

PERFECT OPTRONICS LIMITED

圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OPTION SCHEME

conditionally adopted on

[*] 2024

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1. Definitions

1.1 In this Scheme the following expressions have the following meanings:

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| “Adoption Date” | the date on which this Scheme is conditionally adopted by resolution of the Company in general meeting; |
| “Articles of Association” | the articles of association of the Company adopted on 6 June 2023 and as amended from time to time; |
| “associates” | as such term is defined under the GEM Listing Rules; |
| “Auditor” | means the auditor for the time being of the Company; |
| “Board” | means the board of Directors; |
| “Business Day” | means a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities; |
| “chief executive” | as such term is defined under the GEM Listing Rules; |
| “close associate” | as such term is defined under the GEM Listing Rules; |
| “Company” | means Perfect Optronics Limited (圓美光電有限公司), a company incorporated in the Cayman Islands on 13 June 2013 as an exempted company with limited liability, the Shares of which are listed on the GEM; |
| “connected person” | as such term is defined under the GEM Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “Employee Participant(s)” | means the director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted options under this Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such |

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| | category; |
| “GEM” | means the GEM of the Stock Exchange; |
| “GEM Listing Rules” | means the Rules Governing the Listing of Securities on GEM, as may be amended from time to time; |
| “Grantee” | means any Participant who accepts an Offer in accordance with the terms of this Scheme or (where the context so permits) the personal representative(s) entitled to any such Option in consequence of the death of the original Grantee; |
| “Group” | means the Company and/or its subsidiaries from time to time; |
| “HK\$” | means Hong Kong dollars, the lawful currency of Hong Kong; |
| “holding company” | in relation to a company, means another company of which it is a subsidiary; |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “month” | means calendar month; |
| “Offer” | means the offer of the grant of an Option to be made by the Board in accordance with paragraph 5; |
| “Offer Date” | means the date on which an Offer is made by the Board to a Participant in accordance with paragraph 5; |
| “Offer Letter” | means an Offer made to a Participant by letter in such form as the Board may from time to time determine; |
| “Option” | means a right granted to the Participants to subscribe for Shares (and/or to acquire Treasury Shares from the Company, as may be permitted under the laws of the Cayman Islands and the Articles of Association) pursuant to the terms of this Scheme; |
| “Option Period” | means a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with this Scheme; |
| “Participant(s)” | means Employee Participant(s), Related Entity Participant(s) and Service Provider(s); |

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| “Related Entity/Entities” | the holding companies, fellow subsidiaries or associated companies of the Company; |
| “Related Entity Participant(s)” | means the director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category; |
| “relevant company” | means the Company or the relevant subsidiary of the Company, as the case may be; |
| “Remuneration Committee” | means the remuneration committee of the Company; |
| “Scheme Mandate Limit” | has the meaning as defined in paragraph 9.1(a); |
| “Service Provider(s)” | person(s) who provide(s) services to 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, including but not limited to person(s) who work(s) for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity; |
| “Service Provider Sublimit” | has the meaning as defined in paragraph 9.1(a); |
| “Share(s)” | means shares of HK\$0.01 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time); |
| “Shareholder(s)” | means holder(s) of the Shares; |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited; |
| “Subscription Price” | means the price per Share which a Grantee may subscribe for Share(s) (or acquire Treasury Share(s), as applicable) on the exercise of an Option pursuant to the terms of this Scheme; |

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| “subsidiary” | means a company which is for the time being and from time to time a subsidiary (within the meaning of the GEM Listing Rules or the local companies law, act and/or ordinance where the subject company was incorporated) of another company; |
| “substantial shareholder” | as such term is defined under the GEM Listing Rules; |
| “this Scheme” | means this share option scheme in its present or any amended form; |
| “Treasury Shares” | means Shares repurchased and held by the Company in treasury as authorised by the laws of the Cayman Islands and/or the Articles of Association; and |
| “%” | means per cent. |

- 1.2 Paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. Unless the context otherwise requires, references to paragraphs or sub-paragraphs are to paragraphs or sub-paragraphs of this Scheme; words importing the singular include the plural and vice versa; words importing gender include every gender; and references to persons include corporations and unincorporates. References to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute.

2. Purpose of this Scheme

The purpose of this Scheme is for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

3. Conditions

This Scheme shall take effect upon the fulfillment of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders in general meeting approving the adoption of this Scheme and authorising the Board to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under this Scheme.

4. Duration and Administration

- 4.1 Subject to paragraphs 3 and 16, this Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be issued but in all other respects, subject to the compliance with the provisions under the GEM Listing Rules, the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme, and Options which are granted during the life of this Scheme may continue to be exercisable in accordance with their terms of issue.
- 4.2 This Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.
- 4.3 Subject to the compliance with the requirements of the GEM Listing Rules and the provisions of this Scheme, the Board shall have the right (i) to interpret and construe the provisions of this Scheme; (ii) to determine the persons who will be awarded Options under this Scheme and the number of Shares to be issued under the Options; (iii) to determine the Subscription Price; (iv) to make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of this Scheme.

5. Grant of Options

- 5.1 On and subject to the requirements of the GEM Listing Rules and the terms of this Scheme, the Board shall be entitled at any time, within 10 years as on and from the Adoption Date to make an Offer to any Participants as the Board may in its absolute discretion select, and subject to any such conditions as the Board may at its absolute discretion think fit, to subscribe for such number of Shares as the Board may (subject to paragraphs 9 and 10) determine at the Subscription Price.
- 5.2 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine (the "**Offer Letter**") requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of 28 days from the Offer Date, provided that no such Offer shall be open for acceptance as on and after the 10th anniversary from the Adoption Date or as on and after the date when this Scheme has been terminated in accordance with the provisions hereof, whichever is the earlier.
- 5.3 An Offer shall be deemed to have been accepted by the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect on the Offer Date when the duplicate of the Offer Letter (as defined in sub-paragraph 5.2) comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of the Company of HK\$1 by way of consideration for the granting thereof is received by the Company within the period as stipulated in sub-paragraph 5.2. Such remittance shall in no circumstances be refundable or be considered as part of the Subscription Price. The Subscription Price is calculated in accordance with paragraph 6

below.

- 5.4 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of such number of Shares as representing board lot(s) for dealing in Shares on the Stock Exchange or an integral multiple thereof and the number of Shares in respect of which the Offer is accepted is clearly stated in the duplicate of the Offer Letter received by the Company as mentioned in sub-paragraph 5.3. To the extent that the Offer is not accepted within the period and in the manner stipulated in sub-paragraph 5.3, it will be deemed to have been irrevocably declined by the Participant and the Offer shall automatically lapse and become null and void.

Subject to the provisions of this Scheme and the GEM Listing Rules, the Board may when making the Offer impose any terms, conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

- 5.5 In determining the basis of eligibility of each Participant, the Board would mainly take into account the experience of the Participant on the Group's business, the length of service of the Participant with the Group or the length of business relationship the Participant has established with the Group, the amount of contribution the Participant has made or is likely to make towards the success of the Group and such other factors as the Board may at its discretion consider appropriate. Generally:

- (a) in assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including, among others (i) their skills, knowledge, experience, expertise and other relevant personal qualities; (ii) their performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (iii) their contribution made or expected to be made to the growth of the Group; (iv) their length of engagement or employment with the Group; and (v) their educational and professional qualifications, and knowledge in the industry;
- (b) in assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including, among others (i) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in revenue or profits, an addition of expertise to the Group and/or other aspects in support of the development and/or growth of the Group's business; (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Related Entity Participant has established with the Group via his role and position held with the Related Entity; (iii) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increasing its market share; and (vi) the materiality and nature of the business relation between the Related Entity of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship; and

- (c) in assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others (i) the expertise, professional qualifications and industry experience of the Service Provider; (ii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (iii) the materiality and nature of the business relationship of the Service Provider 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 party(ies)); (iv) the prevailing market fees chargeable by comparable services providers; (v) the Group's period of engagement of or collaboration with the Service Provider; and (vi) the Service Provider's actual or potential contribution to the Group with regard to factors such as the actual or expected reduction in costs of the Group or increase in revenue or profit of the Group.

5.6 For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer must not be made after inside information has occurred or inside information has been the subject of a decision, until (and including) the trading day on which such inside information has been duly published and announced. In particular, no Offer shall be made and no Options shall be granted during the period commencing 30 days immediately before the earlier of:
 - (1) the date of the Board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
 - (2) the deadline for the Company to announce its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement (and for the avoidance of doubt, no Offer shall be made and no Option shall be granted during any period of delay in publishing a results announcement); and
- (b) no Offer shall be made and no Options shall be granted to any Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

6. Subscription Price

Subject to any adjustments made pursuant to paragraph 11, the Subscription Price in respect of each Share to be issued (or Treasury Share to be transferred, as applicable) pursuant to the exercise of Options granted hereunder shall be a price solely determined by the Board and notified to a Participant and shall be at least the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; and

- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date.

7. Exercise of Options and Vesting Period

- 7.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Options or part thereof of such Grantee in accordance with sub-paragraph 8(g) without incurring any liability on the part of the Company.
- 7.2 Unless otherwise determined by the Board and specified in the Offer Letter (as defined in sub-paragraph 5.2) at the time of the Offer, there is no performance target that needs to be achieved by the Grantee before an Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter and sub-paragraph 7.3 by the original Grantee (or the personal representative(s) of the deceased Grantee) (i) 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 exercised; each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given; within 28 days after receipt of the notice and the remittance and where appropriate, receipt of the certificate from the independent financial adviser or the Auditor (as the case may be) pursuant to paragraph 11, the Company shall allot the relevant number of Shares to the original Grantee (or the personal representative(s) of the deceased Grantee) credited as fully paid and issue to the original Grantee (or the personal representative(s) of the deceased Grantee) a share certificate in respect of the Shares so allotted; or (ii) following such other procedures adopted by the Board and notified to the Grantee from time to time.
- 7.3 Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during the business hours of the Company (i.e. Monday to Friday, 9:00 a.m. to 5:00 p.m., Hong Kong time) on a Business Day within the Option Period provided that:
 - (a) in the event of the Grantee (being an Employee Participant or a Related Entity Participant at the time of Offer) ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship, office or appointment on one or more of the grounds specified in sub-paragraph 8(d), then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within the period of 3 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director, chief executive or employee of the relevant company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or board of directors of the relevant company (or equivalent organ thereof vested with the general power to manage the business and affairs of such relevant company) shall be conclusive;

- (b) in the event the Grantee (being a Related Entity Participant at the time of Offer) ceases to be a Related Entity Participant because the Related Entity to which such Grantee is employed, holds directorship or office ceases to be a Related Entity or the Grantee has breached its fiduciary duty owed to any member of the Group under the common law, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to his/her entitlement at the date of such cessation (to the extent exercisable but not already exercised) within such period determined by the Board and any Option not so exercised shall lapse at the end of such period, provided that if any of the events referred to in paragraph 7.3(d) (e) or (f) during such period, such Option may only be exercisable in such manner and within such period pursuant to sub-paragraphs 7.3(d), (e) or (f) respectively;
- (c) in the event the Grantee dies or for Grantee (being an Employee Participant or a Related Entity Participant at the time of Offer) otherwise ceases to be an Employee Participant or Related Entity Participant (as the case may be) by reason of physical or mental disability or incapacity or other event which, in the opinion of the Board, deprives him/her of his/her capacity to act (other than in the case of insolvency, bankruptcy or liquidation of the Grantee) before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under sub-paragraph 8(d) arises, then unless the Board shall in its sole and absolute discretion determine otherwise, the personal representative(s) of the deceased Grantee shall be entitled, within a period of 6 months or such longer period as the Board may determine from the date of death, to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent which has become exercisable and not already exercised) or, if appropriate, make an election pursuant to sub-paragraph 7.3(d), (e) or (f);
- (d) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee shall, notwithstanding any other terms on which his/her Options were granted, 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 in accordance with the provisions of sub-paragraph 7.2 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;
- (e) if a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than any event contemplated in sub-paragraph 7.3(d)), the Company shall give notice thereof to the Grantee on the same date as it dispatches the notice which is sent to each Shareholder or creditor of the Company summoning

the meeting to consider such a compromise or arrangement, and thereupon, unless the Board shall in its sole and absolute discretion determine otherwise, the original Grantee (or the personal representative(s) of the deceased Grantee) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court, exercise any of his Options (to the extent which has become exercisable and not already been exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under this Scheme. The Company may require the original Grantee (or the personal representative(s) of the deceased Grantee) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement;

- (f) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it dispatches such notice to convene the general meeting, give notice thereof to all Grantees. Unless the Board shall in its sole and absolute discretion determine otherwise, each original Grantee (or the personal representative(s) of the deceased Grantee) may by notice in writing to the Company (such notice to be received by the Company no later than 2 Business Days prior to the proposed general meeting (excluding any period(s) of closure of the Company's share registers)) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid;
- (g) in the event the Grantee other than an Employee Participant or Related Entity Participant, the date on which the Board shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate and any member of the Group or the relevant Related Entity (as the case may be); or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the Grantee has breached its fiduciary duty owed to any member of the Group under the common law; or (dd) the Grantee could no longer make any contribution to the growth and development of any member of the Group or the relevant Related Entity (as the case may be) by reason of the cessation of its relations with the Group or the relevant Related Entity (as the case may be) or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb), (cc) or (dd) above;

- (h) in the event the Grantee being a prospective employee of the Group being offered an Option as an inducement to enter into employment contracts with the Company, the date on which the Board shall at their absolute discretion determine that the Grantee no longer has interest to join the Group as an employee or the termination date of the employment offer specified in the offer to the Grantee (if any); and
- (i) where the Grantee of an outstanding Option is not an Employee Participant at the Offer Date, subsequently in the absolute opinion of the Board ceases to be qualified as a Participant by reason of termination of its business relation with the Company or the relevant subsidiary of the Company or otherwise, then unless the Board shall in its sole and absolute discretion determine otherwise, any outstanding Options held by such Grantee shall lapse with immediate effect on the date when the Company notifies such Grantee of the relevant termination.

7.4 The Shares to be allotted (or the Treasury Shares to be transferred, as applicable) upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue (or the date of transfer of Treasury Shares, as the case may be), and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue (or the date of transfer of Treasury Shares, as the case may be) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue (or the date of transfer of Treasury Shares, as the case may be), provided always that when the date of exercise of the Option falls on a date upon which the register of Shareholders is closed, then the exercise of the Option shall become effective on the first Business Day in Hong Kong on which the register of Shareholders is re-opened. A Grantee shall not be entitled to vote in any general meeting of the Company in respect of any of those outstanding Options yet to be exercised held by him unless he has exercised his Option(s) in accordance with the provisions of this Scheme. Once a Grantee has exercised his Option(s) in accordance with the provisions of this Scheme, he shall be entitled to vote in respect of those fully paid Shares allotted to him upon the exercise of his Option(s) in accordance with the memorandum and articles of association of the Company for the time being in force.

7.5 The vesting period for Options shall not be less than 12 months.

7.6 An Option may be exercised in accordance with the terms of this Scheme at any time during the Option Period after the Option has been granted by the Board. The Option Period is a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with this Scheme.

8. Lapse of Option

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

- (a) the expiry of the Option Period (subject to the provisions of paragraph 4.1 and paragraph 16.1);
- (b) the expiry of the periods referred to in paragraph 7.3(a) to (d);
- (c) subject to the scheme of arrangement or compromise becoming effective, the expiry of the period referred to in paragraph 7.3(e);
- (d) the date on which the Grantee (being an Employee Participant or a Related Entity Participant at the time of the Offer) ceases to be an employee, a director or a chief executive of the relevant company (as the case may be) by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or has been in breach of any material term of the relevant employment contract, service contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding-up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of the relevant company, as the case may be) on any other ground on which an employer would be entitled to terminate his employment, directorship, office or appointment at common law or pursuant to any applicable laws or under the relevant employment contract, service contract or engagement contract (as the case may be) with the relevant company (as the case may be), in the event of which a resolution of the board of directors (or equivalent organ thereof vested with the general power of manage the business and affairs of such relevant company) of the relevant company (as the case may be) to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph 8(d) shall be conclusive;
- (e) in respect of the Grantee other than an Employee Participant or Related Entity Participant (whether individual or corporation), the date on which the Board at their sole and absolute discretion determines that such Grantee has breached or otherwise failed to comply with any provisions of the relevant contract entered into between the Grantee on the one part and any member of the Group on the other part, or that the Grantee has breached its fiduciary duty owed to any member of the Group under the common law, or that the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of cessation of its relations with the Group or for any other reasons whatsoever;
- (f) the close of the 2 Business Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company as referred to in sub-paragraph 7.3(f) or the date of the commencement of the winding-up of the Company;
- (g) the date on which the Board exercises the Company's right to cancel the Option at any time after a Grantee commits a breach of paragraph 7.1; or
- (h) the date on which an Option is cancelled by the Board as provided in paragraph 15.

For the avoidance of doubt,

- (a) transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group or seconded to a Related Entity and transfer of employment of a Grantee who is a Related Entity Participant from a Related Entity to another Related Entity or seconded to any member of the Group shall not be considered cessation of employment; and
- (b) any Grantee who is an Employee Participant or Related Entity Participant is on such leave of absence with prior approval by the directors of the relevant member of the Group or Related Entity is not to be considered cessation of employment of the Grantee.

The Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph 8.

9. Scheme Mandate Limit and Service Provider Sublimit

9.1 Subject to the GEM Listing Rules:

- (a) The total number of Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all Options to be granted under this Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) and share award scheme(s) that involve(s) the issuance of new Shares and the transfer of Treasury Shares) in aggregate exceed 148,368,715, representing 10% of the total number of Shares in issue (excluding Treasury Shares) as at the date of approval of this Scheme by the Shareholders (“**Scheme Mandate Limit**”), and within the Scheme Mandate Limit, the maximum number of Shares which may be allotted and issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all Options to be granted to Service Providers (“**Service Provider Sublimit**”) must not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the date of approval of this Scheme by the Shareholders, unless the Company obtains an approval from its Shareholders pursuant to sub-paragraphs 9(b) to 9(e).
- (b) The Company may seek approval of its Shareholders in general meeting for refreshing the Scheme Mandate Limit (or the Service Provider Sublimit) set out in sub-paragraph 9(a) under this Scheme after three years from the date of Shareholders’ approval for the adoption of this Scheme or the last refreshment.
- (c) Any refreshment within any three-year period must be approved by Shareholders subject to that:
 - (i) any controlling Shareholders and their associates (or if there is no controlling Shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and

- (ii) the Company must comply with the requirements under Rules 17.47(6), 17.47(7), 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

The requirements under paragraphs 9(c)(i) and 9(c)(ii) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to the Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of Shares, rounded to the nearest whole Share.

- (d) The total number of Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all Options to be granted under this Scheme (in aggregate with any other options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company that involve(s) the issuance of new Shares and the transfer of Treasury Shares) under the Scheme Mandate Limit as refreshed shall not exceed 10% (and the Service Provider Sublimit as refreshed shall not exceed 1%) of the total number of Shares in issue (excluding Treasury Shares) as at the date of approval of the refreshed Scheme Mandate Limit (and the refreshed Service Provider Sublimit). The Company shall send to its Shareholders a circular containing all such information as may be required under the GEM Listing Rules.
- (e) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (or the Service Provider Sublimit) provided the Options in excess of the Scheme Mandate Limit (or the Service Provider Sublimit) are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send to its Shareholders a circular containing the name of each specified Participant who may 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 and all such information as may be required under the GEM Listing Rules.

10. Maximum entitlement of Shares of each Participant

- 10.1 The maximum number of Shares in respect of which Options may be granted to a single Participant under this Scheme in any 12-month period up to and including the date of such grant shall not (when aggregated with any Shares subject to any other share option scheme(s) and share award scheme(s) that involve(s) the issuance of new Shares and the transfer of Treasury Shares but excluding those which have lapsed in accordance with terms of the relevant scheme(s)) exceed 1% of the Shares in issue (excluding Treasury Shares) (the “**Individual Limit**”), unless the Company obtains an approval from its Shareholders pursuant to paragraph 10.2.
- 10.2 The Company may seek separate approval by its Shareholders in general meeting for granting Options to a single Participant beyond the Individual Limit referred to in paragraph 10.1 provided that:

- (a) such Participant and his/her/its close associates (or associates if the Participant is a connected person of the Company) abstains from voting on the relevant resolution;
- (b) the Company sends to its Shareholders a circular containing the identity of such Participant, the number and terms of the Options to be granted (and options and awards of new Shares previously granted to such Participant in the 12-month period) and all such other information as may be required under the GEM Listing Rules; and
- (c) the number and terms of the Options to be granted to such Participant must be fixed before Shareholders' approval.

In respect of any such Options to be granted, the date of the meeting or resolution of the Board for proposing and approving such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

- 10.3 Any grant of Options to a Participant who is a director or chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of the Company.
- 10.4 Any grant of Options or awards (if any) to an independent non-executive director or a substantial shareholder of the Company, or any of their respective associates which would result in the Shares issued and to be issued in respect of all Options and awards granted (if any) (excluding any Options and awards (if any) lapsed in accordance with the terms of this scheme) to such person in the 12-month period up to and including the date of such grant of such Option and awards (if any) in aggregate exceeding 0.1% of the Shares in issue must be approved by Shareholders in general meeting in the manner as required under the GEM Listing Rules.
- 10.5 Any change in the terms of Options granted to a Participant who is a director or chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the manner as required under the GEM Listing Rules if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- 10.6 Subject to paragraphs 9 and 10.1, in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in sub-paragraphs 9 and 10.1, will be adjusted in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to the Directors in writing to be in compliance with the requirements under the GEM Listing Rules.

11. Reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital, such corresponding alterations (if any) shall be made to:

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

as an independent financial adviser or the Auditor shall at the request of the Board certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 23.03(13) of the GEM Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole share, as that to which the Grantee was previously entitled prior to the adjustment, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In respect of any adjustments required by this paragraph, other than any made on a capitalisation issue, an independent financial adviser or the Auditor must also confirm to the Directors in writing that the adjustments satisfy the foregoing requirements. Any such adjustments shall be in compliance with the GEM Listing Rules and such applicable codes, guidance notes and interpretation of the GEM Listing Rules from time to time promulgated. The capacity of the independent financial adviser or the Auditor in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditor shall be borne by the Company.

12. Share Capital

The exercise of any Option shall be subject to the Shareholders in a general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

13. Disputes

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Board (or chief executive, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) in its absolute discretion and whose decision shall be final, conclusive and binding.

14. Alteration of this Scheme

- 14.1 The provisions of this Scheme may be altered in any respect by resolution of the Board at its absolute discretion except that any alterations to the provisions of this Scheme as to the definitions of “Grantee”, “Option Period” and “Participant” in sub-paragraph 1.1 of this Scheme; the provisions of paragraphs 2, 4, 5, 6, 7, 8, 9, 10, 11 and 14 of this Scheme; the terms and conditions of this Scheme which are of a material nature; and all such other matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the

Participants must be approved by the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

- 14.2 Change to the terms of the Options granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Scheme.
- 14.3 The amended terms of this Scheme or the Options must still comply with the relevant requirements of the GEM Listing Rules.
- 14.4 Any change to the authority of the Directors or scheme administrators to alter the terms of this Scheme must be approved by the Shareholders in general meeting.

15. Cancellation of the Options granted

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Participant, the Offer of the grant of such new Options may only be made under this Scheme with available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders as mentioned in paragraph 9. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

16. Termination of this Scheme and Clawback Mechanism

- 16.1 The Company by resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in full force and effect to the extent necessary to (i) give effect to the exercise of any Options granted prior thereto; or (ii) issue the Shares which are not yet issued to the Participants in accordance with the provisions of this Scheme. Any outstanding Options granted under this Scheme prior to such termination shall continue to be valid and exercisable in accordance with the provisions of this Scheme and their terms of issue. Details of the Options granted (including Options exercised or outstanding) or Shares issued and to be issued in respect of the Options granted under this Scheme are required under the GEM Listing Rules to be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme to be established or refreshment of Scheme Mandate Limit (or Service Provider Sublimit) under any existing share option scheme after such termination.
- 16.2 There is no clawback mechanism under this Scheme to recover or withhold the remuneration (which may include any Options granted) to any Participants.

17. Miscellaneous

- 17.1 This Scheme shall not form part of any contract of employment or directorship, service contract or engagement contract between the relevant member(s) of the Group and any Participant and the rights and obligations of any Participant under the terms of his/her employment, directorship or appointment shall not be affected by his participation in this Scheme or any right which he/she may have to participate in it and this Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such employment, directorship or appointment for any reason.
- 17.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 17.3 The Company shall bear the costs of establishing and administering this Scheme.
- 17.4 Any notice or other communication between the Company and a Grantee may be given, in the case of the Company, by sending the same by prepaid post or by personal delivery to its principal place of business or address in Hong Kong or such other address as notified to the Grantees from time to time and, in the case of the Grantee, (i) by sending the same by prepaid post or by personal delivery to his correspondence address in Hong Kong or such other address as notified to the Company from time to time or (ii) to the extent permitted by and in accordance with the GEM Listing Rules and any other applicable laws, by electronic communication including by transmitting the same to any electronic number, address or website as notified to the Company from time to time or by placing the same on the Company's website and/or the website of the Stock Exchange.
- 17.5 Any notice or other communication served by post:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 17.6 Any notice or other communication served by personal delivery shall be deemed to have been served on the date of delivery.
- 17.7 Any notice or other communication served by electronic communication by the Company shall be deemed to have been served:
- (a) in the case of placing on the Company's website and/or the website of the Stock Exchange, on the day on which the same is published on such website; and
 - (b) in any other case, on the day on which the same is transmitted to the Grantee if no notification has been received by the Company within 24 hours after the transmission that the electronic communication has not reached the Grantee,
- or at such later time as may be prescribed by the GEM Listing Rules or any other

applicable laws. Any failure in transmission of the electronic communication which is beyond the Company's control shall not invalidate the effectiveness of the notice or communication being served.

- 17.8 All allotments and issue of Shares shall be subject to any necessary consents under any relevant enactment or regulations in force from time to time in Hong Kong or elsewhere, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his/her participation in this Scheme.
- 17.9 The Grantee shall pay all tax and discharge other liabilities to which he/she may become subject as a result of his/her participation in this Scheme or the exercise of any Option.
- 17.10 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the GEM Listing Rules and the laws of Hong Kong in force from time to time.