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

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

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

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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**LI NING COMPANY LIMITED****李寧有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 2331)**

**(1) PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME  
AND TERMINATION OF THE 2014 SHARE OPTION SCHEME,  
(2) PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME,  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the extraordinary general meeting of Li Ning Company Limited (the “EGM”) to be held at Star Room, Level 42, Cordis Hong Kong at Langham Place, 555 Shanghai Street, Mongkok, Kowloon, Hong Kong on Wednesday, 14 June 2023 at 11:30 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at the same venue and on the same day, or any adjournment thereof) is set out in Appendix III to this circular. If you are not able to attend and/or vote at the EGM, you are strongly urged to complete and return the form of proxy, a copy of which is enclosed, in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:30 a.m. on Monday, 12 June 2023) or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

3 May 2023

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## DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme adopted by the Company on 30 May 2014
“2016 Restricted Share Award Scheme”	the restricted share award scheme adopted by the Company on 14 July 2016
“2023 Share Award Scheme”	the Company’s share award scheme proposed to be approved and adopted by the Shareholders at the EGM, the principal terms of which are set out in Appendix II to this circular
“2023 Share Option Scheme”	the Company’s share option scheme proposed to be approved and adopted by the Shareholders at the EGM, the principal terms of which are set out in Appendix I to this circular
“2023 Share Schemes”	the 2023 Share Option Scheme and the 2023 Share Award Scheme
“Acceptance Period”	the period to be set out in the letter of grant during which the grant of Options or Awards will be open for acceptance by the Grantee or Selected Participant (as the case may be) and this period cannot be longer than thirty Business Days from the date of the letter of grant
“Adoption Date”	the date on which the 2023 Share Option Scheme and/or the 2023 Share Award Scheme is approved by the Shareholders at the EGM
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Award(s)”	award(s) of the Awarded Shares by the Board to a Selected Participant
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares awarded by the Board
“Board”	the board of Directors from time to time
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Company”	Li Ning Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Control”	the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“core connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to consider and, if thought fit, approve, the resolutions contained in the notice of the EGM which is set out in Appendix III to this circular, or any adjournment thereof
“Eligible Participant(s)”	the individuals or entities who or which may participate in the 2023 Share Option Scheme or the 2023 Share Award Scheme (as the case may be), who could be (i) an Employee Participant; or (ii) a Related Entity Participant
“Employee Participant(s)”	director(s) and employee(s) of the Employer, including persons who are granted Options and/or Awards as an inducement to enter into employment contracts with the Employer but excluding an employee or director who has submitted his/her resignation or whose contract of employment has been terminated (summarily dismissed or otherwise) by his/her Employer
“Employer”	(i) in relation to an Employee Participant, the member of the Group including wholly and non-wholly owned subsidiaries of the Company which employs or has appointed him/her and (ii) in relation to a Related Entity Participant, the Related Entity
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the 2023 Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant

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“Grant Date”	when an Option and/or Award has been accepted by the Grantee and/or Selected Participant (as the case may be) according to the 2023 Share Option Scheme or 2023 Share Award Scheme and a letter of grant, the date of such letter of grant in respect of the accepted Option or Award
“Grantee”	any Eligible Participant who is notified by the Board that he/she is eligible to participate in a grant of Options by the Board making a grant pursuant to the terms of the 2023 Share Option Scheme
“Group”	the Company and its subsidiaries, and “member of the Group” means any or a specific one of them
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Individual Limit”	(i) in respect of the 2023 Share Option Scheme, has the same meaning as defined in paragraph 12.1 of Appendix I to this circular and (ii) in respect of the 2023 Share Award Scheme, has the same meaning as defined in paragraph 11.1 of Appendix II to this circular
“Latest Practicable Date”	26 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mandate Limit”	(i) in respect of the 2023 Share Option Scheme, has the same meaning as defined in paragraph 11.1 of Appendix I to this circular and (ii) in respect of the 2023 Share Award Scheme, has the same meaning as defined in paragraph 10.1 of Appendix II to this circular
“Option(s)”	the share option(s) granted or to be granted under the 2023 Share Option Scheme
“Option Holder(s)”	any Grantee who accepts the grant of any Option in accordance with the 2023 Share Option Scheme or (where the context so permits) the Personal Representative(s) of such Grantee

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## DEFINITIONS

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“Option Period”	the period during which an Option may be exercised, being the period to be determined by the Board and specified in the letter of grant to the Grantee
“Option Price”	the amount payable, if any, on acceptance of an Option
“Option Share(s)”	Share(s) allotted and issued upon a valid exercise of any Vested Option
“Other Scheme”	other than the 2023 Share Option Scheme or the 2023 Share Award Scheme (as the case may be), any share option scheme involving the grant by the Company of options over Shares or any share award scheme involving the award of Shares (i) in accordance with Chapter 17 of the Listing Rules or (ii) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules
“Other Scheme Options and Awards”	options to subscribe for Shares granted and Shares awarded under any Other Scheme
“Personal Representative(s)”	the person or persons who, according to the laws of succession applicable in respect of the death of an individual, is or are entitled to deal with the property of that individual
“Related Entity”	any holding company, fellow subsidiary or associated company of the Company
“Related Entity Participant(s)”	any director or employee of any Related Entity
“Remuneration Committee”	the remuneration committee of the Company
“Scheme Period”	(i) in respect of the 2023 Share Option Scheme, has the same meaning as defined in paragraph 3.1 of Appendix I to this circular and (ii) in respect of the 2023 Share Award Scheme, has the same meaning as defined in paragraph 3.1 of Appendix II to this circular
“Selected Participant(s)”	any Eligible Participant who is notified by the Board that he/she is eligible to participate in a grant of awards under the 2023 Share Award Scheme
“Share(s)”	ordinary share(s) of HK\$0.10 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

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“Subscription Price”	the price per Share at which an Option Holder may subscribe for Shares on the exercise of any Vested Option as described in paragraph 9 of Appendix I to this circular
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vesting”	(i) in respect of an Option, when it becomes exercisable and (ii) in respect of an Award, when the relevant Awarded Shares are vested in such Selected Participant and “Vest”, “Vested” and “Unvested” will be construed accordingly
“%”	per cent.

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LETTER FROM THE BOARD

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**LI NING COMPANY LIMITED**

**李寧有限公司**

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

**(Stock Code: 2331)**

*Executive Directors*

Mr. LI Ning (*Executive Chairman and  
Joint Chief Executive Officer*)

Mr. KOSAKA Takeshi (*Joint Chief Executive Officer*)

Mr. LI Qilin

*Independent Non-executive Directors*

Mr. KOO Fook Sun, Louis

Ms. WANG Ya Fei

Dr. CHAN Chung Bun, Bunny, *GBM, GBS, SBS, BBS, JP*

Ms. WANG Yajuan

*Registered office*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business*

Unit 3301, 33/F

BEA Tower, Millennium City 5

418 Kwun Tong Road

Kowloon, Hong Kong

3 May 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME  
AND TERMINATION OF THE 2014 SHARE OPTION SCHEME,  
(2) PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME,  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information and to seek your approval, inter alia, on (1) the proposed adoption of the 2023 Share Option Scheme and termination of the 2014 Share Option Scheme and (2) the proposed adoption of the 2023 Share Award Scheme. A notice of the EGM containing the resolutions to be proposed at the EGM is set out in this circular.

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## LETTER FROM THE BOARD

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### 2. PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME AND TERMINATION OF THE 2014 SHARE OPTION SCHEME AND THE PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME

#### **The 2014 Share Option Scheme**

The 2014 Share Option Scheme was adopted by the Company on 30 May 2014 and is valid for a period of ten years commencing on 30 May 2014. On the basis of 1,370,236,257 Shares in issue on the date of its adoption, the maximum number of Shares that may be issued upon exercise of options that may be granted under the 2014 Share Option Scheme is 137,023,625 Shares. Since its adoption date and up to the Latest Practicable Date, a total of 100,809,400 share options were granted to participants under the 2014 Share Option Scheme.

As at the Latest Practicable Date, a total of 3,507,700 granted share options were outstanding under the 2014 Share Option Scheme which shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the 2014 Share Option Scheme.

The Company did not intend to grant further share options under the 2014 Share Option Scheme prior to the EGM.

Save for the 2014 Share Option Scheme and the 2016 Restricted Share Award Scheme (which is funded by existing Shares), the Company had no other subsisting share schemes as at the Latest Practicable Date.

#### **Adoption of the 2023 Share Schemes**

##### *Reasons for the adoption of the 2023 Share Schemes*

With effect from 1 January 2023, Chapter 17 of the Listing Rules has been amended and it applies to both share option schemes as well as share award schemes involving issue of new shares (the “**Amended Rules**”).

Since the 2014 Share Option Scheme is near the end of its term, and in light of the Amended Rules, the Board proposes to recommend to the Shareholders at the EGM to terminate the 2014 Share Option Scheme and adopt the 2023 Share Option Scheme with terms in compliance with the current provisions of Chapter 17 of the Listing Rules. The proposal allows the Company to continue to provide incentives to Eligible Participants to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group.

Also, the Board proposes to recommend to the Shareholders at the EGM to adopt the 2023 Share Award Scheme with terms in compliance with the current provisions of Chapter 17 of the Listing Rules. In addition to the 2014 Share Option Scheme (which if approved by the Shareholders, will be replaced by the 2023 Share Option Scheme), the Company has also adopted the 2016 Restricted Share Award Scheme, which is funded by existing Shares. The proposed adoption of the 2023 Share Award Scheme will involve grant of new Shares, and can provide an alternative channel for the Company to provide competitive and attractive remuneration package to incentivize selected participants in

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## LETTER FROM THE BOARD

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contributing to the Group. This is in line with the practice of other public companies adopting parallel share-based incentive schemes in order to allow the companies to better align the value of the companies with the interests of the participants under the schemes.

(a) *Scope of Eligible Participants*

The Board considers that the 2023 Share Schemes, which will be in the form of Awards or Options, will enable the Group to recruit, incentivize and retain high-calibre employees, and as such, it is in the interests of the Group as a whole that more categories of people be eligible for the 2023 Share Schemes so as to give incentives to them to contribute to the Group's growth and development. Furthermore, the Board considers that the granting of Options and/or Awards will enable the Eligible Participants to share the same interests and objectives with the Group. This is beneficial to the long-term development of the Group. In addition, the adoption of the 2023 Share Schemes is in line with modern commercial practice that employees, directors, members of the management of the Group and the Shareholders be given incentives to work towards the goal of enhancing the enterprise value and attaining the long-term objectives of the Company for the benefit of the Group as a whole.

In assessing the eligibility of Employee Participants, the Board will consider, among others:

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

In assessing the eligibility of Related Entity Participants, the Board will consider, among others:

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;
- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;

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- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (f) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participants' contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

Considering the Company's hiring practices and organisational structures and that Related Entity Participants have contributed to the long-term growth of the Company's businesses, the Board is of the view that it would be in the Company's interest to also have the flexibility to grant Options and/or Awards to the Related Entity Participants in recognition of their contribution to the Company. The Directors (including the independent non-executive Directors) also consider that it is beneficial to include the Related Entity Participants since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Options and/or Awards to these non-employee participants will align their interests with the Group's, incentivizing them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run.

Therefore, the Board (including independent non-executive Directors) consider that the proposed categories of the Related Entity Participants are in line with the Company's business needs and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group. Through the grant of the Options and/or Awards, such Eligible Participants and the Group will have a common goal in the growth and development of the Group's business, and they could participate in the future prospect of the Group and share the additional reward through their sustainable contribution.

(b) *Mandate Limit*

As at the Latest Practicable Date, there were 2,636,035,083 Shares in issue. Assuming that no further Shares will be allotted, issued, repurchased or cancelled prior to the EGM and after the resolutions regarding the proposed adoption of the 2023 Share Schemes are passed at the EGM, the total number of Shares which may be issued in respect of all options and awards under the 2023 Share Schemes and other share schemes of the Company would be no more than 263,603,508 Shares, representing no more than approximately 10% of the total number of Shares in issue as at the Adoption Date.

(c) *Vesting Period*

The vesting period for an Option or an Award under the 2023 Share Schemes normally shall not be less than 12 months. However, to ensure the practicability in fully attaining the purpose of the 2023 Share Schemes, the Board (or the Remuneration Committee where the

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## LETTER FROM THE BOARD

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arrangements relate to the grant of Options/Awards to the Directors and/or senior management of the Company) may in its sole discretion determine the vesting period to be less than 12 months for the Options/Awards to be granted to the Employee Participants under the following specific circumstances:

- (a) grants of “make-whole” Options/Awards to Employee Participants who newly joined the Group to replace the share awards or options they forfeited when leaving the previous employer;
- (b) grants with specific and objective performance-based vesting conditions in lieu of time-based vesting criteria;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options/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 Option/Award would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Option/Award may vest evenly over a period of 12 months; and
- (e) grants of Options/Awards with a total vesting and holding period of more than 12 months.

Hence, the Board and the Remuneration Committee are of the view that the specific circumstance(s) that warrant shorter vesting period as prescribed in paragraph 14.1 in Appendix I and in paragraph 13.1 in Appendix II to this circular are in line with the Listing Rules and the market practice and are appropriate and align with the purpose of the 2023 Share Schemes. The Company will disclose the specific circumstances that justify the shorter vesting period in the announcement on the grant of Options or Awards, in compliance with the Listing Rules.

(d) *Basis of determining the exercise price of Options*

Grantees to whom Options shall be granted, are entitled to subscribe for the number of Shares at the exercise price as determined on the Grant Date. The basis for determining the exercise price is also specified precisely in the rules of the 2023 Share Option Scheme, which is summarized under paragraph 9 in Appendix I to this circular. 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.

(e) *Performance target and clawback mechanism*

The Board or the Remuneration Committee (if authorised by the Board) may at its discretion specify any conditions (including performance targets (if any)) which must be satisfied before the Options and Awards may be vested in the letter of grant.

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## LETTER FROM THE BOARD

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The Board is of the view that it is impracticable to set out a generic set of performance targets that apply to all Grantees and/or Selected Participants in the rules of the 2023 Share Option Scheme and the 2023 Share Award Scheme, as each Grantee and/or Selected Participant contributes to the Group in different ways and thus his/her performance will be measured with different parameters, having considered their roles in the Group. When setting specific performance targets for each Grantee and/or Selected Participant, the Board will have regard to the purpose of the 2023 Share Option Scheme and the 2023 Share Award Scheme (as the case may be) and various other factors including but not limited to, and where appropriate, (i) sales performance (e.g. revenue), (ii) operational performance (e.g. operation efficiency in terms of cost control), (iii) financial performance (e.g. profits, cash flow, earnings, market capitalization, return on equity) of the Group, the individual's overall performance indicators (e.g. strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal procedures).

The finance and human resources department will propose the performance targets (if any) of each Grantee and/or Selected Participant to the Board or the Remuneration Committee (as the case may be) for consideration, who will then assess the reasonableness and suitability and confirm such performance targets. A description of the relevant performance targets will be included in the announcement of the grant of Options/Awards, in accordance with the Listing Rules. In relation to the Options or Awards granted to the Directors and senior management of the Company, the performance targets, or the absence of such, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules.

The Group will utilize its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options and/or Awards on a case-by-case basis. The Company will evaluate the actual performance and contribution of a Grantee and/or Selected Participant for the past financial year against the performance targets set and form a view as to whether the relevant performance targets have been fulfilled. The assessment will be based on the individual's overall performance, performance of the team or department that the Grantee and/or Selected Participant belongs to and the performance of the Group as a whole. Specific weightings will be given to the various factors identified above, with reference to the position and role of the Grantee and/or Selected Participant in the Group, in order to provide a fair and objective appraisal. The Board or the Remuneration Committee (if authorised by the Board) shall have the sole discretion in determining whether the relevant performance targets for the Grantee and/or Selected Participant have been met.

In addition, Options and Awards granted which are unvested and Options granted and vested but not exercised shall automatically lapse under certain circumstances specified in the 2023 Share Schemes, such as the Grantee and/or Selected Participant having been found guilty of misconduct, convicted of any criminal offence involving his/her integrity or honesty, or having caused material misstatement in the financial statements of the Company. For details of the circumstances in which Options and Awards shall lapse, please refer to paragraphs 10 and 14 in Appendix I to this circular and paragraphs 9 and 13 in Appendix II to this circular.

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## LETTER FROM THE BOARD

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The Board believes that the aforesaid will provide the Board with more flexibility in setting the terms and conditions of the Options and Awards under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

### **Conditions precedent of the 2023 Share Schemes**

The adoption of the 2023 Share Schemes is conditional upon:

- (i) the passing of ordinary resolution(s) by the Shareholders at a general meeting of the Company to (1) approve and adopt the 2023 Share Schemes; (2) authorize the Board to grant Options and/or Awards under the 2023 Share Schemes; and (3) authorize the Board to allot and issue Shares in respect of any Options or Awards to be granted pursuant to the 2023 Share Schemes; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued in respect of all Options and/or Awards to be granted in accordance with the terms and conditions of the 2023 Share Schemes.

### **General**

None of the Directors is a trustee of the 2023 Share Schemes nor has a direct or indirect interest in the trustees of the 2023 Share Schemes (if any).

A summary of the principal rules of the 2023 Share Schemes is set out in Appendix I and Appendix II to this circular. A copy of each of the 2023 Share Schemes will be made available for inspection at the EGM and will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://ir.lining.com>) for not less than 14 days before the date of the EGM.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued in respect of all Options and/or Awards to be granted under the 2023 Share Schemes.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the 2023 Share Schemes. As such, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

### **3. EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM for the purpose of considering, inter alia, (i) the proposed adoption of the 2023 Share Option Scheme and termination of the 2014 Share Option Scheme; (ii) the proposed adoption of the 2023 Share Award Scheme is set out in Appendix III to this circular.

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## LETTER FROM THE BOARD

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For ascertaining Shareholders' right to attend and vote at the EGM, the register of members of the Company will be closed as set out below:

Latest time to lodge transfers documents	4:30 p.m. on 8 June 2023 (Thursday)
Period of closure of register of members	9 June 2023 (Friday) to 14 June 2023 (Wednesday) (both days inclusive)
Record date	14 June 2023 (Wednesday)
EGM date	14 June 2023 (Wednesday)

In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer documents must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time. During the above closure period, no transfer of Shares will be registered.

If you are not able to attend and/or vote at the EGM, you are strongly urged to complete and return the form of proxy, a copy of which is enclosed, in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

All the resolutions proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company on the poll results of the EGM as soon as possible after the conclusion of the EGM.

#### **4. 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 this circular or any statement herein misleading.

#### **5. RECOMMENDATION**

The Board is of the opinion that (i) the proposed adoption of the 2023 Share Option Scheme and termination of the 2014 Share Option Scheme and (ii) the proposed adoption of the 2023 Share Award Scheme are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### 6. GENERAL

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

Yours faithfully  
For and on behalf of the Board of  
**Li Ning Company Limited**  
**Li Ning**  
*Executive Chairman and*  
*Joint Chief Executive Officer*

*The following is a summary of the principal terms of the 2023 Share Option Scheme to be approved and adopted by ordinary resolution at the EGM, but such summary does not form part of, nor was it intended to be, part of the 2023 Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the 2023 Share Option Scheme:*

**1. PURPOSE**

- 1.1 The purpose of the 2023 Share Option Scheme is to provide incentives to Eligible Participants to contribute to the Company and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

**2. ELIGIBLE PARTICIPANTS OF THE 2023 SHARE OPTION SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS**

- 2.1 Subject to the terms and conditions of the 2023 Share Option Scheme, Eligible Participants include the Employee Participants and the Related Entity Participants who in the absolute discretion of the Board have contributed to the Group on the basis of their contribution to the development and growth of the Group may participate in the 2023 Share Option Scheme.

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

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

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

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;

- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;
- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (f) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participants' contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

### **3. DURATION**

3.1 Subject to paragraph 3.2, the 2023 Share Option Scheme will take effect when all the conditions set out in paragraph 5 have been satisfied and will terminate or expire (as the case may be) on the earlier of:

- (a) the termination of the 2023 Share Option Scheme pursuant to paragraph 21; and
- (b) ten years commencing on the Adoption Date

(the "**Scheme Period**").

3.2 After the Scheme Period, the Company cannot grant new Options but for so long as there are Options granted but not yet accepted, outstanding Vested or Unvested Options, the 2023 Share Option Scheme will remain in full force and effect for the purpose of giving effect to the acceptance of granted Options, the exercise of such outstanding Vested or Unvested Options or otherwise as may be required in accordance with the 2023 Share Option Scheme.

3.3 The Option Period of the Options granted cannot be longer than the period prescribed in the Listing Rules from time to time (which is, as at the Adoption Date, not longer than 10 years from the Grant Date).

### **4. ADMINISTRATION OF THE 2023 SHARE OPTION SCHEME**

4.1 The Board will administer the 2023 Share Option Scheme. In addition, the Board may appoint a third-party professional service providers as the administrator in relation to the 2023 Share Option Scheme (or certain aspects of it) on such terms as the Board may determine.

- 4.2 The decision of the Board on the interpretation of the 2023 Share Option Scheme or whether a circumstance exists which may affect the treatment of any Option or Option Holder thereunder will be final and binding (in the absence of manifest error) on all parties.

## **5. CONDITIONS OF THE 2023 SHARE OPTION SCHEME**

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

- (a) the approval by ordinary resolution of Shareholders in general meeting of the Company is obtained to adopt the 2023 Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Option; and
- (b) the Listing Committee of the Stock Exchange grants approval for the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Options under the 2023 Share Option Scheme on the Stock Exchange.

## **6. GRANT AND ACCEPTANCE OF OPTIONS**

- 6.1 Subject to the requirements in the 2023 Share Option Scheme and all applicable laws, rules and regulations, the Board can during the Scheme Period grant Options to the Grantees.

- 6.2 The Board will grant Options to the Grantee by letters. The letter of grant will specify:

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

The letter of grant will contain provisions requiring the Grantee (i) to undertake to hold the Option on the terms and conditions on which it is granted and (ii) to agree to be bound by the 2023 Share Option Scheme.

- 6.3 An Option will be open for acceptance by the Grantee during the Acceptance Period.
- 6.4 During the Acceptance Period, the Grantee shall accept an Option by:
- (a) signing a duplicate of the letter of grant and returning it to the Company (if the Grantee accepts part only of the Shares subject to an Option, he/she will also comply with paragraph 6.5); and
  - (b) remit in favour of the Company the Option Price as specified in the letter of grant, such remittance shall not be refundable.
- 6.5 A Grantee may accept an Option for less than the number of Shares being offered provided that the grant is accepted in respect of such number of Shares equal to a board lot or its integral multiple. A Grantee will clearly state in the acceptance the number of Shares he/she is accepting, failure of which will cause the Grantee to be deemed to have accepted the total number of Shares being offered in the letter of grant.
- 6.6 If a Grantee accepts an Option for less than the number of Shares offered in the manner prescribed in paragraph 6.5, or if an Option is not accepted in the manner set out in paragraph 6.4, that portion of the Option or the entire Option (as the case may be) which is not accepted will be deemed to have been irrevocably declined and will automatically lapse. In addition, an Option subject to acceptance will immediately and automatically lapse if, during the Acceptance Period, the Grantee ceases to be an Eligible Participant.

## **7. GRANT OPTIONS TO DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY**

- 7.1 Any grant of Options to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors of the Company (excluding any director who is the proposed Grantee).
- 7.2 Where the grant of Options to an independent non-executive director of the Company or a substantial Shareholder or any of their respective associates which, if exercised, would result in that person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her upon exercise of all Options and Other Scheme Options and Awards granted to him/her in the 12-month period immediately preceding the Grant Date to exceed 0.1 per cent. of the number of Shares in issue as at that Grant Date, (1) a circular containing the details of the grant shall be despatched to the Shareholders in a manner complying with, and containing the information as required under the Listing Rules (including in particular a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective

Grantee of the Option) to the independent Shareholders as to voting); and (2) an approval by ordinary resolution of Shareholders must be obtained in general meeting of the Company with such Eligible Participant, his/her associates and all core connected person of the Company abstaining from voting (except that a connected person may vote against the resolution if his/her intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules). The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

## **8. RESTRICTION ON GRANT OF OPTION**

8.1 The Board will not grant any Option to any Eligible Participant:

- (a) after any inside information (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) has come to the knowledge of the Company until such inside information has been published in accordance with the Listing Rules;
- (b) on any day on which the Company's financial results are published and:
  - (i) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (ii) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-yearly period up to the publication date of the results,

unless there are circumstances of the Company that fall within the exceptions under the Listing Rules;

- (c) who is a Director, during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; and
- (d) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

## **9. SUBSCRIPTION PRICE**

9.1 The Board will determine the Subscription Price and will notify the Grantee such Subscription Price in the letter of grant. The Board will comply with such basis of determination of the price for exercising any Option as set out in the Listing Rules unless otherwise approved or permitted by the Stock Exchange, such exercise price, pursuant to the Listing Rules as at the Adoption Date, shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Grant Date; and
- (c) the nominal value of a Share.

**10. EXERCISE OF OPTIONS**

10.1 During the Option Period, any Option:

- (a) which has Vested;
- (b) in respect of which all conditions attaching to it have been satisfied; and
- (c) which has not lapsed

may be exercised at any time, subject to the restriction in paragraph 10.5.

10.2 An Option Holder (or as the case may be, his/her Personal Representative(s)) may exercise an Option at any time during the Option Period. An Option may be exercised in whole or in part (except in the case of an exercise of the Vested Options in paragraph 10.7 where the Option Holder or his/her Personal Representative must exercise all but not some of the Vested Options) but must be exercised in respect of a board lot or its integral multiple. The Option Holder (or, as the case may be, his/her Personal Representative(s)) must do the following to exercise an Option:

- (a) serve a written exercise notice to the Company and/or third party professional service provider, in a form required, and to such person designated, by the Board from time to time;
- (b) complete the exercise notice in the form specified by the Company and/or third party professional service provider, which will state the Option being exercised, the number of Shares in respect of which it is exercised and the total Subscription Price for those Shares;
- (c) pay in full the total Subscription Price to the Company for the Shares in respect of which the notice is given within fourteen Business Day of the notice; and
- (d) provide such documents or confirmations as the Board may require from time to time pursuant to the terms of the 2023 Share Option Scheme or the terms and conditions of the Option.

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

- 10.3 Unless otherwise expressly set out in the 2023 Share Option Scheme, for the purpose of determining the date on or by which an Option is or has been exercised, an Option will be deemed to have been exercised when a duly completed exercise notice complying with the requirements of the 2023 Share Option Scheme and all requisite payments and documents have been received by the Company.
- 10.4 If an Option Holder fails to comply fully with paragraph 10.2(c), the Board can cancel all the Options which are the subject of the relevant notice by refunding the amount actually received by the Company (less the Company's reasonable administrative expenses) to the Option Holder and declare those Options lapsed.
- 10.5 No Option may be exercised if such exercise would, in the opinion of the Board, be in breach of the 2023 Share Option Scheme, any applicable law, rule or regulation or the terms and conditions of the relevant Option.
- 10.6 After receipt of an exercise notice and full payment of the total Subscription Price and, where appropriate, receipt of:
- (a) the independent financial adviser's or the Auditors' certification pursuant to paragraph 18.4; and
  - (b) evidence which the Board may require from an Option Holder pursuant to the terms of the 2023 Share Option Scheme or the terms and conditions of the Option,

the Company will within 28 days after receipt of the exercise notice and the remittance of the Subscription Price, and in accordance with the requirements in the Articles of Association regarding issue of shares, allot the Option Shares to the Option Holder credited as fully paid and issue in the name of the Option Holder (or if an Option is exercised by the Personal Representative(s) of the Option Holder, to the estate of the Option Holder) a share certificate for the Option Shares.

- 10.7 If an individual Option Holder who on the Grant Date was an Eligible Participant, that individual ceases to be an Eligible Participant because of:
- (a) death; or

- (b) (in the case of an Employee Participant or a Related Entity Participant) ill health, serious injury or disability which in the opinion of the board of the relevant Employer renders the individual unfit to perform his/her duties of his/her employment or his/her office for a continuous period of twelve months and provided such illness or injury or disability is not self-inflicted; or
- (c) (in the case of an Employee Participant or a Related Entity Participant) redundancy, retirement or expiration of the term of the employment according to his/her contract of employment with his/her Employer; or
- (d) (in the case of an Employee Participant or a Related Entity Participant) early retirement or termination by mutual agreement with his/her Employer; or
- (e) (in the case of an Employee Participant) his/her employment or office being in a company which ceases to be a member of the Group or under the Control of the Group or relating to a business, or a part of the business which is transferred to a person who is not a member of the Group or is not under the Control of a member of the Group or if the Company or the relevant Employer or member of the Group is reorganised or merged or consolidated with another entity (and paragraphs 10.9, 10.10 and 10.11 do not apply) such that such Employer or the new entity ceases to be a member of the Group or under the Control of a member of the Group,

And situations in paragraph 14.4 do not apply, his/her Unvested Option will lapse, in the case of (a), (c), (d) and (e) on the day of the occurrence of the relevant event, and in the case of (b) on the day when the board of the relevant Employer arrived at its decision. The individual or his/her Personal Representative(s) (as the case may be) may exercise all his/her Vested Options (in whole and not part only) until the earlier of (x) the date of expiry of the Option Period or (y) the last day of the period of 6 months (or such other period as the Board may determine) after the individual ceases to be an Employee Participant or Related Entity Participant pursuant to any paragraph in 10.7(a) to 10.7(e). Any Vested Option not exercised prior to the expiry of this period will automatically lapse. For the purpose of this paragraph 10.7, an Employee Participant will be regarded as remaining as an Employee Participant notwithstanding that he/she ceases to be an employee of a member of the Group if he/she immediately becomes or stays as an Employee Participant of another member of the Group.

- 10.8 When a person who is an Option Holder ceases to be an Eligible Participant because he/she has submitted his/her resignation from his/her employment or office with the Employer (and paragraph 10.7(a) does not apply), whether or not he/she is still in the employment of the Employer during the relevant employment resignation notice period or the relevant Employer has terminated the employment or office (and paragraph 14.4 does not apply), then:

- (a) any Unvested Option will automatically lapse; and

- (b) the Option Holder may exercise any Vested Option (to the extent not exercised) until the earlier of (x) the date of expiry of the Option Period or (y) the last day of the period of 3 months (or such other period as the Board may determine) after the date of cessation of the person being an Eligible Participant.

10.9 If a general offer to acquire Shares (whether by way of a takeover offer, share repurchase offer, privatisation proposal by a scheme of arrangement between the Company and its members or otherwise in a like manner) is made to the Shareholders pursuant to the Takeovers Code, the Company will use reasonable endeavours to procure that such offer is extended to all the Option Holders in respect of the outstanding Options on the terms required by the Takeovers Code or the relevant practice note(s) on the Takeovers Code. If the offer becomes or is declared unconditional in all respects:

- (a) the Board will notify every Option Holder of such event within five Business Days of the date on which the offer becomes or is declared unconditional in all respects (“**Unconditional Date**”);
- (b) all Unvested Options will Vest on the Unconditional Date; and
- (c) the Option Holder (or his/her Personal Representative(s)) may exercise all Vested Options (in whole or in part) at any time within 14 days after the Unconditional Date (“**Change of Control Period**”).

Unless otherwise approved by Shareholders who do not have interests in any outstanding Options, any Vested Option not exercised during the Change of Control Period will automatically lapse.

10.10 If a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, all Unvested Options will immediately and automatically Vest and the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph 10.10) and thereupon, each Grantee (or his/her Personal Representative(s)) shall be entitled to exercise all his/her outstanding Vested Options in whole or in part at any time not later than 2 Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. Any Vested Option not exercised on or before the second Business Day prior to the general meeting will automatically lapse.

10.11 If a compromise or arrangement between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or amalgamation of the Company with another company or companies (other than a relocation scheme as contemplated in Rule 7.14(3) of the Listing Rules):

- (a) the Company will give notice to all Option Holders on the same date as it gives notice to its members or creditors to hold a meeting to consider, and if thought fit approve, such a compromise or arrangement;
- (b) thereupon all Unvested Options will Vest and an Option Holder (or his/her Personal Representative(s)) may exercise all outstanding Vested Options (in whole or in part) forthwith and until the expiry of the period commencing with the date referred to in paragraph 10.11(a) and ending with the earlier of (x) the date two months thereafter and (y) the date on which such compromise or arrangement becoming effective, by sending an exercise notice to the Company and by remitting the total Subscription Price payable in respect of the exercise of the relevant Vested Options. The exercise notice and the total Subscription Price must be received by the Company not later than 10 Business Days (excluding any period(s) of closure of the Company's register of members) prior to the proposed meeting; and
- (c) the Company will upon receipt of the exercise notice and full payment of the total Subscription Price and prior to the date of the proposed meeting, allot and issue such number of Option Shares to the Option Holder (or his/her estate) as may fall to be issued on the exercise of the relevant Vested Options credited as fully paid and register the Option Holder (or his/her estate) as the holder of the Option Shares,

provided that the arrangements and mechanisms in this paragraph 10.11 (including the exercise of any Options) shall be subject to the laws relevant to the compromise or arrangement and to the sanction of the relevant court.

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

## **11. MAXIMUM NUMBER OF SHARES**

11.1 Subject to paragraphs 11.2 to 11.5, the total number of Shares issued and to be issued upon exercise of all Options and Other Scheme Options and Awards must not exceed 10 per cent. of the Shares in issue as at the Adoption Date (subject to adjustment in the event of a capitalisation issue or rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)) (the "**Mandate Limit**"). Unless approved pursuant to paragraphs 11.2 to 11.5, no Options or Other Scheme Options and Awards may be granted if such grant will

result in the Mandate Limit being exceeded. Options and Other Scheme Options and Awards lapsed according to the terms of the 2023 Share Option Scheme or Other Scheme(s) will not be regarded as utilised for the purpose of calculating the Mandate Limit.

- 11.2 Subject to an approval by ordinary resolution of Shareholders in general meeting of the Company, the Company may after three years from the Adoption Date (or from the date of approval by ordinary resolution of Shareholders in general meeting of the Company for the last refreshment) “refresh” a Mandate Limit provided that the total number of Shares which may be issued upon exercise of all Options or Other Scheme Options and Awards to be granted under the Mandate Limit as “refreshed” must not exceed 10 per cent. of the Shares in issue at the date of the resolution to approve the “refreshed” limit (“**Refresher Date**”). Options and Other Scheme Options and Awards previously granted (whether outstanding, cancelled, lapsed (according to the 2023 Share Option Scheme or the Other Schemes) or exercised) will not be regarded as utilised for the purpose of calculating the Mandate Limit as “refreshed”. For any additional refreshment within three years of the Adoption Date (or within three years from the date of approval by ordinary resolution of Shareholders in general meeting of the Company for the last refreshment), approval of Shareholders must be obtained in general meeting with controlling shareholders and their associates (or if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting.
- 11.3 The requirements above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 11.4 The Company will comply with all applicable laws, rules and regulations in seeking a refreshment of a Mandate Limit. Unless approved pursuant to paragraph 11.5, the Board cannot grant any Option on or after the Refresher Date if such grant will result in the Mandate Limit as refreshed being exceeded.
- 11.5 Subject to a specific approval by ordinary resolution of Shareholders in general meeting of the Company, the Board may grant Options to Eligible Participants specifically identified by the Board beyond the Mandate Limit, provided the Options in excess of the Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. If the approval by ordinary resolution of Shareholders in general meeting of the Company is obtained, the Board may grant Options to any Eligible Participant in respect of such number of Shares and on such terms as specified in that approval by ordinary resolution of Shareholders in general meeting of the Company.

**12. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT**

12.1 Unless approval by ordinary resolution of Shareholders in general meeting of the Company is obtained pursuant to paragraph 11.5 with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of Options to connected persons, the Board cannot grant any Option (“**Triggering Option**”) to any Eligible Participant which, if exercised, would result in that Eligible Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her upon exercise of all Options and Other Scheme Options and Awards granted to him/her in the 12-month period immediately preceding the Grant Date of the Triggering Option to exceed 1 per cent. of the number of Shares in issue as at that Grant Date (the “**Individual Limit**”).

**13. TRANSFERABILITY OF OPTIONS**

13.1 Except for the transmission of an Option on the death of an Option Holder to his/her Personal Representative(s) as provided for in paragraph 10.7, an Option Holder cannot sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his/her Options or purport to do any of the foregoing. If an Option Holder does any of the foregoing, whether voluntarily or involuntarily, the Option will immediately and automatically lapse.

**14. VESTING OR LAPSE OF OPTION**

14.1 Subject to the rest of the provisions in this paragraph and other provisions in the 2023 Share Option Scheme, all applicable laws, rules and regulations and with its terms and conditions, an Option will Vest on the date or dates when all the vesting conditions set out in the letter of grant are met. The minimum vesting period is 12 months. A shorter vesting period may be granted to Employee Participants at the discretion of the Board (or the remuneration committee of the Company where the arrangements relate to grants of Options to the directors and/or senior management of the Company) in any of the following specific circumstances:

- (a) grants of “make-whole” Options to Employee Participants who newly joined the Group to replace the share awards or options they forfeited when leaving the previous employer;
- (b) grants with specific and objective performance-based vesting conditions in lieu of time-based vesting criteria;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;

- (d) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; and
- (e) grants of Options with a total vesting and holding period of more than 12 months.

14.2 Unless otherwise provided in the 2023 Share Option Scheme, an Option will not Vest unless and until all applicable conditions to which it is subject have been satisfied, waived or, by the terms of the grant, treated as having been waived in accordance with paragraph 19. The Board or the Remuneration Committee (if authorised by the Board) may in its absolute discretion set performance targets to be achieved before the exercise of an Option granted to a Grantee, and various factors will be considered in setting performance targets, including but not limited to, and where appropriate, (i) sales performance (e.g. revenue), (ii) operational performance (e.g. operation efficiency in terms of cost control), (iii) financial performance (e.g. profits, cash flow, earnings, market capitalization, return on equity) of the Group, the individual's overall performance indicators (e.g. strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal procedures). The finance and human resources department will propose the performance targets (if any) of each Grantee to the Board or the Remuneration Committee (as the case may be) for consideration, who will then assess the reasonableness and suitability and confirm such performance targets. In relation to the Options granted to the Directors and senior management of the Company, the performance targets, or the absence of such, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules. The Group will utilize its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will evaluate the actual performance and contribution of a Grantee for the past financial year against the performance targets set and form a view as to whether the relevant performance targets have been fulfilled. The assessment will be based on the individual's overall performance, performance of the team or department that the Grantee belongs to and the performance of the Group as a whole. Specific weightings will be given to the various factors identified above, with reference to the position and role of the Grantee in the Group, in order to provide a fair and objective appraisal. The Board or the Remuneration Committee (if authorised by the Board) shall have the sole discretion in determining whether the relevant performance targets for the Grantee and/or Selected Participant have been met. For the avoidance of doubt, an Option shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant letter of grant.

14.3 In addition to paragraphs 3.2, 6.6, 10.4 and 13 and subject to paragraphs 10.7 to 10.11, unless the Board exercises its discretion pursuant to the powers granted by under the 2023 Share Option Scheme to extend the Option Period or allowing all or some Options which should have lapsed pursuant to its terms and conditions to continue to subsist until the end of the period, an Option will automatically lapse and will not Vest or cannot be exercised (as the case may be) on the earlier of:

- (a) the failure to satisfy the vesting conditions, or such conditions are not waived;

- (b) the expiry of the Option Period; and
  - (c) the Option Holder failing to obtain all necessary consents or file all necessary registrations referred to in the 2023 Share Option Scheme within 30 Business Days from the date of the written notice to exercise the relevant Vested Option.
- 14.4 If the Board or the board of directors (or a committee thereof) of the relevant Subsidiary determines that a person who is an Option Holder (this includes a person who has ceased to be an Eligible Participant but his/her Options continue to subsist in accordance with power of Directors as set out in the 2023 Share Option Scheme), that person:
- (a) is guilty of misconduct, whether or not in connection with his/her relationship with the Group, or wilful disobedience or non-compliance with the terms of his/her employment, service agency, consultancy, engagement contract or lawful orders or instructions given by any member of the Group; or
  - (b) has been convicted of any criminal offence involving his/her integrity or honesty, whether or not in connection with his/her relationship with the Group; or
  - (c) has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations from time to time; or
  - (d) has caused a material misstatement in the Group's financial statements; or
  - (e) has committed any act or offence which would justify (as determined by the Board) the termination of his/her employment contract or office, his/her engagement or contract with the relevant member of the Group at common law or pursuant to any applicable law, rule or regulation (or, in the case of a person who was an Employee Participant but has subsequently ceased to be an Employee Participant, his/her behaviour while he/she was an Employee Participant would have justified the termination of his/her employment contract but which does not become known to the Group until after he/she has ceased to be an Employee Participant); or
  - (f) has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally; or
  - (g) has disclosed confidential information of the Group; or
  - (h) has done anything (as determined by the Board) adversely affecting his/her ability to perform his/her duties properly or bring the Group into disrepute; or

- (i) has entered into competition with the Group or breached any non-solicitation provisions or any other undertakings in his/her employment, service agency, consultancy or engagement contract with any member of the Group (irrespective of whether such provisions are upheld or declared void and unenforceable by a court with competent jurisdiction),

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

A resolution of the Board or the board of directors (or a committee thereof) of the relevant Subsidiary to the effect that the employment or engagement of the person has or has not been terminated on one or more of the grounds specified in this paragraph or that one or more of the grounds specified in this paragraph and paragraphs 10.7 to 10.11 has arisen in respect of the person will be conclusive and binding on the person, and where appropriate, the persons' Personal Representative(s).

## **15. RIGHTS OF OPTION HOLDERS**

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

## **16. RANKING OF SHARES**

- 16.1 The Share issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association and will rank equally in all respects with the fully paid Shares in issue on the date when the name of the Option Holder is registered on the register of members of the Company.
- 16.2 The Share will not carry any voting right until the registration of the Option Holder (or if an Option is exercised by the Personal Representative(s) of the Option Holder, of the estate of the Option Holder) in the register of members of the Company as the holder of the Option Share.

## **17. SHARE CAPITAL**

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

**18. REORGANISATION OF CAPITAL STRUCTURE**

- 18.1 In the event of a capitalisation issue or rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) and an Option remains exercisable, the Company will make corresponding adjustments (as necessary and in accordance with the Listing Rules and any guidance materials published by the Stock Exchange from time to time) to:
- (a) the number of Shares subject to the Mandate Limit (as refreshed from time to time);
  - (b) the number of Shares subject to outstanding Options; and/or
  - (c) the Subscription Price.
- 18.2 No adjustments required in paragraph 18.1 may be made to the advantage of any Option Holder unless with the prior approval by ordinary resolution of Shareholders in general meeting of the Company.
- 18.3 An adjustment will be made, to the extent practicable, in accordance with the following principles:
- (a) on the basis that each Option Holder on exercise of his/her Options will have the same proportion of the issued share capital of the Company to which he/she would have been entitled if he/she were to exercise the Options immediately prior to the event leading to the requirement to perform the adjustment; and
  - (b) Shares will not be issued at less than its nominal value.
- 18.4 In respect of any adjustment required in paragraph 18.1, other than adjustments made on a capitalisation issue, the Company will seek a written certification from an independent financial adviser or the auditors that the adjustments satisfy the conditions set out in paragraph 18.3 (“**Adjustment Certificate**”). In giving the Adjustment Certificate the independent financial adviser or the Auditors will act as experts and not as arbitrators and their confirmation will (in the absence of manifest error) be final and binding on the Company and the Option Holders. The costs of the Adjustment Certificate will be borne by the Company.
- 18.5 An adjustment will be deemed to have taken effect on the earlier of (i) the date of completion of the relevant corporate event leading to the requirement to perform the adjustment and (ii) if necessary, the issue of the Adjustment Certificate.
- 18.6 The Company will within thirty Business Days of the announcement of the relevant corporate event leading to the requirement to perform the adjustment inform each Option Holder of the adjustment. If the Company receives an exercise notice from an Option Holder after such notification but before the Adjustment Certificate is issued, the Company will inform the Option Holder of such fact in which case the Option Holder can either give notice within

fourteen Business Days after receiving the relevant notice from the Company to withdraw the exercise notice or if he/she fails to withdraw the exercise notice that exercise notice will be deemed to have been received by the Company on the date when the Company receives the certification and the Company will accordingly process the exercise notice based on the adjusted exercise price as set out in the Adjustment Certificate.

**19. ALTERATIONS TO THE 2023 SHARE OPTION SCHEME**

19.1 Subject to paragraphs 19.2 and the Listing Rules, the Board may alter any of the provision of the 2023 Share Option Scheme except that:

- (a) any alterations to the terms and conditions of the 2023 Share Option Scheme which are of a material nature, including but not limited to the provisions of the 2023 Share Option Scheme as to the definition of “Eligible Participant(s)”; and
- (b) the provisions of the 2023 Share Option Scheme relating to matters governed by Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants,

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

19.2 Prior approval by ordinary resolution of Shareholders in general meeting of the Company must be obtained before any change to the authority of the Board to alter the terms of the 2023 Share Option Scheme.

19.3 The amended terms of the 2023 Share Option Scheme and the Options will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

**20. CANCELLATION OF OPTIONS GRANTED**

20.1 The Board may cancel any Options granted on such terms and conditions with the consent of the relevant Option Holder. Where the Board cancels Options granted and grants new Options (or Other Scheme Options and Awards) to the same Option Holder, the grant of such replacement Options cannot cause the Mandate Limit set out in paragraph 11.1 to be breached.

20.2 The cancelled outstanding Vested Options or Unvested Options will be regarded as utilised for the purpose of calculating the Mandate Limit in paragraph 11.1.

**21. TERMINATION OF THE 2023 SHARE OPTION SCHEME**

- 21.1 The 2023 Share Option Scheme may be terminated at any time by ordinary resolution of Shareholders in general meeting of Company or by the Board when it resolves that no further Options will be granted thereunder.
- 21.2 Subject to paragraph 21.1, the Company cannot grant new Options but for so long as there are Options granted but not yet accepted, outstanding Vested or Unvested Options, the 2023 Share Option Scheme will remain in full force and effect for the purpose of giving effect to the acceptance of granted Options, the exercise of such outstanding Vested or Unvested Options or otherwise as may be required in accordance with the 2023 Share Option Scheme.

*The following is a summary of the principal terms of the 2023 Share Award Scheme to be approved and adopted by ordinary resolution at the EGM, but such summary does not form part of, nor was it intended to be, part of the 2023 Share Award Scheme, nor should it be taken as affecting the interpretation of the rules of the 2023 Share Award Scheme:*

**1. PURPOSE**

- 1.1 The purpose of the 2023 Share Award Scheme is to provide the Selected Participants with an opportunity to obtain a proprietary interest in the Company, to provide incentives to Selected Participants to contribute to the Company and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

**2. ELIGIBLE PARTICIPANTS OF THE 2023 SHARE AWARD SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS**

- 2.1 Subject to the terms and conditions of the 2023 Share Award Scheme, Eligible Participants include the Employee Participants and the Related Entity Participants who in the absolute discretion of the Board have contributed to the Group on the basis of their contribution to the development and growth of the Group may participate in the 2023 Share Award Scheme.

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

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

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

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;

- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;
- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (f) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participants' contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

### **3. DURATION**

3.1 Subject to paragraph 3.2, the 2023 Share Award Scheme will take effect when all the conditions set out in paragraph 5 have been satisfied and will terminate or expire (as the case may be) on the earlier of:

- (a) the termination of the 2023 Share Award Scheme pursuant to paragraph 21; and
- (b) ten years commencing on the Adoption Date

(the "**Scheme Period**").

3.2 After the Scheme Period, no further grant of Awards shall be made but the 2023 Share Award Scheme will remain in full force and effect to the extent necessary to give effect to the acceptance of any granted Awards, vesting of any Awarded Shares or otherwise as may be required in accordance with the 2023 Share Award Scheme.

### **4. ADMINISTRATION OF THE 2023 SHARE AWARD SCHEME**

4.1 The Board will administer the 2023 Share Award Scheme. In addition, the Board may appoint a third-party professional service providers as the administrator in relation to the 2023 Share Award Scheme (or certain aspects of it) on such terms as the Board may determine.

4.2 The decision of the Board on the interpretation of the 2023 Share Award Scheme or whether a circumstance exists which may affect the treatment of any Award or Selected Participant thereunder will be final and binding (in the absence of manifest error) on all parties.

### **5. CONDITIONS OF THE 2023 SHARE AWARD SCHEME**

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

- (a) the approval by ordinary resolution of Shareholders in general meeting of the Company is obtained to adopt the 2023 Share Award Scheme and to authorise the Board to grant Awards under the 2023 Share Award Scheme and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the 2023 Share Award Scheme; and
- (b) the Listing Committee of the Stock Exchange grants approval for the listing of and permission to deal in such number of Shares representing the Mandate Limit to be allotted and issued by the Company pursuant to the grant of any Awards in accordance with the terms and conditions of the 2023 Share Award Scheme.

## **6. OPERATION OF THE 2023 SHARE AWARD SCHEME**

- 6.1 Subject to the requirements in the 2023 Share Award Scheme and all applicable laws, rules and regulations, the Board may, from time to time at its absolute discretion, select any Eligible Participant (other than any Excluded Participant) to be a Selected Participant and grant to such Selected Participant Awarded Shares at nil consideration.
- 6.2 The Board will grant Awards to the Selected Participants by letters. The letter of grant will specify:
  - (a) the name of the Selected Participant;
  - (b) the date of the letter;
  - (c) the Acceptance Period;
  - (d) the conditions to Vesting (if any);
  - (e) the performance targets and other eligibility criteria, if any, to be satisfied before an Option Vests;
  - (f) the number of Awarded Shares; and
  - (g) such other terms and conditions to which the Award will be subject.

The letter of grant will contain provisions requiring the Grantee (i) to undertake to hold the Option on the terms and conditions on which it is granted and (ii) to agree to be bound by the 2023 Share Award Scheme.

- 6.3 An Award will be open for acceptance by the Grantee during the Acceptance Period.

- 6.4 Upon receipt of the letter of grant, the Grantee shall accept an Option by returning to the Company a notice of acceptance (the “**Acceptance Notice**”) within the Acceptance Period. If any Selected Participant fails to return the Acceptance Notice before the expiry of the Acceptance Period, the Award will automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

**7. GRANT AWARDS TO DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY**

- 7.1 Any grant of Awards to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors of the Company (excluding any director who is the proposed Selected Participant).

- 7.2 Where the grant of Awards to:

- (a) a Director (other than an independent non-executive director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the 2023 Share Award Scheme) to him/her in the 12-month period immediately preceding the Grant Date to exceed 0.1 per cent. of the number of Shares in issue as at the Grant Date; or
- (b) an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Awards and Other Scheme Options and Awards granted (excluding any Awards lapsed in accordance with the terms of the 2023 Share Award Scheme) to him/her in the 12-month period immediately preceding the Grant Date to exceed 0.1 per cent. of the number of Shares in issue as at the Grant Date.

In the circumstances described in (a) and (b) above, a circular containing the details of the grant shall be despatched to the Shareholders in a manner complying with, and containing the information as required under the Listing Rules (including in particular a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective Selected Participant of the Award) to the independent Shareholders as to voting). Also, an approval by ordinary resolution of Shareholders must be obtained in general meeting of the Company with such Selected Participant, his/her associates and all core connected person of the Company abstaining from voting (except that a connected person may vote against the resolution if his/her intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules). The Company shall comply with the requirements under Rule 13.40, 13.41 and 13.42 of the Listing Rules.

**8. RESTRICTION ON GRANT OF AWARD**

- 8.1 The Board will not grant any Award to any Eligible Participant:

- (a) after any inside information (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) has come to the knowledge of the Company until such inside information has been published in accordance with the Listing Rules;
- (b) on any day on which the Company's financial results are published and:
  - (i) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (ii) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-yearly period up to the publication date of the results,unless there are circumstances of the Company that fall within the exceptions under the Listing Rules;
- (c) who is a Director, during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; and
- (d) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

## **9. LAPSE OF AWARDS**

- 9.1 If a Selected Participant who on the Grant Date was an Eligible Participant, that individual ceases to be an Eligible Participant because of:
- (a) death; or
  - (b) (in the case of an Employee Participant or a Related Entity Participant) ill health, serious injury or disability which in the opinion of the board of the relevant Employer renders the individual unfit to perform his/her duties of his/her employment or his/her office for a continuous period of twelve months and provided such illness or injury or disability is not self-inflicted; or
  - (c) (in the case of an Employee Participant or a Related Entity Participant) redundancy, retirement or expiration of the term of the employment according to his/her contract of employment with his/her Employer; or
  - (d) (in the case of an Employee Participant or a Related Entity Participant) early retirement or termination by mutual agreement with his/her Employer; or

- (e) (in the case of an Employee Participant) his/her employment or office being in a company which ceases to be a member of the Group or under the Control of the Group or relating to a business, or a part of the business which is transferred to a person who is not a member of the Group or is not under the Control of a member of the Group or if the Company or the relevant Employer or member of the Group is reorganised or merged or consolidated with another entity (and paragraphs 9.4, 9.5 and 9.6 do not apply) such that such Employer or the new entity ceases to be a member of the Group or under the Control of a member of the Group,

And situations in paragraph 9.3 do not apply, the relevant Award will lapse, in the case of (a), (c), (d) and (e) on the day of the occurrence of the relevant event, and in the case of (b) on the day when the board of the relevant Employer arrived at its decision, and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

- 9.2 When a person who is a Selected Participant ceases to be an Eligible Participant because he/she has submitted his/her resignation from his/her employment or office with the Employer (and paragraph 9.1(a) does not apply), whether or not he/she is still in the employment of the Employer during the relevant employment resignation notice period or the relevant Employer has terminated the employment or office (and paragraph 9.3 does not apply), then:

- (a) the relevant Award made to such Selected Participant will automatically lapse forthwith; and
- (b) the relevant Awarded Shares shall not vest on the relevant Vesting Date.

- 9.3 If the Board or the board of directors (or a committee thereof) of the relevant Subsidiary determines that a person who is a Selected Participant (this includes a person who has ceased to be an Eligible Participant but his/her Awards continue to subsist in accordance with power of Directors as set out in the 2023 Share Award Scheme), that person:

- (a) is guilty of misconduct, whether or not in connection with his/her relationship with the Group, or wilful disobedience or non-compliance with the terms of his/her employment, service agency, consultancy, engagement contract or lawful orders or instructions given by any member of the Group; or
- (b) has been convicted of any criminal offence involving his/her integrity or honesty, whether or not in connection with his/her relationship with the Group; or
- (c) has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations from time to time; or
- (d) has caused a material misstatement in the Group's financial statements; or

- (e) has committed any act or offence which would justify (as determined by the Board) the termination of his/her employment contract or office, his/her engagement or contract with the relevant member of the Group at common law or pursuant to any applicable law, rule or regulation (or, in the case of a person who was an Employee Participant but has subsequently ceased to be an Employee Participant, his/her behaviour while he/she was an Employee Participant would have justified the termination of his/her employment contract but which does not become known to the Group until after he/she has ceased to be an Employee Participant); or
- (f) has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally; or
- (g) has disclosed confidential information of the Group; or
- (h) has done anything (as determined by the Board) adversely affecting his/her ability to perform his/her duties properly or bring the Group into disrepute; or
- (i) has entered into competition with the Group or breached any non-solicitation provisions or any other undertakings in his/her employment, service agency, consultancy or engagement contract with any member of the Group (irrespective of whether such provisions are upheld or declared void and unenforceable by a court with competent jurisdiction),

then whether or not he/she is summarily dismissed by the Employer or is still employed by the Employer, the relevant Award made to such Selected Participant will automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

A resolution of the Board or the board of directors (or a committee thereof) of the relevant Subsidiary to the effect that the employment or engagement of the person has or has not been terminated on one or more of the grounds specified in this paragraph or that one or more of the grounds specified in this paragraph 9.3 and paragraph 9 has arisen in respect of the person will be conclusive and binding on the person, and where appropriate, the persons' Personal Representative(s).

9.4 If a general offer to acquire Shares (whether by way of a takeover offer, share repurchase offer, privatisation proposal by a scheme of arrangement between the Company and its members or otherwise in like manner) is made to the Shareholders pursuant to the Takeovers Code, resulting in a change in control (as defined in the Takeovers Code), and the offer becomes or is declared unconditional in all respects prior to the vesting of Awarded Shares to the Selected Participants, then:

- (a) notwithstanding the requirement to satisfy vesting condition referred to in paragraph 13.1 and the vesting schedule as set out in the letter of grant, such Awarded Shares shall immediately so vest; and

- (b) the Board shall cause the Company to allot and issue to such Selected Participant such number of new Awarded Shares, provided that none of the events set out in paragraphs 9.1, 9.2 and 9.3 has occurred prior to vesting under this paragraph 9.4.
- 9.5 If a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, all Awarded Shares not yet vested will immediately and automatically Vest and the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Selected Participants (together with a notice of the existence of the provisions of this paragraph 9.5), and the Company shall allot and issue to such Selected Participant such number of new Awarded Shares in accordance with the terms of the 2023 Share Award Scheme.
- 9.6 If a compromise or arrangement between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or amalgamation of the Company with another company or companies (other than a relocation scheme as contemplated in Rule 7.14(3) of the Listing Rules):
- (a) the Company will give notice to all Selected Participants on the same date as it gives notice to its members or creditors to hold a meeting to consider, and if thought fit approve, such a compromise or arrangement;
- (b) thereupon all Awarded Shares not vested will vest; and
- (c) the Company shall allot and issue to such Selected Participant such number of new Awarded Shares in accordance with the terms of the 2023 Share Award Scheme,
- provided that the arrangements and mechanisms in this paragraph 9.6 shall be subject to the laws relevant to the compromise or arrangement and to the sanction of the relevant court.
- The Company may require any Selected Participant to transfer or otherwise deal with the Awarded Shares issued as a result of the vesting of the Awards so as to place the Selected Participant in the same position as nearly as would have been the case had such Awarded Shares been subject to such compromise or arrangement.
- 9.7 For the purpose of this paragraph 9, an Employee Participant will be regarded as remaining as an Employee Participant notwithstanding that he/she ceases to be an employee of a member of the Group if he/she immediately becomes or stays as an Employee Participant of another member of the Group.

## **10. MAXIMUM NUMBER OF SHARES**

- 10.1 Subject to paragraphs 10.2 to 10.5, the total number of Shares which may be allotted and issued in respect of all Awards to be granted under the 2023 Share Award Scheme and Other Scheme Options and Awards must not exceed 10 per cent. of the Shares in issue as at the

Adoption Date (subject to adjustment in the event of a capitalisation issue or rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)) (the “**Mandate Limit**”). Unless approved pursuant to paragraphs 10.2 to 10.5, no Awards or Other Scheme Options and Awards may be granted if such grant will result in the Mandate Limit being exceeded. Awards and Other Scheme Options and Awards lapsed according to the terms of the 2023 Share Award Scheme or Other Scheme(s) will not be regarded as utilised for the purpose of calculating the Mandate Limit.

- 10.2 Subject to an approval by ordinary resolution of Shareholders in general meeting of the Company, the Company may after three years from the Adoption Date (or from the date of approval by ordinary resolution of Shareholders in general meeting of the Company for the last refreshment) “refresh” a Mandate Limit provided that the total number of Shares which may be allotted and issued in respect of all Awards to be granted under the 2023 Share Award Scheme and Other Scheme Options and Awards to be granted under the Mandate Limit as “refreshed” must not exceed 10 per cent. of the Shares in issue at the date of the resolution to approve the “refreshed” limit (“**Refresher Date**”). Awards and Other Scheme Options and Awards previously granted (whether outstanding, cancelled, lapsed (according to the 2023 Share Award Scheme or the Other Schemes) or exercised) will not be regarded as utilised for the purpose of calculating the Mandate Limit as “refreshed”. For any additional refreshment within three years of the Adoption Date (or within three years from the date of approval by ordinary resolution of Shareholders in general meeting of the Company for the last refreshment), approval of Shareholders must be obtained in general meeting with controlling shareholders and their associates (or if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting.
- 10.3 The requirements above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 10.4 The Company will comply with all applicable laws, rules and regulations in seeking a refreshment of a Mandate Limit. Unless approved pursuant to paragraph 10.5, the Board cannot grant any Award on or after the Refresher Date if such grant will result in the Mandate Limit as refreshed being exceeded.
- 10.5 Subject to a specific approval by ordinary resolution of Shareholders in general meeting of the Company, the Board may grant Awards to Selected Participants specifically identified by the Board beyond the Mandate Limit, provided the Awards in excess of the Mandate Limit are granted only to Selected Participants specifically identified by the Company before such approval is sought. If the approval by ordinary resolution of Shareholders in general meeting

of the Company is obtained, the Board may grant Awards to any Selected Participant in respect of such number of Awarded Shares and on such terms as specified in that approval by ordinary resolution of Shareholders in general meeting of the Company.

## **11. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT**

11.1 Unless approval by ordinary resolution of Shareholders in general meeting of the Company is obtained pursuant to paragraph 10.5 with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of options/awards to connected persons, the Board cannot grant any Award (“**Triggering Award**”) to any Selected Participant which, if vested, would result in that Selected Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her upon exercise of all Awards and Other Scheme Options and Awards granted to him/her in the 12-month period immediately preceding the Grant Date of the Triggering Award to exceed 1 per cent. of the number of Shares in issue as at that Grant Date (the “**Individual Limit**”).

## **12. TRANSFERABILITY OF AWARDS**

12.1 A Selected Participant cannot sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or otherwise dispose of any of his/her Awards or purport to do any of the foregoing. If a Selected Participant does any of the foregoing, whether voluntarily or involuntarily, the Award will immediately and automatically lapse.

## **13. VESTING OF AWARDS**

13.1 Subject to the rest of the provisions in this paragraph and other provisions in the 2023 Share Award Scheme, all applicable laws, rules and regulations and with its terms and conditions, the respective Awarded Shares shall Vest on the Selected Participant on the date or dates when all the vesting conditions set out in the letter of grant are met, and the Board shall cause the Company to allot and issue to such Selected Participant such number of new Awarded Shares as set out in the letter of grant and the Board shall cause to be paid the subscription money for the new Awarded Shares, representing the nominal value of the new Awarded Shares multiplied by the number of new Awarded Shares to be issued, from the Company’s resources. The minimum vesting period is 12 months. A shorter vesting period may be granted to Employee Participants at the discretion of the Board (or the remuneration committee of the Company where the arrangements relate to grants of Awards to the directors and/or senior management of the Company) in any of the following specific circumstances:

- (a) grants of “make-whole” Awards to Employee Participants who newly joined the Group to replace the share awards or options they forfeited when leaving the previous employer;

- (b) grants with specific and objective performance-based vesting conditions in lieu of time-based vesting criteria;
  - (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 Awards 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 12 months; and
  - (e) grants of Awards with a total vesting and holding period of more than 12 months.
- 13.2 The Board shall send to each Selected Participant a vesting notice not less than 7 days prior to each Vesting Date or the date a general offer (as further described in paragraph 9.4) involving the Shares of the Company is announced (the “**Vesting Notice**”).
- 13.3 The Board or the Remuneration Committee (if authorised by the Board) is entitled to impose any conditions, as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares to the Selected Participant and shall set out such conditions in the letter of grant to the Selected Participant. Notwithstanding any other provisions of the Scheme, subject to applicable law and regulations, the Board or the Remuneration Committee (if authorised by the Board) shall be at liberty to waive any vesting conditions. The Board or the Remuneration Committee (if authorised by the Board) may in its absolute discretion set performance targets to be achieved before the vesting of the Awarded Shares to the Selected Participant, and various factors will be considered in setting performance targets, including but not limited to, and where appropriate, (i) sales performance (e.g. revenue), (ii) operational performance (e.g. operation efficiency in terms of cost control), (iii) financial performance (e.g. profits, cash flow, earnings, market capitalization, return on equity) of the Group, the individual’s overall performance indicators (e.g. strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal procedures). The finance and human resources department will propose the performance targets (if any) of each Selected Participant to the Board or the Remuneration Committee (as the case may be) for consideration, who will then assess the reasonableness and suitability and confirm such performance targets. In relation to the Awards granted to the Directors and senior management of the Company, the performance targets, or the absence of such, shall be further subject to the approval of the Remuneration Committee and any other requirements under the Listing Rules. The Group will utilize its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Awards on a case-by-case basis. The Company will evaluate the actual performance and contribution of a Selected Participant for the past financial year against the performance targets set and form a view as to whether the relevant performance targets have been fulfilled. The assessment will be based on the individual’s overall performance, performance of the team or department that the Selected

Participant belongs to and the performance of the Group as a whole. Specific weightings will be given to the various factors identified above, with reference to the position and role of the Selected Participant in the Group, in order to provide a fair and objective appraisal. The Board or the Remuneration Committee (if authorised by the Board) shall have the sole discretion in determining whether the relevant performance targets for the Grantee and/or Selected Participant have been met. For the avoidance of doubt, an Award shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant letter of grant.

13.4 In addition to paragraphs 3.2, 6.4 and 12 and subject to paragraph 9, unless the Board exercises its discretion pursuant to the powers granted by under the 2023 Share Award Scheme, an Award will automatically lapse and will not Vest on the earlier of:

- (a) the failure to satisfy the vesting conditions, or such conditions are not waived;
- (b) the Selected Participant is found to be an Excluded Participant; or
- (c) the Selected Participant failing to obtain all necessary consents or file all necessary registrations referred to in the 2023 Share Award Scheme within 30 Business Days from the date of the Vesting Notice.

#### **14. RIGHTS OF SELECTED PARTICIPANTS**

14.1 A Selected Participant cannot vote or receive dividends and does not have any right of a shareholder in respect of the Awarded Shares until the Awarded Shares are allotted and issued to the Selected Participant and the he/she has been registered in the register of members of the Company in respect of the Awarded Shares.

#### **15. RANKING OF SHARES**

15.1 The Awarded Shares will be subject to all the provisions of the Articles of Association and will rank equally in all respects with the fully paid Shares in issue on the date when the name of the Selected Participant is registered on the register of members of the Company.

#### **16. REORGANISATION OF CAPITAL STRUCTURE**

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

- (a) the number of Shares subject to the Mandate Limit (as refreshed from time to time); and/or
- (b) the number of Awarded Shares pursuant to the outstanding Awards.

- 16.2 No adjustments required in paragraph 16.1 may be made to the advantage of any Selected Participant unless with the prior approval by ordinary resolution of Shareholders in general meeting of the Company.
- 16.3 An adjustment will be made, to the extent practicable, in accordance with the following principles:
- (a) on the basis that each Selected Participant will have the same proportion of the Awarded Shares to which he/she would have been entitled immediately prior to the event leading to the requirement to perform the adjustment; and
  - (b) Shares will not be issued at less than its nominal value.
- 16.4 In respect of any adjustment required in paragraph 16.1, other than adjustments made on a capitalisation issue, the Company will seek a written certification from an independent financial adviser or the auditors that the adjustments satisfy the conditions set out in paragraph 16.3 (“**Adjustment Certificate**”). In giving the Adjustment Certificate the independent financial adviser or the Auditors will act as experts and not as arbitrators and their confirmation will (in the absence of manifest error) be final and binding on the Company and the Selected Participants. The costs of the Adjustment Certificate will be borne by the Company.
- 16.5 An adjustment will be deemed to have taken effect on the earlier of (i) the date of completion of the relevant corporate event leading to the requirement to perform the adjustment and (ii) if necessary, the issue of the Adjustment Certificate.
- 16.6 The Company will within thirty Business Days of the announcement of the relevant corporate event leading to the requirement to perform the adjustment inform each Selected Participant of the adjustment.

## **17. ALTERATIONS TO THE 2023 SHARE AWARD SCHEME**

- 17.1 Subject to paragraphs 17.2 and the Listing Rules, the Board may alter any of the provision of the 2023 Share Award Scheme except that:
- (a) any alterations to the terms and conditions of the 2023 Share Award Scheme which are of a material nature, including but not limited to the provisions of the 2023 Share Award Scheme as to the definition of “Eligible Participant(s)” and “Selected Participant(s)”; and
  - (b) the provisions of the 2023 Share Award Scheme relating to matters governed by Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants,

shall not be altered except with the prior approval by ordinary resolution of Shareholders in general meeting of the Company, provided that no such alteration shall operate to affect adversely the terms of any Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Participants as would be required of the holders of the Shares under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares.

17.2 Prior approval by ordinary resolution of Shareholders in general meeting of the Company must be obtained before any change to the authority of the Board to alter the terms of the 2023 Share Award Scheme.

17.3 The amended terms of the 2023 Share Award Scheme and the Awards will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

## **18. CANCELLATION OF AWARDS**

18.1 The Board may cancel any Awards granted on such terms and conditions with the consent of the relevant Selected Participant. Where the Board cancels outstanding Awards and grants new Awards (or Other Scheme Options and Awards) to the same Selected Participant, the grant of such replacement Awards (or Other Scheme Options and Awards) cannot cause the Mandate Limit set out in paragraph 10.1 to be breached.

18.2 The cancelled Awards will be regarded as utilised for the purpose of calculating the Mandate Limit in paragraph 10.1.

## **19. TERMINATION OF THE 2023 SHARE AWARD SCHEME**

19.1 The 2023 Share Award Scheme may be terminated at any time by ordinary resolution of Shareholders in general meeting of Company or by the Board when it resolves that no further Awards will be granted thereunder.

19.2 Subject to paragraph 19.1, no further grant of Awards shall be made but the 2023 Share Award Scheme will remain in full force and effect to the extent necessary to give effect to the acceptance of any granted Awards, vesting of any Awarded Shares or otherwise as may be required in accordance with the 2023 Share Award Scheme.

**LI NING COMPANY LIMITED****李寧有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 2331)**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of Li Ning Company Limited (the “Company”) will be held at Star Room, Level 42, Cordis Hong Kong at Langham Place, 555 Shanghai Street, Mongkok, Kowloon, Hong Kong on Wednesday, 14 June 2023 at 11:30 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at the same venue and on the same day, or any adjournment thereof) for the following purpose of considering and, if thought fit, passing, without modifications, the following ordinary resolutions of the Company. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 3 May 2023 in relation to the EGM (the “Circular”).

**ORDINARY RESOLUTIONS**

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

1. “**THAT:**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting approval for 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, open offer, subdivision, consolidation, re-classification, reconstruction or reduction of share capital of the Company from time to time) (the “Share(s)”) which may be issued in respect of the share options to be granted under the 2023 Share Option Scheme, a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, the 2023 Share Option Scheme be and is hereby approved and adopted; and any director of the Company and/or his/her delegate(s) be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme, including but without limitation:
  - (i) administering the 2023 Share Option Scheme under which share options will be granted to Eligible Participants (as defined under the 2023 Share Option Scheme) under the 2023 Share Option Scheme;
  - (ii) modifying and/or amending 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 subject to Chapter 17 of the Listing Rules;

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- (iii) granting share options under the 2023 Share Option Scheme and allotting and issuing from time to time such number of Shares as may be required to be allotted and issued in respect of the share options to be granted under the 2023 Share Option Scheme and subject to the Listing Rules;
  - (iv) making application at the appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for the listing of, and permission to deal in, any Shares that may hereafter from time to time be allotted and issued in respect of the share options to be granted under the 2023 Share Option Scheme and subject to the Listing Rules; and
  - (v) consenting, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Option Scheme and subject to the Listing Rules; and
- (b) 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 schemes of the Company must not in aggregate exceed 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 Mandate Limit.”

2. **“THAT:**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be issued in respect of the awarded shares to be granted under the 2023 Share Award Scheme, a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, the 2023 Share Award Scheme be and is hereby approved and adopted; and any director of the Company and/or his/her delegate(s) be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Award Scheme, including but without limitation:
  - (i) administering the 2023 Share Award Scheme under which awarded shares will be granted to Selected Participants (as defined under the 2023 Share Option Scheme) under the 2023 Share Award Scheme;
  - (ii) modifying and/or amending 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 subject to Chapter 17 of the Listing Rules;
  - (iii) granting awarded shares under the 2023 Share Award Scheme and allotting and issuing from time to time such number of Shares as may be required to be allotted and issued in respect of the awarded shares to be granted under the 2023 Share Award Scheme and subject to the Listing Rules;

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- (iv) making application at the appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for the listing of, and permission to deal in, any Shares that may hereafter from time to time be allotted and issued in respect of the awarded shares to be granted under the 2023 Share Award Scheme and subject to the Listing Rules; and
  - (v) consenting, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Award Scheme and subject to the Listing Rules; and
- (b) 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 any other schemes of the Company must not in aggregate exceed 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 Mandate Limit.”
3. “**THAT**, conditional upon the 2023 Share Option Scheme becoming effective, the existing share option scheme adopted by the Company on 30 May 2014 (the “**2014 Share Option Scheme**”) be and is hereby terminated with effect from the adoption of the 2023 Share Option Scheme (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date of the passing of this resolution).”

By order of the Board  
**Li Ning Company Limited**  
**Li Ning**  
*Executive Chairman and*  
*Joint Chief Executive Officer*

Hong Kong, 3 May 2023

*Notes:*

1. A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association of the Company, vote in his/her stead. A proxy need not be a shareholder of the Company.
2. A form of proxy for use at the EGM (or at any adjournment thereof) is despatched together with this notice of meeting. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the offices of the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the EGM or any adjournment thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

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## APPENDIX III NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjournment thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. For ascertaining shareholders' right to attend and vote at EGM:

Latest time to lodge transfer documents	4:30 p.m. on 8 June 2023 (Thursday)
Period of closure of register of members	9 June 2023 (Friday) to 14 June 2023 (Wednesday) (both days inclusive)
Record date	14 June 2023 (Wednesday)
EGM date	14 June 2023 (Wednesday)

In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer documents must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time.

6. If typhoon signal No. 8 or above remains hoisted or a black rainstorm warning signal is in force at 8:00 a.m. at the date of the EGM, the EGM will be postponed.

Shareholders are requested to visit the website of the Company at <http://ir.lining.com> for details of alternative meeting arrangements.

The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

Shareholders who have any queries concerning the alternative meeting arrangements, please call the Company at (852) 3541 6000 during business hours from 9:00 a.m. to 5:00 p.m. on Mondays to Fridays, excluding public holidays.

Shareholders should make their own decision as to whether they would attend the EGM under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

7. As at the date hereof, the executive directors of the Company are Mr. Li Ning, Mr. Kosaka Takeshi and Mr. Li Qilin. The independent non-executive directors of the Company are Mr. Koo Fook Sun, Louis, Ms. Wang Ya Fei, Dr. Chan Chung Bun, Bunny and Ms. Wang Yajuan.