corporate);

NOTICE OF AGM

- e) Contact telephone number; and
- f) Email address

Shareholders attending the AGM can also submit questions during the AGM.

The Board will arrange to answer the questions raised by Shareholders at the AGM and those submitted in advance to the extent possible.

By Order of the Board
Royal Deluxe Holdings Limited
Wang Kei Ming
Chairman and Executive Director

Hong Kong, 24 August 2023

Notes:

- (1) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the AGM. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
- (3) Where there are joint registered holders of any shares, any one of such persons may vote at the above AGM (or any adjournment thereof), either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Service Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (5) Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (6) In relation to resolution no. 3, Mr. Wang Yu Hin and Mr. Sio Kam Seng will retire from office at the AGM in accordance with the Articles of Association and, being eligible, will offer themselves for re-election. Biographical details of these Directors are set out in Appendix II to the circular of the Company dated 24 August 2023 (the "**Circular**").
- (7) An explanatory statement as required by the Listing Rules in connection with the repurchase mandate under resolution no. 6 above is set out in Appendix I to the Circular.

NOTICE OF AGM

- (8) The transfer books and Register of Members of the Company will be closed from Thursday, 14 September 2023 to Tuesday, 19 September 2023, both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the AGM, all duly completed share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 13 September 2023.
- (9) A form of proxy for use by shareholders at the AGM is enclosed.

As at the date of this notice, the Board comprises Mr. Wang Kei Ming and Mr. Wang Yu Hin as executive Directors; and Mr. Lai Ah Ming Leon, Mr. Kwong Ping Man and Mr. Sio Kam Seng as independent non-executive Directors.