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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 to be taken, you should consult a 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 Chong Fai Jewellery Group Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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

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**創輝珠寶集團控股有限公司**  
**Chong Fai Jewellery Group Holdings Company Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8537)**

**(1) PROPOSED ADOPTION OF THE 2025 SHARE OPTION SCHEME  
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME;  
AND  
(2) CONDITIONAL GRANTS OF OPTIONS UNDER  
THE 2025 SHARE OPTION SCHEME  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to the Company**



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

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held on 31 July 2025 at 10:00 a.m. at No. 6-13, Faerie Court, 80 Ko Shan Road, Hung Hom, Kowloon, Hong Kong is set out on pages EGM-1 to EGM-5 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

This circular will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” for at least 7 days from the date of its posting and on the Company’s website at [www.chongfaiholdings.com](http://www.chongfaiholdings.com).

16 July 2025

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## CHARACERTISCS OF GEM

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**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## **RESPONSIBILITY STATEMENT**

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

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## DEFINITION

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

“2025 Share Option Scheme”	the 2025 Share Option Scheme proposed to be approved by the Shareholders at the EGM;
“Adoption Date”	being the date on which the 2025 Share Option Scheme is conditionally adopted by the Shareholders;
“Applicable Laws”	all applicable laws, regulations, ordinances or requirements of the relevant regulatory authorities including without limitation the Company Ordinance (Chapter 622 of the laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) or the GEM Listing Rules;
“Articles” or “Memorandum of Association” or “Memorandum”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time;
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Batch 1 Options”	the Options conditionally granted to Mr. Fu, Ms. Cheung, Mr. Fu Ho Hon, Mr. Zhang, Ms. Lin and Mr. Yu
“Batch 2 Options”	the Options conditionally granted to Mr. Song, Ms. Wang, Ms. Song, Ms. Ling, Mr. Feng, Ms. Ni and Mr. Xie
“Board”	the board of directors of the Company;
“Business Day(s)”	means any day on which securities are traded on the Stock Exchange;
“Companies Act”	the Companies Act (as amended) of the Cayman Islands as amended from time to time and every other act, order, regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum and/or the Articles;
“Company”	Chong Fai Jewellery Group Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM;

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## DEFINITION

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“Conditional Grant(s)”	The proposed conditional grant of 60,000,000 Options under the 2025 Share Option Scheme, which are subject to the approval of Independent Shareholders at the EGM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the GEM 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, among other things, the proposed adoption of the 2025 Share Option Scheme, termination of Existing Share Option Scheme and Conditional Grant of Options under the 2025 Share Option Scheme
“Eligible Participant(s)”	<p>include:</p> <ul style="list-style-type: none"><li>(a) any Employee Participant(s) (whether full-time or part-time)</li><li>(b) any Related Entity Participant(s); and</li><li>(c) any Service Provider(s)</li></ul> <p>The basis of eligibility of Eligible Participants to the grant of any Awards shall be determined by the Board, in its sole discretion, on a case-by-case basis;</p>
“Employee Participant(s)”	any director (including executive, non-executive and independent non-executive director) or employee (whether full-time or part-time) of any member of the Group (including persons who are granted options under the 2025 Share Option Scheme as an inducement to enter into employment contracts with these companies)
“Exercise Price”	the price per Share at which a Grantee may subscribe the Shares upon exercise of an Option pursuant to the terms of the 2025 Share Option Scheme;
“Existing Share Option Scheme”	the Share Option Scheme adopted by the Company on 6 March 2019;
“Grant Date”	the date on which an Option is conditionally granted to an Eligible Participant pursuant to the terms of the 2025 Share Option Scheme, which shall be a Business Day;

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## DEFINITION

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“Grantees”	means any Eligible Participant who is conditionally granted an Offer in accordance with the terms of the 2025 Share Option Scheme;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region
“Independent Shareholders”	The Shareholders of the Company, other than Mr. Fu, Ms. Fu, Ms. Cheung and Mr. Fu Ho Hon, their respective associates and other core connected persons of the Company;
“Latest Practicable Date”	11 July, 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules;
“GEM Listing Rules”	the Rules governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, as amended, supplemented, or otherwise modified from time to time;
“Mr. Fu”	Mr. Fu Chun Keung, the chairman of the Company and an executive Director;
“Ms. Cheung”	Ms. Cheung Lai Yuk, an executive Director;
“Ms. Fu”	Ms. Fu Wan Ling, an executive Director;
“Offer”	the offer of the grant of a Share Option pursuant to the 2025 Share Option Scheme;
“Option(s)”	share option(s) granted to a grantee to subscribe for Shares pursuant to the terms of the 2025 Share Option Scheme;
“Option Period”	means a period to be determined and notified by the Board to a Grantee during which the Option may be exercised, which period shall expire in any event not later than the last day of the 10-year period after the date of grant of the Option (subject to the provisions for early termination contained in paragraph 14 of Appendix I to this circular);

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## DEFINITION

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“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan;
“Related Entity”	a holding company (as defined in the GEM Listing Rules), a fellow subsidiary (“subsidiary” as defined in the GEM Listing Rules) or an associated company of the Company;
“Related Entity Participant(s)”	any Eligible Participant who is a director or an employee (whether full time or part time) of a Related Entity;
“Scheme Mandate Limit”	the limit on the total number of Shares which may be allotted and issued in respect of (i) all Share Options and Share Awards; (ii) all share options and all share awards that may be granted under any other Schemes, which must not exceed 10% of the total number of Shares in issue as at the Adoption Date;
“Selected Participant(s)”	any Eligible Participant(s) selected by the Board in accordance with the terms of the 2025 Share Option Scheme;
“Service Provider(s)”	person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any supplier and consultant, to any area of business or business development of the Group, but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer who provide assurance, or are required to perform their services with impartiality and objectivity are excluded from such category and the Board shall have absolute discretion to determine whether or not one falls within such category;
“Service Provider Sublimit”	where the Selected Participants include Service Provider(s), the limit on the total number of Shares which may be allotted and issued in respect of (i) all Share Options and Share Awards; (ii) all share options and all share awards that may be granted under any other Schemes, which must be set within the Scheme Mandate Limit as at the Adoption Date;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Share Award(s)”	an award of Shares pursuant to the Share Award Scheme;
“Share Option(s)”	a right to subscribe for Shares pursuant to the 2025 Share Option Scheme;



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## DEFINITION

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“Share Schemes”	all effective share schemes of the Company which are governed by Chapter 23 of the GEM Listing Rules, including the 2025 Share Option Schemes;
“Shareholder(s)”	holder(s) of our Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the GEM Listing Rules;
“Treasury Shares”	has the meaning ascribed to it in the GEM Listing Rules;
“%”	per cent.

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## LETTER FROM THE BOARD

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**創輝珠寶集團控股有限公司**  
**Chong Fai Jewellery Group Holdings Company Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8537)**

*Executive Directors:*

Mr. Fu Chun Keung  
Ms. Cheung Lai Yuk  
Ms. Fu Wan Ling  
Mr. Fu Ho Hon

*Registered Office:*

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

*Independent Non-executive Directors:*

Mr. Chan Chi Ming Tony  
Mr. Chan Cheong Tat  
Mr. Wong Wing Keung Meyrick

*Principal Place of Business:*

No. 6-13, Faerie Court  
80 Ko Shan Road, Hung Hom  
Kowloon, Hong Kong

16 July, 2025

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF THE 2025 SHARE OPTION SCHEME  
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME;  
AND  
(2) CONDITIONAL GRANTS OF OPTIONS UNDER  
THE 2025 SHARE OPTION SCHEME  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information in respect of, among other matters, (1) proposed adoption of the 2025 Share Option Scheme and termination of Existing Share Option Scheme; and (2) the Conditional Grants of Options under the 2025 Share Option Scheme. The Conditional Grants is conditional upon, among other things, the approval of the Shareholders by way of poll at the EGM, the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares which may be issued in respect of all Share Options to be granted in accordance with the terms and conditions of the 2025 Share Option Scheme. A notice of the EGM is set out pages EGM –1 to EGM –5 of this circular.

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## LETTER FROM THE BOARD

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### 2. PROPOSAL FOR ADOPTION OF THE 2025 SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 6 March 2019 and is valid and effective for a period of ten (10) years commencing from its adoption date (i.e. 6 March 2019). Pursuant to the Existing Share Option Scheme, the Company may by resolution in general meeting at any time early terminate its operation. The Company had further adopted a share award scheme on 19 March 2021 (the “**Share Award Scheme**”). As at the Latest Practicable Date, no options have been granted under the Existing Share Option Scheme and no awards have been granted under the Share Award Scheme. The Share Award is adopted to be funded solely by the existing Shares pursuant to 23.01(1)(b) of the GEM Listing Rule and does not constitute a scheme involving the issue of new shares as referred to Rule 23.01(1)(a) of the GEM Listing Rule. Save for the Existing Share Option Scheme and the Share Award Scheme, as at the Latest Practicable Date, the Company does not maintain any other share schemes.

In view of the amendments to Chapter 23 of the GEM Listing Rules which took effect on 1 January 2023 (the “**Amended Chapter 23**”) and with a view to providing more flexibility in long term planning of granting of share option in order to provide appropriate incentives or rewards to its employees and directors, the Board proposes to terminate the Existing Share Option Scheme and adopt the 2025 Share Option Scheme. Conditional upon adoption of the 2025 Share Option Scheme at the EGM, the Existing Share Option Scheme shall be terminated with effect from the adoption of the 2025 Share Option Scheme.

#### Purposes of adoption

The purpose of the 2025 Share Option Scheme is to recognise and acknowledge the contributions the Eligible Participants have had or may have made to the Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives (i) motivating the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going employment and/or business relationships with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

The Company may issue new Shares and/or utilise Treasury Shares (if any) to satisfy grants of the Options under the 2025 Share Option Scheme to the extent permitted by the GEM Listing Rules, all applicable laws and regulations and the Articles. As at the Latest Practicable Date, the Company did not have any Treasury Shares, hence, no Treasury Shares are available for granting the 2025 Share Option Scheme.

#### Conditions to adoption

For the purpose of Chapter 23 of the GEM Listing Rules, the 2025 Share Option Scheme will constitute a share scheme involving the grant by the Company of Options over new Shares.

The 2025 Share Option Scheme is conditional upon:

- (a) the passing of the relevant ordinary resolution(s) by the Shareholders at the EGM to approve the termination of the Existing Share Option Scheme and the adoption of the 2025 Share Option Scheme and to authorise the Directors to grant Options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of any Options granted in accordance with the rules of the 2025 Share Option Scheme; and

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## LETTER FROM THE BOARD

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- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of any Option in accordance with the rules of the 2025 Share Option Scheme.

### **Eligibility of Eligible Participants**

Eligible Participants under the 2025 Share Option Scheme include (a) the Employee Participant(s), (b) the Related Entity Participant(s) and (c) the Service Provider(s), provided that the Board may have absolute discretion to determine whether or not one falls within the above category. The rules of the 2025 Share Option Scheme under Chapter 23 of the GEM Listing Rules enable the Company to grant share option(s) to Eligible Participants including Employee Participants, Service Providers and Related Entity Participants. The Directors (including the independent non-executive Directors) consider that it is beneficial to include independent non-executive Directors, Service Providers and Related Entity Participants and aligns with the purpose of fostering collaboration essential to the Group's growth and such Eligible Participants will reap additional rewards through their contribution.

#### **(a) Eligibility of Employee Participants**

With respect to Employee Participants, the Board will consider, all relevant factors including (i) the general working experience, skills, knowledge, expertise, educational and professional qualifications, and other relevant personal personalities; (ii) time commitment (full-time or part time); (iii) the length of service of the Eligible Participant within the Group; (iv) roles and responsibilities; (v) employment conditions according to the prevailing market practice and industry standard; or where appropriate; and (vi) contribution or potential contribution to the Group. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

#### **(b) Eligibility of Related Entity Participants**

With respect to Related Entity Participants, the Board will consider, all relevant factors including (i) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the period of engagement or employment of the Related Entity Participant by the Group; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has or is expected to refer or introduce opportunities to the Group which have or are likely to materialise into further business relationships; and (v) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's 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.

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## LETTER FROM THE BOARD

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### (c) Eligibility of Service Providers

With respect to Service Providers, the factors in assessing whether such Service Provider is eligible to participate in the 2025 Share Option Scheme include, in particular: (i) the individual performance of relevant Service Providers; (ii) the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (iv) track record in the quality of services provided to and/or cooperation with the Group; and (v) the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Provider.

With respect to the eligibility of each category of the Service Providers, the Board will, on a case by case basis, specifically consider the following factors:

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the Share Option Scheme
Supplier	<p>Service Providers under this category are mainly suppliers of services in relation to procurement, sales, manufacturing, marketing, research and development, information technology services, who/ which support the Group's businesses of</p> <ul style="list-style-type: none"> <li>(i) sales of jewellery products and recycled gold products;</li> <li>(ii) provision of jewel crafting services; and</li> <li>(iii) other principal business(es) according to the annual report or interim report of the Company that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group from time to time.</li> </ul>	<p>The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such supplier, including:</p> <ul style="list-style-type: none"> <li>(i) the nature, reliability and quality of the services supplied;</li> <li>(ii) the value of the services provided by the relevant supplier;</li> <li>(iii) the frequency of collaboration and length of business relationship with the Group;</li> <li>(iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties);</li> </ul>

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## LETTER FROM THE BOARD

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Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the Share Option Scheme
Consultant	<p>Service Providers under this category are mainly consultants who provided advisory services, consultancy services, with relevant expertise in fields related to the jewellery industry, which have unique knowledge of market trend and product development and/or other professional services to the Group on areas relating to the Group's principal business activities in</p> <ul style="list-style-type: none"> <li>(i) sales of jewellery products and recycled gold products;</li> <li>(ii) provision of jewel crafting services; and</li> <li>(iii) other principal business(es) according to the annual report or interim report of the Company that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities, on a recurring basis to the Group and/or applying their specialised skills and/or knowledge in the abovementioned fields.</li> </ul>	<ul style="list-style-type: none"> <li>(v) the background, reputation and track record of the relevant supplier;</li> <li>(vi) the replacement cost of such supplier and/or the services (including continuity and stability of supply or provision of such services); and</li> <li>(vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services supplied and/or provided by such supplier.</li> </ul> <p>The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such consultant, including:</p> <ul style="list-style-type: none"> <li>(i) individual performance of the relevant consultant;</li> <li>(ii) their knowledge, experience and network in the relevant industry;</li> <li>(iii) the frequency of collaboration and length of business relationship with the Group;</li> <li>(iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties);</li> </ul>

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## LETTER FROM THE BOARD

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Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the Share Option Scheme
		<ul style="list-style-type: none"> <li data-bbox="932 370 1410 476">(v) the background, reputation and track record of the relevant consultant;</li> <li data-bbox="932 485 1410 853">(vi) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such consultant could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such consultant;</li> <li data-bbox="932 861 1410 1002">(vii) the replacement cost of such consultant (including continuity and stability of provision of the necessary services); and</li> <li data-bbox="932 1010 1410 1225">(viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant consultant between the relevant consultant and the Group.</li> </ul>

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

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## LETTER FROM THE BOARD

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The independent non-executive Directors consider the 2025 Share Option Scheme is aligned with prevailing market practices among listed companies in the jewellery sector, where share options are considered to use to reward service providers (e.g., suppliers, consultants), particularly when cash reserves are prioritized for capital investments or working capital needs. During periods of expansion or development, Options are preferred over cash payments when securing niche expertise exceeds short-term budget constraints. This approach enhances liquidity management while ensuring that collaborators' interests are aligned with long-term shareholder value through the exercise of granted Options. In addition to the contributions from the Group's employees, the success of the Group also depends on the co-operation and contribution from the supplier and consultant as stated above, who provide or will provide services, or introducing customers/business opportunities which are beneficial to the Group's business in both financial and operational aspects to the Group on a continuing and recurring basis in its ordinary and usual course of business. These Service Providers include suppliers, who are closely connected to and crucial to the Group's day-to-day operations which span across procurement, manufacturing, sales and marketing, and research and development, information technology services and their contribution directly impacts the results of the operations of the Group. Service Providers also include consultant with relevant expertise in fields related to the jewellery industry, which have unique knowledge of market trends and product roadmap during the short to long-term, and technical consultants who may advise on and assist the Group in its product development and improvement in production management capabilities. Such Service Providers contribute to the long-term growth of the Group by advising or consulting on a set of specialised skills and knowledge in the business activities of the Group. As these Service Providers possess industry-specific knowledge or expertise and often have extensive experience and understanding of the market, they are able to provide insight on areas such as market development, innovations, technical specifications and, production management, as well as marketing. The strategic advice and guidance provided by these Service Providers benefit the Group in its ordinary and usual course of business and often allow it to plan its future business strategies effectively for long-term growth. As such, the independent non-executive Directors consider that it is in line with market practices and industry norms to include supplier, consultant as Service Providers, and the terms of the grants (such as vesting requirements and performance targets, if any). Also, independent non-executive Directors consider the inclusion of Related Entity Participants and Service Providers in the 2025 Share Option Scheme to be consistent with its purposes, as it allows the Group to use Options as an alternative to cash compensation, reducing immediate compensation expenses while providing a flexible mechanism to incentivize and recognize the contributions of non-employees.

Further to the considerations above, the independent non-executive Directors are of the view that the Group may from time to time require assistance and support from Service Providers and Related Entity Participants in projects or other business engagements relating to or having connections with the Group's businesses. The inclusion of the Service Providers as Participants and Related Entity Participants under the 2025 Share Option Scheme leaves sufficient flexibility in the scheme rules in light of the future development and is fair and reasonable and in the interest of the Company and its Shareholders as a whole in the long run because: (a) in a view to enhancing its competitive strength and maintaining its market position, the Company may need Service Providers and Related Entity Participants to provide specialized or new services to various aspects of the business and operation of the Group; (b) the Service Providers and Related Entity Participants may provide recommendations and/or advice to the Group in matters including marketing, research and development, information technology services, technological support and consulting services, so as to contribute to assist the Group in achieving the operational competitiveness and business sustainability on mid to long term basis; (c) in the event that the Company



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## LETTER FROM THE BOARD

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engages Service Providers and Related Entity Participants to provide consulting services to the Group, including these Service Providers and Related Entity Participants as Eligible Participants may fill the gap and to foster the relationship with them as well as allowing the Group to pay such Service Providers and Related Entity Participants a consideration comprising service fee and share-based consideration, leveraging on which, the Group may be able to avoid expensive one-off short-term transaction costs, at the same time incentivise the Service Providers and Related Entity Participants with the long-term value to be brought by the growth of the Group's business and market capitalization; and (d) it is not uncommon for listed company in jewellery sector to include Service Providers and Related Entity Participants, for example the share award scheme recently adopted by Mokingran Jewellery Group (2585.HK). Furthermore, it will align the interests of the Service Providers and Related Entity Participants with that of the Group, which would in the long-term, and draw in key players of various industries that would help contribute to the Group's growth and development, and therefore is in the interests of the Group and the Shareholders as a whole, and in line with the purposes of the 2025 Share Option Scheme. For the aforesaid, the criteria for selection of Related Entity Participants and Service Providers as set out above and in paragraph 3 of the Appendix I to this circular and the discretion afforded to the Board to impose different terms and conditions (including performance targets and vesting conditions) on options granted to such selected Eligible Participants, is appropriate and in the interest of the Company and the Shareholders as a whole, and would enable the purpose of the 2025 Share Option Scheme to be achieved.

### **Duration of the 2025 Share Option Scheme**

Subject to any early termination as determined by the Board pursuant to the 2025 Share Option Scheme, the 2025 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which no further Option shall be granted under the 2025 Share Option Scheme but the provisions of the 2025 Share Option Scheme shall remain in full force and effect in all other respects.

### **Vesting Period**

The Directors consider that the 2025 Share Option Scheme, which will be valid and effective for ten (10) years from the date of its adoption, will provide the Company with more flexibility in long-term planning of granting of the share options to the Eligible Participants (including any employee, officer or director of any member of the Group) in a longer period in the future. Under the 2025 Share Option Scheme, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised. However, where the Eligible Participant is an Employee Participant, the Remuneration Committee (in the case where the Employee Participant is a Director or a senior manager of the Company) or the Directors (in the case where such Employee Participant is neither a Director nor a senior manager) shall have the authority to determine shorter vesting period, if the Remuneration Committee (or, as the case may be, the Directors) considers that a shorter vesting period is appropriate to align with the purpose of the 2025 Share Option Scheme, including where:

- (a) grants of "make-whole" Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event;

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## LETTER FROM THE BOARD

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- (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 of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months;
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (f) grants of Options with a total vesting and holding period of more than twelve (12) months such as where the Options may vest by several batches with the first batch to vest within twelve (12) months of the Offer Date and the last batch to vest twelve (12) months after the Offer Date; and
- (g) where there is an occurrence of any of the events regarding general offer, winding up, reconstruction, compromise or arrangement.

For details of the events regarding general offer, winding up, reconstruction, compromise or arrangement under (g), please refer to paragraph 18 to 20 in Appendix I.

The Board is of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the requirements under the GEM Listing Rules and market practice. Such discretion gives the Company more flexibility to (i) provide a more competitive remuneration package and immediate incentivizing effect to attract or further incentivize eligible participants; (ii) reward past contribution which may otherwise be neglected due to administrative or technical reasons; (iii) reward exceptional performers with accelerated vesting; and (iv) motivate exceptional performers based on performance metrics rather than time including but not limited to attainment of certain performance targets.

To ensure the practicability in fully achieving the purpose of the 2025 Share Option Scheme, the independent non-executive Directors consider that (i) there are certain instances set out in paragraph 5 of Appendix I to this circular, where options may be granted to Employee Participants with a shorter vesting period; (ii) there is a need for the Group to retain flexibility to reward Eligible Participants with accelerated vesting or in exceptional circumstances where justified; and (iii) the Group should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition; and (iv) the Group should have flexibility to impose vesting conditions such as performance-based vesting conditions in lieu of time-based vesting criteria depending on individual circumstances. As such, the independent non-executive Directors are of the view that the vesting requirement (including shorter vesting period) as described above is appropriate and aligns with the purpose of the 2025 Share Option Scheme.

None of the Directors is a trustee of the 2025 Share Option Scheme or has a direct or indirect interest in such trustee (if any).

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## LETTER FROM THE BOARD

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### Subscription Price

The subscription price for Shares under the 2025 Share Option Scheme (the “**Subscription Price**”) shall be determined by the Board at its absolute discretion and notified to an Eligible Participant, provided that it shall be not less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Grant Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Grant Date; and
- (c) the nominal value of the Share on the Grant Date.

### Performance Targets and Clawback Mechanism

Subject to the terms and conditions of the 2025 Share Option Scheme, the Board may at its discretion establish performance targets against the attainment of which the Options granted to the Eligible Participant concerned may be exercised either in whole or in part. The Directors shall have the authority, after the grant of any Option which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during an Option Period due to any change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors.

The Board is of the view that it is impracticable to set out a generic set of performance targets that apply to all Selected Participants in the rules of the 2025 Share Option Scheme, as each 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. If any performance targets are imposed in the offer letter of the grant of the relevant Option, the Board will have regard to the purpose of the 2025 Share Option Scheme in assessing such performance targets, with reference to factors including but not limited to, as and when appropriate, sales performance (e.g. revenue), operating performance (e.g. profitability and operation efficiency in terms of cost control), financial performance (e.g. profits, cash flow, earnings, market capitalization, return on equity) of the Group, corporate suitability parameter (e.g. timeliness and accuracy in handling customer feedback, strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal business procedures), the method of assessing whether the performance targets are satisfied, shall be assessed and determined by the Board at its sole discretion, including cash flow, earnings, earnings per share, market value or economic value added, profits, return on assets, return on equity, return on investment, sales, revenue, share price, total shareholder return, customer satisfaction metrics, operating results, quality of support and level of contributions to the Group and such other goal, and/or individual performance appraisal as the Board may determine from time.

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## LETTER FROM THE BOARD

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The Directors are of the view that the flexibility given to the Directors in relation to the performance targets will place the Group in a better position to (i) allow the Company to grant share options to the eligible participants as rewards or incentives for their contributions to the Group; and/or to recruit and retain high calibre eligible participants and attract human resources that are valuable to the Group; (ii) give an immediate incentivizing effect to the eligible participants which would be a more attractive motivation for them to continue to serve such roles and contribute to the Group's business; (iii) ensure the eligible participants would be motivated to contribute to the Group's development as the value of the Options shall be subject to the future market price of the Shares, which in turn depends on the business performance of the Group, to which the eligible participants directly contribute; (iv) form part/whole remuneration package of the eligible participants.

The Board may provide in the notice of the Offer that any Option prior to it being exercised may be subject to the clawback mechanism that if any of the following events ("**Clawback Events**") shall occur during an Option Period:

- (a) the Grantee being involved in any wrongdoing involving material misstatement in the audited financial statements of the Company that requires a restatement;
- (b) the Grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria;
- (c) the Grantee's employment being terminated summarily, including wilfully disobey a lawful and reasonable order, misconduct, commit fraudulent or dishonest act or habitually neglectful in duties in relation to the Grantee's Employment;
- (d) the Grantee being convicted of any criminal offence involving his integrity or honesty; or;
- (e) if a grant or the exercise of any Option is linked to any performance targets and the Directors are of the opinion that the Grantee fails to meet the performance targets or there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

the Board may by notice in writing to the Grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Board may consider appropriate; and/or (bb) extend the Vesting Period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate. The Options that are clawed back pursuant to this paragraph will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. For details, please refer to the paragraph 21 of Appendix I to this circular.

Where Options were granted to the Directors of the Company without performance targets and/or clawback mechanism, the Company will comply with the requirements under Rule 23.06B(8) of the GEM Listing Rules that the relevant announcement will include the views of the remuneration committee of the Company on why performance targets and/or a clawback mechanism is/are not necessary and how the grants would align with the purpose of the 2025 Share Option Scheme.

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## LETTER FROM THE BOARD

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To ensure the practicability in fully achieving the purpose of the 2025 Share Option Scheme, the independent non-executive Directors consider that (i) the 2025 Share Option Scheme does prescribe specific performance targets if the performance targets are imposed; (ii) the Group should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, which would then be a more meaningful reward for Eligible Participants' contribution or potential contribution; (iii) the Group should have flexibility to impose performance targets, on a case by case basis, to ascertain a better position to retain Eligible Participants to continue serving the Group whilst at the same time providing these Participants further incentive in achieving the goals of the Group. As such, the independent non-executive Directors are of the view that the performance targets as described above is appropriate and aligns with the purpose of the 2025 Share Option Scheme.

While Related Entity Participants are not directly employed by the Group, their existing and potential collaborative relationships are highly valuable. The Group's significant interests in these entities mean that their growth and development can positively influence the Group's financial performance. As such, the Company recognizes the significance of both past and future contributions from these participants.

The independent non-executive Directors support including Related Entity Participants as Eligible Participants in the 2025 Share Option Scheme, as this arrangement allows for flexibility in offering equity incentives. This approach not only rewards their contributions but also fosters collaboration with individuals who possess specialised expertise or can provide valuable services. The Company will assess the contributions of these participants based on their impact on the Group's strategic objectives and overall performance, ensuring alignment with the 2025 Share Option Scheme's purpose of incentivising and rewarding valuable contributions.

### **Scheme Mandate Limit and Service Provider Sublimit**

#### ***Scheme Mandate Limit***

Subject to the GEM Listing Rules, the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the 2025 Share Option Scheme, together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equals to 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date. Options lapsed in accordance with the terms of the 2025 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

As at the Latest Practicable Date, the number of issued Shares was 300,000,000 and the Company has no Treasury Shares. Assuming that there is no change in the issued share capital of the Company before the EGM and the Company will not have any Treasury Shares between the Latest Practicable Date and the Adoption Date, the Scheme Mandate Limit will be 30,000,000 Shares, representing 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date.

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## LETTER FROM THE BOARD

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### *Service Provider Sublimit*

Within the Scheme Mandate Limit, the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the 2025 Share Option Scheme, together with options and awards which may be granted under any other share schemes for the time being of the Company to the Service Providers shall not exceed 3,000,000 Shares, as equals to 1% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date.

The basis for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the 2025 Share Option Scheme and protecting Shareholders from the dilution effect from granting the Options to the Service Providers; (iii) the expected contribution to the development and growth of the Company attributable to the Service Providers and (iv) the extent of use of Service Provider(s) in the Group's business. In line with the Group's strategic goals, the Group has intensified efforts to implement cost-cutting and streamlining measures to enhance productivity and operational efficiency. Engaging Service Providers for specialised tasks in relation to marketing, research and development, information technology services is often more cost-effective than maintaining in-house teams. This approach allows the Group to scale resources up or down based on future business demands, ensuring operational agility and responsiveness to market conditions. The Group retains the flexibility to grant Options from the Service Provider Sublimit based on future business growth and demand, rather than being obligated to grant Options totaling 1% of the total number of issued Shares (excluding Treasury Shares) as of the Adoption Date to the Service Providers. Given that the 2025 Share Option Scheme will be valid and effective for a period of ten (10) years from the Adoption Date, the Group is of the view that the annual allocation of Options granted to Service Providers will not result in excessive dilution of existing Shareholders' shareholding. Considering that (i) the sublimit of 1% would not lead to excessive dilution of the existing Shareholders' shareholdings; (ii) there is no other share schemes of the Company involving a grant of options over new Shares to Service Providers; (iii) Considering the hiring practice and organizational structures of the Group, the Group may not maintain and hire a sufficient number of staff in IT, marketing due to various restraints including budget, whereas the Group may need to outsource those assignments to service provider or agencies, which provides day-to-day services, like ongoing technical IT support, customer relationship system solutions provider as well as digital marketing agency. Also, certain Service Providers, in particular, consultants, which provide services akin to employees of the Group, may not be able to serve as full-time or part-time employees of the Group; and (iv) the Service Providers have contributed and will continue to contribute to the long-term growth of the Company's business, and that the 2025 Share Option Scheme could incentivise Service Providers to continue to support and/or cooperate with the Company on a long-term basis, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM.

The Service Provider Sublimit in respect of all Options to be granted to Service Providers under the 2025 Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company, will be 3,000,000 Shares, representing 1% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date.



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## LETTER FROM THE BOARD

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The Company will, where applicable, comply with the applicable requirements under Chapter 23 of the GEM Listing Rules in respect of the operation of the 2025 Share Option Scheme. There is no sublimit for Related Entity Participants.

### Administration

The 2025 Share Option Scheme shall be administered by the Board. The Board shall have the right to (i) interpret and construe the provisions of this Scheme; (ii) determine the persons who will be offered Options under this Scheme, and the number of Shares and the Subscription Price, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of Options granted under this Scheme subject to paragraph 25 of Appendix I, as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of this Scheme.

A summary of the principal terms of the 2025 Share Option Scheme is set out in Appendix I to this circular. A copy of the 2025 Share Option Scheme will be published on the website of the Company at <http://www.chongfaiholdings.com> and on the website of the Stock Exchange at <http://www.hkexnews.hk> for not less than 14 days before the date of the EGM and will be made available for inspection at the EGM. Applications will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares that may be allotted and issued pursuant to the exercise of the Options granted from time to time under the 2025 Share Option Scheme.

The Company has sought legal advice from its legal advisers in respect of the 2025 Share Option Scheme and understands that whilst the 2025 Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the 2025 Share Option Scheme would not constitute an offer to the public and the prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) is not applicable.

As of the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable inquiries, save for Mr. Fu, Ms. Cheung, Ms. Fu, who beneficially own 165,000,000 Shares in aggregate and Mr. Fu Ho Hon, where each of them is an executive Director and being Grantees or the Grantees' associates under the GEM Listing Rules and Grantees, thereby be regarded as interested in the Conditional Grant and hence have abstained from voting on the Board resolutions in relations to the proposed adoption of 2025 Share Option Scheme and proposed termination of the Existing Share Option Scheme, no Shareholder had any material interest in the proposed termination of the Existing Share Option Scheme and the proposed adoption of the 2025 Share Option Scheme. As such, save for Mr. Fu, Ms. Cheung, Ms. Fu, no Shareholder is required to abstain from voting on the resolutions in relation to the proposed adoption of 2025 Share Option Scheme and the proposed termination of Existing Share Option Scheme.

### 3. CONDITIONAL GRANTS OF OPTIONS UNDER THE 2025 SHARE OPTION SCHEME

Subject to the approval of the adoption of the 2025 Share Option Scheme and the approval by Shareholders at the EGM, it is proposed to grant a total of 60,000,000 Options to each of the following Eligible Participants pursuant to 2025 Share Option Scheme:

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## LETTER FROM THE BOARD

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**The terms of the Conditional Grants of Options are as follows:**

Grant Date	:	28 April 2025
Number of Options granted	:	A total of 60,000,000 Options were conditionally granted
Exercise price of the Options granted	:	HK\$0.142, which is the highest of: <ul style="list-style-type: none"><li>(a) the closing price of HK\$0.142, per Share as stated in the Stock Exchange's daily quotations sheet on the Grant Date;</li><li>(b) the average closing price of HK\$0.126, per Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Grant Date; and</li><li>(c) nominal value of Share of HK\$0.10</li></ul>
Closing Price of the Shares on the date of grant	:	HK\$0.142 per Share
Exercise period of the Options	:	Ten (10) years from the Grant Date
Consideration for Acceptance of Options	:	HK\$1.00 to be paid by each Grantee upon acceptance of the grant of the Options
Vesting period of the Options	:	Batch 1 Options shall be vested and become exercisable after the Grant Date subject to the performance target and clawback mechanisms below.

The remuneration committee of the Company (exclude Mr. Fu) (the “**Remuneration Committee**”) consider that a vesting period of less than 12 months for Batch 1 Options is appropriate and consistent with the purpose of the 2025 Share Option Scheme, taking into account that (i) the Grantees (in respect of Batch 1 Options) are directors, senior management of the Group, their length of employment/cooperation with the Group and with reference to their roles within the Group, contribution to the development and growth of business of the Group (please refer to the paragraph “Basis of determining the terms of the Conditional Grants” for their contribution); (ii) it serves to give an immediate incentivizing effect to the Grantees which would be a more attractive motivation for them to continue to serve such roles and contribute to the Group's business; (iii) a performance-based vesting condition has been in place.



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## LETTER FROM THE BOARD

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100% of Batch 2 Options shall be vested on the date falling on the 1st anniversary of the Grant Date subject to the performance target and clawback mechanisms below.

- Performance Target : The vesting of the Batch 1 and Batch 2 Options are subject to satisfaction of the following performance targets after the approval of Conditional Grants.:
- (i) Financial milestones after the approval of Conditional Grants – monthly sales reaching or exceeding HK\$15.0 million for any month
  - (ii) Financial milestones after the approval of Conditional Grants – monthly net profit reaching or exceeding HK\$0.3 million for any month
  - (iii) Individual appraisal under the categories of individual performance, corporate suitability parameters (e.g. timeliness and accuracy in handling customer feedback, strategic driving abilities, talent development capabilities, interdepartmental cooperation capabilities, team work capabilities, adherence to corporate culture), discipline and responsibility determined by the Board (e.g. punctuality, integrity, honesty or compliance with internal business procedures). Out of a 5-level rating system of the individual appraisal, the Grantees must achieve rating at level 4 or better.

Upon fulfilment of all of the above performance targets (each of which can be achieved separately), Batch 1 Options will be vested immediately, subject to the clawback mechanisms, and Batch 2 Options shall be vested in accordance with the vesting period, subject to the clawback mechanisms.

- Clawback mechanism : The Directors may provide in the notice of the Offer that any Option prior to it being exercised may be subject to the clawback upon the occurrence of any of the following events in relation to a Grantee:
- (a) the Grantee being involved in any wrongdoing involving material misstatement in the audited financial statements of the Company that requires a restatement;
  - (b) the Grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria;

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## LETTER FROM THE BOARD

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- (c) the Grantee's employment being terminated summarily, including wilfully disobey a lawful and reasonable order, misconduct, commit fraudulent or dishonest act or habitually neglectful in duties in relation to the Grantee's Employment;
- (d) the Grantee being convicted of any criminal offence involving his integrity or honesty; or;
- (e) if a grant or the exercise of any Option is linked to any performance targets and the Directors are of the opinion that the Grantee fails to meet the performance targets or there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

The Options that are clawed back will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Financial support : There are no arrangements for the Company or any of its subsidiaries to provide financial support to eligible participants to facilitate their respective purchase of Shares under the Conditional Grant.

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## LETTER FROM THE BOARD

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### REASONS FOR THE CONDITIONAL GRANTS

#### Background of the Grantees under the Conditional Grants

##### *Batch 1 Options: Directors of the Group*

**Mr. Fu Chun Keung (“Mr. Fu”)** is the major founder of the Group in 1997. Mr. Fu was appointed as the chairman, the chief executive officer and an executive Director of the Company on 11 January 2018. Mr. Fu is primarily responsible for supervising overall management and strategy planning of the Group as well as its daily operation and management.

**Ms. Cheung Lai Yuk (“Ms. Cheung”)** was appointed as an executive Director of the Company on 28 March 2018. Ms. Cheung is the head of the Group’s procurement department, and is responsible for formulating corporate and business strategies.

**Mr. Fu Ho Hon** was appointed as an executive Director of the Company on 17 January 2025. Since joining our Group, Mr. Fu Ho Hon has actively participated in the daily operations of our Group and he is primarily responsible for overseeing operations of our Group, including procurement, marketing and promotion, management of our human resource and general affairs of our Group.

The Employee Participants who the Board considers necessary to be incentivized include:

##### *Batch 1 Options: senior management of the Group*

**Mr. Zhang Derong (“Mr. Zhang”)**, the general manager of the production factory in Shenzhen, joined the Group since 2011. He is primary responsible for supervising overall operations of the manufactory of our own jewellery products.

**Ms. Lin Liseng (“Ms. Lin”)**, the business manager of the production factory in Shenzhen, joined the Group since 2011. She is primary responsible for formulating corporate and business strategies in facilitating the manufactory of our own jewellery products.

**Mr. Yu Jiansheng (“Mr. Yu”)**, the production manager of the production factory in Shenzhen, joined the Group since 2014. He is primary responsible for overseeing the production process and specializing in the quality controls.

##### *Batch 2 Options: other staffs of the Group*

**Mr. Song Hongbo (“Mr. Song”)**, business development executive (Northeastern China market) of the Group, joined the Group in 2024. He is primary responsible for identifying, cultivating, and securing new business opportunities to drive revenue growth and expand our market presence.

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## LETTER FROM THE BOARD

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Ms. Wang Zhiwei (“**Ms. Wang**”), sales executive of the Group, joined the Group in 2024. She is primary responsible for building relationship with existing and potential new customers, and monitoring the sales performance and to achieve sales growth target.

Ms. Song Haizhen (“**Ms. Song**”), digital marketing executive of the Group, joined the Group in 2024. She is primary responsible for making use of different online promotion channels to promote our brand and products.

Ms. Ling Yinmei (“**Ms. Ling**”), operations executive of the Group, joined the Group in 2024. She is primary responsible for developing and implementing target operating models, executing cost reduction plans and optimising business processes.

Mr. Feng Yi (“**Mr. Feng**”), business development executive (Guangdong Province market) of the Group, joined the Group in 2024. He is primary responsible for identifying, cultivating, and securing new business opportunities to drive revenue growth and expand our market presence.

Ms. Ni Saijun (“**Ms. Ni**”), marketing executive of the Group, joined the Group in 2024. She is primary responsible for performing market research to gather information about markets and customers, and promoting the products.

Mr. Xie Zuxian (“**Mr. Xie**”), business development executive (Southeast Asia market) of the Group, joined the Group in 2024. He is primary responsible for identifying, cultivating, and securing new business opportunities to drive revenue growth and expand our market presence.

## LETTER FROM THE BOARD

Among the total of 60,000,000 Options conditionally granted, 31,200,000 Options were conditionally granted to certain Directors and substantial shareholder of the Company and 28,800,000 Options were conditionally granted to other employees of the Group, the details of which are as follows:

Name of Grantees	Position(s) held with the Company	Category	Number of Options granted	Percentage of Options granted	Percentage of Options Granted among total enlarged issued shares upon exercised of the share options	Number of Options utilised under Scheme Mandate Limit and separate Shareholders' Approval	Number of Options under separate Shareholders' Approval
Mr. Fu	executive Director, chief executive officer, chairman	Batch 1 Options	15,000,000	25%	4.17%	15,000,000 <sup>(i)</sup>	0
Ms. Cheung	executive Director	Batch 1 Options	10,200,000	17%	2.83%	10,200,000 <sup>(i)</sup>	0
Mr. Fu Ho Hon	executive Director	Batch 1 Options	6,000,000	10%	1.67%	4,800,000 <sup>(i)</sup>	1,200,000
Mr. Zhang	General manager of PRC subsidiary	Batch 1 Options	3,000,000	5%	0.83%	0	3,000,000
Ms. Lin	Business manager of PRC subsidiary	Batch 1 Options	3,000,000	5%	0.83%	0	3,000,000
Mr. Yu	Production manager of PRC subsidiary	Batch 1 Options	3,000,000	5%	0.83%	0	3,000,000
Mr. Song	Business development executive (Northeastern China market)	Batch 2 Options	3,000,000	5%	0.83%	0	3,000,000
Ms. Wang	Sales executive	Batch 2 Options	3,000,000	5%	0.83%	0	3,000,000
Ms. Song	Digital marketing executive	Batch 2 Options	3,000,000	5%	0.83%	0	3,000,000
Ms. Ling	Operations executive	Batch 2 Options	3,000,000	5%	0.83%	0	3,000,000
Mr. Feng	Business development executive (Guangdong Province market)	Batch 2 Options	3,000,000	5%	0.83%	0	3,000,000
Ms. Ni	Marketing executive	Batch 2 Options	3,000,000	5%	0.83%	0	3,000,000
Mr. Xie	Business development executive (Southeast Asia market)	Batch 2 Options	1,800,000	3%	0.50%	0	1,800,000
Total			60,000,000	100%	16.67%	30,000,000	30,000,000

*Note<sup>(?)</sup>:*

- (i) The Conditional Grants to Mr. Fu and Ms. Cheung have utilized Scheme Mandate Limit of 8.4% in total issued Shares, which is under the Scheme Mandate Limit of 10% in total issued Shares. The Conditional Grants to Mr. Fu Ho Hon, amounted to 2% in total issued Shares, have further fully utilized Scheme Mandate Limit of 1.6% in total issued Shares.
- (ii) If any of the ordinary resolutions approving the Conditional Grant to Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon is/ are not passed, the number of options utilized by the relevant grantee(s) (which originally fall under the Scheme Mandate Limit) will be utilized by those grantees whose number of options fall only under the separate shareholders' approval in the numerical sequential order of the Ordinary Resolutions to be passed by the disinterested Shareholders.

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## LETTER FROM THE BOARD

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### Individual Limit, Scheme Mandate Limit and number of options or shares available for future grant upon the Conditional Grant

#### (i) *Individual Limit*

Pursuant to the 2025 Share Option Scheme, if any grant of Options to an Eligible Participant would result in the Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in any twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding Treasury Shares) (the “**Individual Limit**”), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. Further, each grant of Options to any of the Directors, chief executive of the Company or substantial Shareholder (as defined in the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is the proposed Grantee of the Option (if any)).

The independent non-executive Directors have approved the Conditional Grant to Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon, each being a Grantee, an executive Director and a Substantial Shareholder. Such Conditional Grant is subject to the Shareholders’ approval at the EGM.

As at the date of this announcement, there were 300,000,000 Shares in issue. The percentage of the Shares to be issued in respect of the Options conditionally granted to those Grantees which exceed the Individual Limit, to the number of Shares in issue as at the date of this announcement are set out as follows:

Name of Grantees	Number of Options granted	% of the Shares in issue as at the date of this announcement
Mr. Fu Chun Keung	15,000,000	5.0%
Ms. Cheung Lai Yuk	10,200,000	3.4%
Mr. Fu Ho Hon	6,000,000	2.0%

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## LETTER FROM THE BOARD

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***(ii) Scheme Mandate Limit and number of options or shares available for future grant upon the Conditional Grant***

Pursuant to the 2025 Share Option Scheme, the total number of Options which may be issued in respect of the 2025 Share Option Scheme would be no more than 30,000,000 Shares, representing no more than 10% of the total number of Shares in issue. The Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought.

As at the date of this announcement, assuming that all the Grantees exercise the option in full, an aggregate of 60,000,000 Shares will be issued, representing 20.0% of the total issued Shares of the Company, which shall exceed the Scheme Mandate Limit pursuant to the 2025 Share Option Scheme. As such, the Conditional Grant is subject to the Shareholders' approval at the EGM and there will be no available Options or Shares for future grant after the Conditional Grant.

**Purposes of the Conditional Grants Pursuant to the 2025 Share Option Scheme**

The purpose of the 2025 Share Option Scheme is to enable the Company to grant share options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to attract, retain, reward, remunerate, compensate and/or provide benefits to the eligible participants. The Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) believes that the Conditional Grants to the above Grantees provides motivations for them to continue to create value for the Group without increasing the operating costs of the Company, in particular the Grantees in respect of Batch 2 Options. While determining the Conditional Grants, the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) has taken into account, (i) each Grantee's length of employment/cooperation with the Group and with reference to their roles with the Group, contribution to the development and growth of business of the Group; (ii) it serves to give an immediate incentivizing effect to the Grantees which would be a more attractive motivation for them to continue to serve such roles and contribute to the Group's business; (iii) each Grantee existing remuneration package, and believes that the benefits of the Company outweighs the dilution impacts to the existing issued shares; and (iv) since the incorporation of the Company and adoption of the Existing Share Option Scheme and the Share Award Scheme, no share-based awards or options have been granted.

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## LETTER FROM THE BOARD

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The Board has considered other alternative methods to reward the management of the Company including cash reward and share award, in terms of cash reward, given that the Company is currently undergoing expansion which requires sufficient capital, the Board is of the view that applying cash reward is not suitable. In terms of share award, likewise as it requires cash from the Company to purchase existing Shares in the market for granting to the Grantees, the Board also holds the view that share award is not suitable. In addition, share award provides actual shares with immediate value upon vesting, whereas share option provides the right to buy shares and requires exercising to realise value to be shareholder and therefore is more suitable for Company's intention to incentivize the management to improve Company performance to increase the stock price with less direct dilution impact as compared to the share award. The dilution effect from exercising the Share Options is contingent rather than immediate, and also subject to the exercise price (i.e. If the options are out of money, it is unlikely the Options to be exercised.), whereas the grant of share awards directly increase the number of shares and immediately dilute the ownership. As such, the Board is of the view that applying share award is not suitable.

In light of the above, the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) considers that the number of Options, the terms and conditions of the Options in relation to the Conditional Grant are fair and reasonable, and are aligned with the purpose of the 2025 Share Option Scheme and the long term interests of the Company and the Shareholders as a whole.

### **Basis of determining the terms of the Conditional Grants**

Pursuant to the terms of reference of the Remuneration Committee, the Remuneration Committee is delegated with the responsibility to make recommendations to the Board on the remuneration packages of individual Directors and senior management, including benefits in kind, pension rights and compensation payments. The Conditional Grants constitute whole/part of the remuneration package of Grantees and were determined by the Board with the recommendation from the Remuneration Committee, with reference to the Company's performance, the prevailing market conditions, and the performance and contribution of Grantees.

In determining the Conditional Grants to Mr. Fu, the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) has taken into account his significant contributions to the Group, which include but not limited to the following:

- (i) As the chief executive officer, Mr. Fu has led the overall strategies of the Group to enhance the efficiency and productivity of its business operations.
- (ii) Mr. Fu has been indispensable to the growth of the Group, contributing to key milestones in both operational and financial achievements. Operationally, he led the Group to a successful listing on the GEM Board of the Hong Kong Stock Exchange on 27 March 2019, marking a significant milestone in its development.



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## LETTER FROM THE BOARD

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- (iii) Financially, as disclosed in the Company's annual report for the year ended 31 March 2024 ("FY 2024"), the Group recorded total revenue of approximately HK\$142.3 million for FY2024, representing a CAGR increase of 4.4% from approximately HK\$119.9 million for FY2020, demonstrating the contributions by Mr. Fu to Group's ability to withstand the challenges brought by the COVID-19 pandemic, the macroeconomic slowdown and sluggish retail sector in Hong Kong.
- (iv) Furthermore, in September 2024, the Group successfully raised approximately HK\$27 million through a Rights Issue to expand its retail store network and repay bank borrowings. This strategic move strengthens the Group's financial position and business prospect by supporting growth, reducing its gearing ratio, and enhancing working capital sufficiency.
- (v) Since the incorporation of the Company and adoption of the Existing Share Option Scheme and the Share Award Scheme, no share-based awards or options have been granted to Mr. Fu by the Company or any of its subsidiaries.

In determining the Conditional Grants to Ms. Cheung, the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) has taken into account her significant contributions to the Group, which include but not limited to the following:

- (i) As the head of the Group's procurement, Ms. Cheung has co-led the overall business development strategies alongside Mr. Fu, establishing a solid business development network and successfully formulating business strategies throughout the past few years.
- (ii) Mrs. Cheung has been indispensable to the growth of the Group, contributing to key milestones in both operational and financial achievements. Operationally, she led the Group to a successful listing on the GEM Board of the Hong Kong Stock Exchange on 27 March 2019, marking a significant milestone in its development.
- (iii) Financially, as disclosed in the Company's annual report for FY 2024, the Group recorded total revenue of approximately HK\$142.3 million for FY2024, representing a CAGR increase of 4.4% from approximately HK\$119.9 million for FY2020, demonstrating the contributions by Mrs. Cheung to Group's ability to withstand the challenges brought by the COVID-19 pandemic, the macroeconomic slowdown and sluggish retail sector in Hong Kong.
- (iv) Furthermore, in September 2024, the Group successfully raised approximately HK\$27 million through a Rights Issue to expand its retail store network and repay bank borrowings. This strategic move strengthens the Group's financial position and business prospect by supporting growth, reducing its gearing ratio, and enhancing working capital sufficiency.
- (v) Since the incorporation of the Company and adoption of the Existing Share Option Scheme and the Share Award Scheme, no share-based awards or options have been granted to Ms. Cheung by the Company or any of its subsidiaries.

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## LETTER FROM THE BOARD

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In determining the Conditional Grant to Mr. Fu Ho Hon, the Board has taken into account his potential contributions to the Group, which include but not limited to the following:

- (i) While Mr. Fu Ho Hon only joined the Group in July 2023 and appointed as an executive Director in earlier 2025, he has made significant contributions and provided valuable insight to the cultural transformation of the Group's business including adjustment of assertive style of the Group's products, introducing more enduring and market-demand driven products based on the changing market demands, trends and evolving consumer preference, in particular the younger generation.
- (ii) Mr. Fu Ho Hon was the merchandising manager before being appointed as an executive Director. He was the architect of the Group's innovation strategy in relation to cultural transformation, among others (a) design in Group's product; (b) brand building and manage all aspects of event planning and execution; (c) develop and implement a content strategy for the Group's various media platforms and future digital marketing; (d) spearheaded the implement of incentive scheme for the staffs to boost the Group's sales.
- (iii) As a young executive, Mr. Fu Ho Hon represents the next generation of leadership. Providing such share options demonstrates the Group's commitment to nurturing emerging talent and fostering innovation. Also, it gives Mr. Fu Ho Hon to have a personal stake in the Company and enhance the incentives.
- (iv) The Board has considered other means to incentivize Mr. Fu Ho Hon, such as increasing the cash component of his remuneration package. However, these other means will increase the Group's expenditure and impose a greater financial burden on the Group. Further, the Conditional Grant has a unique advantage of being able to retain Mr. Fu Ho Hon on a longer-term basis, by tying his compensation and aligning his interests with those of the Shareholders. The Conditional Grant to Mr. Fu Ho Hon enables the Group to preserve its cash resources for business expansion while serving the purpose to reward and incentivize Mr. Fu Ho Hon by complementing his remuneration package.

Under the strategic leadership of Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon, the Company has recorded a significant growth in business. Based on the unaudited management accounts during the period from March to May 2025, the Company has recorded an approximately 20% growth in both sales and gross profit as compared with that of the same period in 2024. This robust financial and operation performance stands in sharp contrast to the sluggish in retail sector which reported decline in April in Hong Kong, demonstrating the Group's resilience and effective marketing attributed to the leadership of the Company.

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## LETTER FROM THE BOARD

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In determining the Conditional Grants to Mr. Zhang, Ms. Lin and Mr. Yu (in respect of Batch 1 Options), the Board has taken into account their contributions to the Group, which include but not limited to the following:

- (i) Some of the Group's jewellery is designed and manufactured in-house at our production facility in Shenzhen, forming an essential part of the 'Chong Fai' brand. Mr. Zhang, Ms. Lin, and Mr. Yu have been integral to this operation for over a decade. Mr. Zhang oversees the entire factory production line, managing all key processes including molding, wax injection, polishing, and micro-setting, ensuring the seamless operation of the production workflow. Ms. Lin primarily handles human resources matters, including workforce allocation and performance evaluations. She also liaises with material suppliers to secure high-quality materials while maintaining cost efficiency. Mr. Yu is chiefly responsible for quality control, ensuring that product imperfections are minimized, playing a vital role in upholding the integrity and reputation of the "Chong Fai" brand. Their expertise and dedication have been instrumental in driving our business growth and success.
- (ii) In previous years, Mr. Zhang, Ms. Lin, and Mr. Yu assisted the Group to develop a minimum of 3 sets of new product designs quarterly to stay aligned with evolving market trends. In recent months, the Group successfully launched three to four well-received styles, which have contributed to a notable increase in pure gold and karat gold product sales.
- (iii) Each Grantee's length of employment/cooperation with the Group and with reference to their roles with the Group, contribution to the development and growth of business of the Group.
- (iv) Each Grantee existing remuneration package, and believes that the benefits of the Company outweighs the dilution impacts to the existing issued shares.
- (v) Since the incorporation of the Company and adoption of the Existing Share Option, no share-based awards or options have been granted to existing employees by the Company or any of its subsidiaries.
- (vi) Such conditional Grants gives them a personal stake in the Company, strengthening their incentives to innovate and enhance the Group's products.

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## LETTER FROM THE BOARD

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The compensation structure for the Batch 2 Grantees is currently centered on the Conditional Grants. In determining the Conditional Grants to Employees Participant (in respect of Batch 2 Options), the Board has taken into account their contributions to the Group, which include but not limited to the following:

- (i) Each Grantee's past experience with the Group's business, network, resources and with reference to their roles with the Group, expected contribution to the development and growth of business of the Group.
- (ii) The Group has engaged the Batch 2 Grantees to implement and execute predefined sales and promotion program under equity and performance based remuneration. Upon completion of developing sales channel and customer acquisition, the Directors believe that the Conditional Grants is warranted to further motivate them to achieve business results and strengthen their commitment to the Group in the long term. Instead of monetary compensation, the Conditional Grants forms the whole remuneration package, enabling the Group to attract these talents and preserve cash capital without immediate cash outflows.
- (iii) The sales and traffic from new clients acquired through the efforts of Batch 2 Grantees have been significant. They consistently accompany both individual and group customers – particularly clients from mainland China – to the Group's stores for product selection on a weekly basis. Notably, there has been a significant uptick in such visits over the past two months, accounting for an increase of approximately 15% of the overall traffic.

The Board is of the view that such remuneration package is in line with the purpose of the 2025 Share Option Scheme as (i) the Conditional Grants to the above Grantees provides additional motivations for them, to continue to create value for the Group without increasing the operating costs of the Company; (ii) the Conditional Grants gives the above Grantees personal stake in the Company and enhance the incentives, in particular, their job nature are directly related to the Group's sales and in turn positively correlated to the market price of the Shares.

For the purpose of considering whether the Conditional Grants is in line with market practice, the Board has conducted a market research in relation to the share options, based on the research from the website of the Stock Exchange on the companies which (i) are listed on the Stock Exchange; (ii) had announced the grant of the share options requiring approval from independent shareholders; and (iii) approved by their shareholders in the period from 1 January 2024 up to and including the Latest Practicable Date. The Group, on a best effort basis, has identified a list of 10 comparable grants (the “**Comparables**”) that fall into the abovementioned selection criteria, and they are exhaustive, fair and representative. The Board considers this review period is adequate, fair and representative because (i) it demonstrates the recent market practice in relation to similar grant of share options by other issuers listed on the Stock Exchange; and (ii) the review period is long enough to provide a sufficient number of samples of 10 representative comparables that meet the aforesaid criteria for comparison analysis in such period.

## LETTER FROM THE BOARD

Set out below are the Comparables:

Company name (stock code)	Principal activities	Date of announcement in relation to grant of share options	Position of individual grantee	Approximate percentage of the share options granted, to the number of issued shares of the company or subsidiaries	Vesting Period	Performance Target
Emperor Capital Group Limited (717.HK)	Emperor Capital Group Ltd is an investment holding company principally engaged in the provision of financial services.	30-May-25	Executive Director	5.00%	0 year	No
Akeso, Inc. (9926.HK)	Akeso Inc is an investment holding company dedicated to the research, development, manufacturing and commercialization of antibody drugs that are affordable to patients worldwide. The Company's programs covering the therapeutic areas of oncology, autoimmune and metabolic diseases.	24-May-25	Executive Director, chairwoman of the Board, president and chief executive officer	0.30%	1-4 years with performance targets	Yes
Edianyun Ltd (2416.HK)	Edianyun Ltd is mainly engaged in providing office information technology (IT) integrated solutions.	22-Apr-25	(1) Chairman of the Board, executive Director, chief executive officer (2) Executive Director and chief operating officer	2.16% 1.44%	based on performance target	Yes
Hi Sun Technology China Ltd (818.HK)	Hi Sun Technology China Ltd is mainly engaged in the provision of payment transaction processing solutions.	7-Mar-25	(1) executive Director & Chairman (2) executive Director (3) executive Director (4) executive Director and joint company secretary (5) senior vice president (6) director of subsidiaries (7) director of subsidiaries (8) director of subsidiaries (9) director of subsidiaries	2.89% 3.46% 2.89% 1.15% 1.15% 10.49% 2.89% 2.89% 2.20%	1 – 3 years	No
YesAsia Holdings Ltd (2209.HK)	YesAsia Holdings Ltd is principally engaged in the sourcing and sales of fashion, lifestyle and beauty products.	2-Jan-25	director and CEO of subsidiaries	4.87%	1-4 years	Yes
Smoore International Holdings Ltd (6969.HK)	Smoore International Holdings Ltd is mainly engaged in the research, design, manufacture and sales of vaping devices and components and self-branded advanced personal vaporizers (APV).	27-Dec-24	CEO and chairman	0.99%	1 year with performance target	Yes

## LETTER FROM THE BOARD

Company name (stock code)	Principal activities	Date of announcement in relation to grant of share options	Position of individual grantee	Approximate percentage of the share options granted, to the number of issued shares of the company or subsidiaries	Vesting Period	Performance Target
Yixin Group Ltd (2858.HK)	Yixin Group Ltd is principally engaged in the operation of an online automobile finance transaction platform in China.	9-May-24	(1) executive Director & Chairman (2) executive Director (3) 4 Employee Participants	1.79% 0.15% 1.89% <sup>(*)</sup>	1-4 years	No
CStone Pharmaceuticals (2616.HK)	CStone Pharmaceuticals is primarily engaged in development, manufacturing and sales of biopharmaceutical products.	28-Mar-24	executive Director and Chief Executive Officer	0.15%	1-3 years	No
6608	Bairong Inc is a cloud-based artificial intelligence (AI) turnkey service company and is primarily engaged in Model as a Service (MaaS) and Business as a Service (BaaS) services, including Financial Scenario and Insurance Scenario.	26-Mar-24	(1) Chairman of the Board, executive Director, chief executive officer	3.91%	1-3 years	No
Jinhai Medical Technology Limited (2225.HK)	Jinhai Medical Technology Limited is engaged in provision of manpower outsourcing and ancillary services, dormitory services, information technology (IT) services, construction ancillary services.	9-Jan-24	director and chief technical officer	5.00%	1-3 years with performance target	Yes
Our Company	Chong Fai Jewellery Group Holdings Company Limited is principally engaged in the production and sale of jewellery products.	28-Apr-25	(1) executive Director, CEO, chairman (2) executive Director (3) executive Director (4) 10 Employee Participants Minimum Maximum The Group	5.0% 3.4% 2.0% 0.6% – 1% 0.15% 10.49% 0.6% – 5%	0-1 year    0 year 4 years 0-1 year	Yes

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

(\*): There is no breakdown of percentage of share options granted to each grantee. However, the percentage of share options granted to each individual employee participant should be less than 1%.

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## LETTER FROM THE BOARD

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Based on the research conducted, according to the aforesaid criteria, the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) notices that the size, business nature, scale of operations and prospects of the Company are not exactly the same as the corresponding companies of the Comparables. Nevertheless, given that (i) the analysis of the Comparables is aiming at taking a general reference to the market practice in relation to similar type of share-based payment to directors and/or senior management and employee participants, which were approved by these companies' respective shareholders, (ii) the number of comparable grants and the period under review, being 10 comparable grants and 18 months, are adequate and sufficient to provide a fair and representative sample for analysis of recent grant of share options to compare with Conditional Grants; (iii) the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) considers that the analysis of the Comparables on the terms of the Conditional grants without limiting to companies that are with similar size, business nature and scale of operations as that of the Group are representative of recent market practice in relation to the grants of share option and is fair and reasonable.

As set out in the table above, the percentages of the Conditional Grant to the number of issued shares of the Company, being 20% of the issued shares, are within the range of the Comparables of approximately 0.15% to 30.0%. Further, the percentages of the Conditional grant to individual grantee of the Company, with the range being from 0.6% to 5.0%, are within the range of the Comparables of approximately 0.15% to 10.49% (other than Yixin Group (2858.HK), where there is no breakdown of such percentage but should be less than 1% for each individual employee participant). It is noted that the business nature and scale of each company above vary, however, the presentation of the table above provides a general reference to the recent market practice in relation to similar types of share-based payment to executive directors and/or senior management, and employee participants which were approved by these companies' respective shareholders. It's further observed that certain Comparables have imposed performance-based vesting conditions and have vesting period less than 12 months.

The Remuneration Committee considers that a vesting period of less than 12 months for Batch 1 Options is appropriate and aligns the interest of the Grantees with that of the Company and the Shareholders.. Such grants are also consistent with the purpose of the 2025 Share Option Scheme, having taken into account that (i) the Grantees (in respect of Batch 1 Options) are directors, senior management of the Group, their length of employment/cooperation with the Group and with reference to their roles within the Group, contribution to the development and growth of business of the Group; (ii) it serves to give an immediate incentivizing effect to the Grantees which would be a more attractive motivation for them to continue to serve such roles and contribute to the Group's business; and (iii) a performance-based vesting condition has been in place.

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## LETTER FROM THE BOARD

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In view of the above, the Board (including the independent non-executive Directors and excluding Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon in respect of the grant of the relevant Options to himself/herself) and Remuneration Committee is of the view that (i) the Comparables based on the criteria above are representative of recent market practice in relation to the grants of share options or awards to executive directors or senior management or employee participants, and serves as one of the references and factors in considering the reasonableness of the Conditional Grants; (ii) the provision of a competitive remuneration package by the Group, where the package structure is aligned with job responsibilities, qualifications, performance and years of experience of an individual, is crucial to retain/recruit talent for the long-term development of the Group; and (iii) the Conditional Grants is in line with the remuneration policies of the Company and the market practice, and also align the Grantees' long-term interest with that of the Shareholders.

#### 4. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there is (i) no options granted or outstanding under the Existing Share Option Scheme; (ii) no awards granted or outstanding under the Share Award Scheme; and (iii) save as the Conditional Grants of 60,000,000 Share Options under the 2025 Share Option Scheme as disclosed in the announcement of the Company dated 28 April 2025 and this circular, which are subject to the approval of Independent Shareholders at the EGM, no Share Options granted or outstanding under the 2025 Share Option Scheme. The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately upon exercise of 60,000,000 Share Options granted under the Conditional Grants are as follows:

Shareholders	As at the Latest Practicable Date		Immediately upon exercise of 60,000,000 Share Options granted under the Conditional Grants	
	No. of Shares	Percent (%)	No. of Shares	Percent (%)
Mr. Fu Chun Keung (Note 1)	165,000,000	55.0	190,200,000	52.8
Ms. Cheung Lai Yuk (Note 1 and 2)	165,000,000	55.0	190,200,000	52.8
Ms. Fu Wan Ling (Note 1)	165,000,000	55.0	165,000,000	45.8
MGH Limited (Note 1)	165,000,000	55.0	165,000,000	45.8
Mr. Fu Ho Hon	0	0	6,000,000	1.7
<b>Public Shareholders</b>				
Employee Participants	0	0	28,800,000	8.0
Other public Shareholders	135,000,000	45.0	135,000,000	37.5
Total	300,000,000	100.00	360,000,000	100.0

Notes:

Note 1 Mr. Fu, Ms. Fu and Ms. Cheung collectively are interested in one-third or more of the voting power at general meetings of MGH Limited which holds 165,000,000 Shares and they are therefore deemed to be interested in the Shares held by MGH Limited by virtue of the SFO. Ms. Fu is the sister of Mr. Fu.

Note 2 Ms. Cheung is the spouse of Mr. Fu and she is therefore deemed to be interested in the Shares held by Mr. Fu by virtue of the SFO.



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## LETTER FROM THE BOARD

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### 5. GEM LISTING RULES IMPLICATION

The 2025 Share Option Scheme constitutes a share scheme under Chapter 23 of the GEM Listing Rules. In accordance with the GEM Listing Rules, a share scheme involving the grant of new shares must be approved by shareholders of the listed issuer in a general meeting. Accordingly, the adoption of the 2025 Share Option Scheme will be subject to, among others, the Shareholders' approval at the EGM.

Application will be made to the GEM 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 Share Options to be granted under the 2025 Share Option Scheme.

Pursuant to Rule 23.03B(1) of the GEM Listing Rules, the Scheme Mandate Limit of the proposed 2025 Share Option Scheme must not exceed 10% of the relevant class of shares of the listed issuer in issue as at the date of approval of the relevant scheme. As at the Latest Practicable Date, there were 300,000,000 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 2025 Share Option Scheme are passed at the EGM, the total number of Options which may be issued in respect of all share scheme including the 2025 Share Option Scheme would be no more than 30,000,000 Shares, representing no more than 10% of the total number of Shares in issue (excluding treasury shares) as at the date of the adoption of the 2025 Share Option Scheme. As at the Latest Practicable Date, the Options which has been conditionally granted by the Company to the Grantees represent approximately 20.0% of the total issued Shares of the Company. Therefore, number of Options or Shares available for future grant after Conditional Grant will be nil.

Pursuant to Rule 23.03C(3) of the GEM Listing Rules, the Company will seek separate approval by the Shareholders in the EGM for Conditional Grant beyond the Scheme Mandate Limit of 10% to participants specifically identified by the Company. As the Conditional Grant is beyond the Scheme Mandate Limit of 10%, the Company sends this circular to the shareholders containing the name of each specified participant who will be granted such options, the number and terms of the options to be granted to each participant, and the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose.

Pursuant to Rule 23.03D(1) of the GEM Listing Rules, where any grant of options or awards to a participant would exceed the 1% Individual Limit, such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Pursuant to Rule 23.04(1) of the GEM Listing Rules, any grant of options or awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the Share Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options or awards). The Conditional Grant had been approved by all the independent non-executive Directors.

Since the grant of Options to each of Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon would exceed the 1% Individual Limit, the Conditional Grant to Mr. Fu, Ms. Cheung and Mr. Fu Ho Hon is subject to the Independent Shareholders' approval at the EGM.

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## LETTER FROM THE BOARD

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Pursuant to Rule 23.04(3) of the GEM Listing Rules, where any grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all options granted (excluding any options lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by Shareholders in general meeting in the manner set out in Rule 23.04(4) of the GEM Listing Rules.

As the total number of Options to be granted to Mr. Fu, Ms. Cheung, Mr. Fu Ho Hon, being the substantial shareholders of the Company (and their associates), represents approximately 5%, 3.4% and 2% respectively of the Shares in issue would, in a 12-month period aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by Shareholders in general meeting in the manner set out in Rule 23.04(4) of the GEM Listing Rules.

Pursuant to Rule 23.04(4) of the GEM Listing Rules, the Grantees which fall under the circumstances described in Rule 23.04(2) or (3) of the GEM Listing Rules and their respective associates and all core connected persons of the Company shall abstain from voting in favour of the resolution approving the Conditional Grant. Further, as the total number of Options to be granted to Mr. Fu, Ms. Cheung, Mr. Fu Ho Hon, being the substantial shareholders of the Company (and their associates), represents approximately 5%, 3.4% and 2% respectively of the Shares in issue, the grant to each of them represents over 1% Individual Limit, pursuant to Rule 23.03D(1) of the GEM Listing Rules, each of them (and their associates) shall abstain from voting. As Mr. Fu, Ms. Fu and Ms. Cheung collectively are interested in one-third or more of the voting power at general meetings of MGH Limited, which holds 165,000,000 Shares, MGH Limited is also required to abstain from voting. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, save for the persons set out above, (i) no Shareholder has a material interest in the Conditional Grant and is required to abstain from voting; and (ii) there is no Grantees' respective associates and core connected persons of the Company are required to abstain from voting.

### **6. CLOSURE OF REGISTER OF MEMBERS**

For determining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 25 July, 2025 to Thursday, 31 July, 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 24 July, 2025.

### **7. EGM AND PROXY ARRANGEMENT**

The notice of the EGM is set out on pages EGM-1 to EGM-5 of this circular.

Pursuant to the GEM Listing Rules and the Articles, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the GEM Listing Rules.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chongfaiholdings.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Tuesday, 29 July, 2025 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

### 8. DOCUMENTS ON DISPLAY

A copy of the 2025 Share Option Scheme will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chongfaiholdings.com>) for display for a period of not less than 14 days before the date of the EGM.

### 9. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling Shareholders or substantial Shareholders or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

### 10. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that (1) the proposed adoption of the 2025 Share Option Scheme and termination of the Existing Share Option Scheme; and (2) the Conditional Grants are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders vote in favour of the relevant resolutions to be proposed at the EGM.

### 11. GENERAL

Your attention is also drawn to the appendices to this circular.

By order of the Board  
**Chong Fai Jewellery Group Holdings Company Limited**  
**Fu Chun Keung**  
*Chairman*

*The following is a summary of the principal terms of the 2025 Share Option Scheme proposed to be adopted at the EGM. It does not form part of, nor is it intended to be part of, the rules of the 2025 Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the 2025 Share Option Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the 2025 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix.*

## **1. PURPOSE**

The purpose of the Share Option Scheme is established to recognise and acknowledge the contributions the Eligible Participants have had or may have made to the Group. The Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives (i) motivating the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

## **2. ADMINISTRATION OF THE SHARE OPTION SCHEME**

The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided in the Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby. For the avoidance of doubt, subject to compliance with the requirements of the GEM Listing Rules and the provisions of the Share Option Scheme, the Board shall have the right to (i) interpret and construe the provisions of the Share Option Scheme; (ii) determine the persons who will be offered Options under the Share Option Scheme, and the number of Shares and the Subscription Price, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the Share Option Scheme.

The Company may issue new Shares and/or utilise Treasury Shares (if any) to satisfy grants of the Options under the Share Option Scheme to the extent permitted by the GEM Listing Rules, all applicable laws and regulations and the Articles.

## **3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS OF THE SHARE OPTION SCHEME**

Eligible Participants for the Share Option Scheme include:

- (a) Employee Participant(s) including the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the Share Option Scheme as inducement to enter into employment contracts with the Group);

- (b) Related Entity Participant(s) including directors and employees (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (c) Service Provider(s) including person(s) who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any supplier, consultant, to any area of business or business development of the Group, but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional service provider such as auditor or valuer who provide assurance, or are required to perform their services with impartiality and objectivity are excluded from such category and the Board shall have absolute discretion to determine whether or not one falls within such category.

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

For Related Entity Participants, the Board will consider, (i) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the period of engagement or employment of the Related Entity Participant by the Group; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has or is expected to refer or introduce opportunities to the Group which have or are likely to materialise into further business relationships; and (v) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's 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.

For Employee Participants, the Board will consider, their (i) general working experience; (ii) time commitment (full-time or part-time); (iii) length of their service within the Group; (iv) roles and responsibilities; (v) employment conditions according to the prevailing market practice and industry standard; or where appropriate; and (vi) contribution or potential contribution to the Group. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

For Service Providers, the factors in assessing whether such Service Provider is eligible to participate in this Scheme include, (i) the individual performance of relevant Service Providers; (ii) the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (iv) track record in the quality of services provided to and/or cooperation with the Group; and (v) the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Provider.

Further, with respect to the eligibility of each category of the Service Providers, the Board will, on a case by case basis, specifically consider the following factors:

**(1) Supplier**

Service Providers under this category are mainly suppliers of services in relation to procurement, sales, manufacturing, marketing, research and development, information technology services, who/which support the Group's businesses of (i) sales of jewellery products and recycled gold products; (ii) provision of jewel crafting services; and (iii) other principal business(es) according to the annual report or interim report of the Company that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group from time to time.

The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such supplier, which factors include (i) the nature, reliability and quality of the services/products supplied; (ii) the value of the services/products provided by the relevant supplier; (iii) the frequency of collaboration and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track record of the relevant supplier; (vi) the replacement cost of such supplier and/or the services (including continuity and stability of supply or provision of such services); and (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services supplied and/or provided by such supplier.

**(2) Consultant**

Service Providers under this category are mainly consultants who provided advisory services, consultancy services, with relevant expertise in fields related to the jewellery industry, which have unique knowledge of market trend and product development and/or other professional services to the Group on areas relating to the Group's principal business activities in (i) sales of jewellery products and recycled gold products; (ii) provision of jewel crafting services; and (iii) other principal business(es) according to the annual report or interim report of the Company that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities, on a recurring basis to the Group and/or applying their specialised skills and/or knowledge in the abovementioned fields.



The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of consultant: which factors include (1) individual performance of the relevant consultant; (2) their knowledge, experience and network in the relevant industry; (3) the frequency of collaboration and length of business relationship with the Group; (4) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (5) the background, reputation and track record of the relevant consultant; (6) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such consultant could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such consultant; (7) the replacement cost of such consultant (including continuity and stability of provision of the necessary services); and (8) other factors, including the capability, expertise, technical know-how and/or business connections of the relevant consultant, and/or the synergy between the relevant consultant and the Group.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

#### **4. GRANT AND ACCEPTANCE OF OPTIONS AND CLAWBACK MECHANISM**

The Board shall, subject to the terms of the Share Option Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph (7) below, determine at the Subscription Price pursuant to paragraph (6) below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representative(s)) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the Share Option Scheme.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted as stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Any Offer may be accepted by an Eligible Participant for any amount of Shares which is less than the number of Shares which are offered, provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

Subject to the terms and conditions of this Scheme, the Directors may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised and/or establish performance targets against the attainment of which the Options granted to the Eligible Participant concerned may be exercised either in whole or in part. The Directors shall have the authority, after the grant of any Option which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during an Option Period due to any change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors.

The Board is of the view that it is impracticable to set out a generic set of performance targets that apply to all Selected Participants in the rules of the 2023 Share Option Scheme, as each 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. If any performance targets are imposed in the offer letter of the grant of the relevant Option, the Board will have regard to the purpose of this Scheme in assessing such performance targets, with reference to factors including but not limited to, as and when appropriate, sales performance (e.g. revenue), operating performance (e.g. profitability and operation efficiency in terms of cost control), financial performance (e.g. profits, cash flow, earnings, market capitalization, return on equity) of the Group, corporate suitability parameter (e.g. timeliness and accuracy in handling customer feedback, strategic driving abilities, talent development capabilities, inter-departmental cooperation capabilities, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal business procedures), the method of assessing whether the performance targets are satisfied, shall be assessed and determined by the Board at its sole discretion, including cash flow, earnings, earnings per share, market value or economic value added, profits, return on assets, return on equity, return on investment, sales, revenue, share price, total shareholder return, customer satisfaction metrics, operating results, quality of support and level of contributions to the Group and such other goal, and/or individual performance appraisal as the Board may determine from time.

The Directors may provide in the notice of the Offer that any Option prior to it being exercised may be subject to the clawback mechanism that if any of the following events (“**Clawback Events**”) shall occur during an Option Period:

- (a) the Grantee being involved in any wrongdoing involving material misstatement in the audited financial statements of the Company that requires a restatement;



- (b) the Grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria;
- (c) the Grantee's employment being terminated summarily, including wilfully disobey a lawful and reasonable order, misconduct, commit fraudulent or dishonest act or habitually neglectful in duties in relation to the Grantee's Employment;
- (d) the Grantee being convicted of any criminal offence involving his integrity or honesty; or
- (e) if a grant or the exercise of any Option is linked to any performance targets and the Directors are of the opinion that the Grantee fails to meet the performance targets or there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

the Directors may by notice in writing to the Grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Directors may consider appropriate; and/or (bb) extend the Vesting Period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate. The Options that are clawed back pursuant to this paragraph will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

## **5. VESTING PERIOD**

Save for the circumstances prescribed below, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised.

The Board (or the remuneration committee of the Company where it relates to grants of Options to an Employee Participant who is a Director and/or senior manager of the Company) may at its discretion grant a shorter vesting period to an Employee Participant in the following circumstances:

- (a) grants of "make-whole" Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include 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 of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months;

- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.
- (f) grants of Options with a total vesting and holding period of more than twelve (12) months such as where the Options may vest by several batches with the first batch to vest within twelve (12) months of the Offer Date and the last batch to vest twelve (12) months after the Offer Date; and
- (g) where there is an occurrence of any of the events regarding general offer, winding up, reconstruction, compromise or arrangement.

## **6. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES**

With all necessary consents and approvals (if any) obtained by the Grantee, an Option shall be exercisable in whole or in part by the Grantee (or, as the case may be, his or her Personal Representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each of such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her Personal Representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his or her estate in the event of an exercise by his or her Personal Representative(s)) a share certificate for the Shares so allotted.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the Share Option Scheme or under the relevant laws or the Memorandum and Articles in effect from time to time.

The Subscription Price for Shares to be subscribed under the Share Option Scheme shall be determined by the Board at its absolute discretion (subject to any adjustments made), provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (8) or (9), for the purposes of the sub-paragraph (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

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

- (a) Subject to the GEM Listing Rules, the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the Share Option Scheme, together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equals to 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date, unless Shareholders' approval has been obtained pursuant to sub-paragraphs (c) and (d) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- (b) Subject to the limit mentioned in (7)(a) above, within the Scheme Mandate Limit, the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the Share Option Scheme, together with options and awards which may be granted under any other share schemes for the time being of the Company to the Service Providers shall not exceed such number of Shares as equals to 1% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date (i.e. the Service Provider Sublimit).
- (c) The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit and/or the Service Provider Sublimit under the Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of Shares in issue (excluding Treasury Shares) as at the date of passing the relevant resolution. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules. Any refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit to be made within three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment) shall be subject to independent Shareholders' approval pursuant to Rule 23.03C(1) of the GEM Listing Rules.

- (d) The Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of Shareholders under this sub-paragraph (d), the Company must send a circular to the Shareholders containing the name of each specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

#### **8. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR ASSOCIATES**

Any grant of Options to a Director, a chief executive of the Company or substantial Shareholder (as defined in the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the conditional Grantees of an Option (if any)).

Where any grant of Options to 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 (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted and to be granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the total issued Shares (excluding Treasury Shares), such further grant of Options must be approved by the Shareholders in a general meeting of the Company with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the conditional grants at such general meeting. Parties that are required to abstain from voting in favour at the general meeting pursuant to Rule 23.04(1) of the GEM Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders. Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll and comply with the requirements under the GEM Listing Rules.

A circular must be prepared by the Company explaining the conditional grants, containing, among other matters, (i) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting; (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is the conditional Grantees) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

If the initial grant of the options or awards was approved by Shareholders, shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director, or any of their respective associates.

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

Where any grant of Options to an Eligible Participant would result in the Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding Treasury Shares), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and options previously granted to such Eligible Participant in such twelve (12)-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

## **10. TIME OF EXERCISE OF OPTIONS**

Subject to the terms of the Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and provided in the offer letter of the grant of the relevant Option at the discretion of the Board, there is also performance target and clawback mechanism which may be established by the Board as set out in paragraph 4 above.

**11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

Grant of Options may not be made:

- (a) after inside information (having the meaning defined in the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong) has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules; and
- (b) during the period commencing from 30 days immediately preceding the earlier of:
  - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
  - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

For the avoidance of doubt, in compliance with the GEM Listing Rules, a Director must not deal in any securities of the Company (and no Options may be granted to a Director) on any day on which its financial results are published and:

- (i) during the period of 60 days immediately preceding the publication date of the 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 quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in Rule 5.67 of the GEM Listing Rules and such Grant of Options must comply with Rule 5.67 of the GEM Listing Rules.

## **12. RIGHTS ARE PERSONAL TO GRANTEES**

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

## **13. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP**

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will be cancelled on the date of cessation or termination and not be exercisable and any Option exercised (if any) but the Shares of which have not been allotted, shall be deemed not to have so exercised and the amount of the subscription price for the Shares in respect of the purported exercise of such Option shall be returned.

For the avoidance of doubt, transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered cessation of employment if a Grantee who is an Employee Participant is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

**14. RIGHTS ON DEATH**

If the Grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full, and where the Grantee is an employee or a director of the Group, none of the events referred to in paragraph (13) above as ground for termination of his or her employment or directorship arises, his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the Share Option Scheme within a period of twelve (12) months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs (18) to (20) respectively.

**15. RIGHTS ON ILL-HEALTH, RETIREMENT OR VOLUNTARY RESIGNMENT**

If the Grantee of an Option is an employee or a director of the Group ceases to be an Eligible Participant by reason of ill-health or retirement or voluntary resignation as an employee or a director in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the Share Option Scheme within a period of three (3) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (18) to (20) respectively.

**16. RIGHTS ON CESSATION FOR OTHER REASONS**

If the Grantee of an Option who is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (13) to (15) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment with the Group.

**17. RIGHTS ON BREACH OF CONTRACT**

If the Grantee of an Option who is a Service Provider ceases to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Group, or termination of his/her/its engagement or appointment, in the absolute determination of the Board or the Board in its sole and absolute opinion believes such Grantee has become a competitor of the Group, or the Grantee has become bankrupt or has become insolvent or has made any arrangement or composition with his/her/its creditors generally, has committed any serious misconduct, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), the Options (to the extent not already exercised) shall lapse on the date of the Board's determination and not be exercisable.

*Note:* Paragraphs 13, 15 and 16 do not apply to a Grantee who is not an Employee Participant. Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.



**18. RIGHTS ON A GENERAL OFFER**

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders during the Option Period of the relevant Option, the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company at any time within one (1) month after the date on which such offer becomes or is declared unconditional, or within one (1) month after the record date for entitlements under the scheme of arrangement, as the case may be.

**19. RIGHTS ON WINDING UP**

In the event a notice is given by the Company to its Shareholders to convene an extraordinary general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all Grantees and any Grantee or his/her Personal Representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price in respect of the relevant Option (such notice shall be received by the Company no later than two (2) Business Days prior to the proposed extraordinary general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and, in any event no later than the Business Day immediately prior to the date of the proposed extraordinary general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

**20. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT**

If a compromise or arrangement between the Company and the Shareholders or its creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders or creditors to summon a meeting to consider such a scheme or arrangement and the Options (to the extent not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) two (2) months after that date or (ii) at any time not later than two (2) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the "**Suspension Date**"), accompanied by a remittance of the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and terminated.

**21. CANCELLATION OF OPTIONS**

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the Share Option Scheme with available unissued Options within the limit approved by the Shareholders pursuant to paragraph (7). The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Any Options that are clawed back will be regarded as cancelled, for details, please refer to paragraph “Performance Targets and Clawback Mechanism”

**22. EFFECT OF ALTERATIONS TO SHARE CAPITAL**

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the Share Option Scheme or any Option so far as such Option remains unexercised; and/or (ii) the Subscription Price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she would have been entitled to had he or she exercised all the Options held by him or her immediately prior to such event and the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements. In the event of any alteration of Share Capital of the Company after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued, allotted and/or allocated (as the case may be) in respect of all the options to be granted under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such Alteration of Share Capital shall be the same, rounded down to the nearest whole Share.

**23. RANKING OF SHARES**

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

**24. DURATION OF THE SHARE OPTION SCHEME**

The Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business of the Company on the date which falls ten (10) years after the Adoption Date, after such period no further Options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

**25. ALTERATIONS TO THE TERMS OF THE SHARE OPTION SCHEME**

Save for the provisions prescribed below, the Share Option Scheme may be altered in any respect by a resolution of the Board or administrator of the Share Option Scheme without the approval of Shareholders in general meeting.

- (a) Any alterations to the terms and conditions of a share scheme which are of a material nature or any alterations to the provisions relating to the matters set out in this rule 23.03 to the advantage of participants must be approved by shareholders of the listed issuer in general meeting.
- (b) Any change to the terms of options or awards granted to a participant must be approved by the board, the remuneration committee, the independent nonexecutive directors and/or the shareholders of the listed issuer (as the case may be) if the initial grant of the options or awards was approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the scheme.
- (c) Any change to the authority of the Directors or the administrator of the Share Option Scheme to alter the terms of Share Option Scheme must be approved by the Shareholders in a general meeting.
- (d) The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

**26. CONDITIONS OF THE SHARE OPTION SCHEME**

The Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under the Share Option Scheme; and
- (b) the passing of ordinary resolutions at a general meeting of the Company approving the adoption of the Share Option Scheme and authorising the Directors to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme.

**27. LAPSE OF OPTIONS**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (14) to (20);
- (c) for Related Entity Participant and Service Provider, the date on which the Board shall at their absolute discretion determine that: (a) the Grantee has committed any breach of any contract entered into between the Grantee, his associate and/or the relevant related entity and/or the service provider on the one part and any member of the Group on the other part; (b) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with its creditors generally; or (c) the Grantee and/or the relevant related entity and the service provider which the Grantee served could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever;
- (d) in the event that the prospective Executive does not join the Group, within 6 months after the grant of the Options to him/her, the Option shall lapse on the last day of the 6-month period; and
- (e) the date of the commencement of the winding-up of the Company.

The resolution of the Board or the board of the relevant subsidiary or the Related Entity (as the case may be) regarding whether the relationship with the Grantee has been terminated for one or more of the reasons specified in this paragraph shall be final and conclusive.

“Executive” in paragraph 27 above refers to the directors (or prospective directors), employees (whether full-time or part-time) (or prospective employees) of the Group or of the Related Entities.

**28. TERMINATION**

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

**29. MISCELLANEOUS**

The terms of the Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (22) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby. The Board has the final decision about any dispute.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**創輝珠寶集團控股有限公司**  
**Chong Fai Jewellery Group Holdings Company Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8537)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of Chong Fai Jewellery Group Holdings Company Limited (the “**Company**”) will be held at No. 6-13, Faerie Court, 80 Ko Shan Road, Hung Hom, Kowloon, Hong Kong on 31 July 2025 at 10:00 a.m. and to consider and, if thought fit, pass, with or without amendments, the following resolutions:

#### ORDINARY RESOLUTIONS

1. **“THAT:** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be allotted and issued pursuant to the exercise of any options (the “**Options**”) that may be granted under the 2025 share option scheme of the Company (the rules of which are contained in the document marked “**A**” produced to the EGM and initialed by the chairman of the EGM for the purpose of identification) (the “**2025 Share Option Scheme**”), the 2025 Share Option Scheme be and is hereby approved and adopted and the directors (the “**Directors**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company 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 2025 Share Option Scheme including without limitation:
  - (i) to administer the 2025 Share Option Scheme;
  - (ii) to modify and/or amend the 2025 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2025 Share Option Scheme relating to modification and/or amendment and subject to Chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”);
  - (iii) to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of the Options granted under the 2025 Share Option Scheme;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iv) to make an application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in any Shares which may thereafter from time to time be allotted and issued pursuant to the exercise of the Options granted under the 2025 Share Option Scheme;
  - (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2025 Share Option Scheme;
  - (vi) the scheme mandate limit of the 2025 Share Option Scheme (representing 10% of the total number of Shares in issue, excluding treasury shares) be and is hereby approved and adopted; and
  - (vii) to do such acts and things and enter into such transactions, arrangements and agreements as the Directors may in their sole discretion consider necessary, desirable or expedient in order to give full effect to and implement the 2025 Share Option Scheme; and
  - (viii) conditional upon the 2025 Share Option Scheme becoming effective, the existing share option scheme adopted by the Company on 6 March 2019 (the “**Existing Share Option Scheme**”) be and is hereby terminated with effect from the adoption of the 2025 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).”
2. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the Service Provider Sublimit on the total number of Shares which may be issued in respect of any options granted under the 2025 Share Option Scheme, representing 1% of the total number of Shares in issue (excluding treasury shares), be and is hereby approved and adopted.”
  3. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 15,000,000 Options to Mr. Fu under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
  4. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 10,200,000 Options to Ms. Cheung under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
  5. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 6,000,000 Options to Mr. Fu Ho Hon under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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6. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Mr. Zhang under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
7. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Ms. Lin under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
8. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Mr. Yu under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
9. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Mr. Song under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
10. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Ms. Wang under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
11. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Ms. Song under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
12. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Ms. Ling under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
13. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Mr. Feng under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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14. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 3,000,000 Options to Ms. Ni under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”
15. “**THAT:** conditional upon the 2025 Share Option Scheme taking effect, the grant of 1,800,000 Options to Mr. Xie under the 2025 Share Option Scheme, to subscribe for the Shares at the exercise price of HK\$0.142 per Share on the terms and conditions set out in the circular to the shareholders of the Company dated 16 July, 2025 (the “**Circular**”) be and is hereby confirmed and approved”

By order of the Board  
**Chong Fai Jewellery Group Holdings Company Limited**  
**Fu Chun Keung**  
*Chairman*

Hong Kong, 16 July 2025

*Registered office:*

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

*Principal place of business:*

No. 6-13, Faerie Court  
80 Ko Shan Road, Hung Hom  
Kowloon, Hong Kong

*Notes:*

1. For determining shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 25 July 2025 to Thursday, 31 July 2025, both days inclusive, during which period no transfer of the Shares will be registered. To be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 July 2025.
2. Any shareholder of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy does not have to be a shareholder of the Company.
3. To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the Meeting (or any adjournment thereof).
4. Completion and delivery of a form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any Shares, any one of such joint holder may vote at the Meeting, either in person or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders is present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Shares shall alone be entitled to vote in respect thereof.
6. A form of proxy for use at the EGM is attached herewith.
7. Any voting at the EGM shall be taken by poll.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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8. The form of proxy shall be signed by a shareholder of the Company or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney authorised.
9. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions after super typhoons” announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Company at [www.chongfaiholdings.com](http://www.chongfaiholdings.com) and on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) to notify shareholders of the Company of the date, time, and place of the rescheduled meeting.

*As at the date of this announcement, the executive Directors are Mr. Fu Chun Keung, Ms. Cheung Lai Yuk, Ms. Fu Wan Ling and Mr. Fu Ho Hon; and the independent non-executive Directors are Mr. Chan Chi Ming Tony, Mr. Chan Cheong Tat and Mr. Wong Wing Keung Meyrick.*