

**HYFUSIN GROUP HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

**RULES OF THE  
SHARE OPTION SCHEME**

**Adoption Date: [Date] 2024**

Approved pursuant to an ordinary resolution  
passed by the Shareholders of the Company at the general meeting held on [Date]2024

## SHARE OPTION SCHEME

### 1 DEFINITIONS

1.1 In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings ascribed to them below:

<b>“1% Individual Limit”</b>	has the meaning given to that term under paragraph 10.5;
<b>“Adoption Date”</b>	[Date], being the date on which this Scheme is conditionally adopted by ordinary resolution to be passed by the Shareholders at the general meeting;
<b>“Allotment Date”</b>	the date on which Shares are allotted to a Grantee (or any other person so permitted pursuant to this Scheme) pursuant to the Option(s) granted and exercised hereunder;
<b>“associate(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“Auditors”</b>	the auditors of the Company for the time being;
<b>“award(s)”</b>	refers to shares granted or to be granted under a share award scheme of the Company or its principal subsidiary (as the case may be);
<b>“Board”</b>	the board of directors of the Company or a committee thereof appointed for the purpose of administering this Scheme;
<b>“Business Day”</b>	any day on which the Stock Exchange is open for the business of dealing in securities;
<b>“close associate(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“Company”</b>	Hyfusin Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM

	of the Stock Exchange;
<b>“Companies Act”</b>	the Companies Act (2022 Revision) of The Cayman Islands, as amended, supplemented or otherwise modified from time to time;
<b>“connected person(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“controlling shareholder(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“core connected person(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“Date of Grant”</b>	the date, which must be a Business Day, on which the Offer is made to the Selected Participant;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Electronic Communication”</b>	means a communication sent by electronic transmission in any form through any medium;
<b>“Eligible Participant(s)”</b>	any Employee Participant(s), Related Entity Participant(s) or Service Provider(s), provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories;
<b>“employee(s)”</b>	in relation to a company, its full-time or part-time employee(s), or person(s) for the time being seconded to work full-time or part-time for such company;
<b>“Employee Participant(s)”</b>	has the meaning ascribed to it under paragraph 4.2(a)
<b>“Exercise Date”</b>	the date of the notice given by the Grantee in respect of the exercise of the Option in accordance with paragraph 8.5;

R23.03A(1)(a)

<b>“Exercise Price”</b>	the price per Share at which a Grantee may subscribe for a Share on the exercise of an Option pursuant to this Scheme;
<b>“GEM Listing Rules”</b>	the rules governing the listing of securities on GEM of the Stock Exchange (as amended from time to time);
<b>“Grantee(s)”</b>	any Selected Participant(s) who accepts an Offer in accordance with the terms of this Scheme, or (where the context so permits) any person(s) who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative(s) of such person;
<b>“Group”</b>	the Company and its Subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“inside information”</b>	has the meaning defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) from time to time;
<b>“Offer”</b>	an offer of the grant of an Option made in accordance with paragraph 5.1;
<b>“Option(s)”</b>	an option granted for the subscription of Shares pursuant to this Scheme;
<b>“Option Period”</b>	in respect of an Option, the period within which an Option may be exercised by the Grantee as the Board may in its absolute discretion determine and which shall not be more than ten (10) years from the Date of Grant;
<b>“Refreshed Scheme</b>	has the meaning given to that term under

R23.03(5)

<b>Mandate Limit</b>	paragraph 10.2(A);
<b>“Refreshed Service Provider Sublimit”</b>	has the meaning given to that term under paragraph 10.2(A);
<b>“Related Entity Participant(s)”</b>	has the meaning ascribed to it under paragraph 4.2(b);
<b>“Scheme”</b>	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
<b>“Scheme Mandate Limit”</b>	has the meaning given to that term under paragraph 10.1(A);
<b>“Selected Participant(s)”</b>	any Eligible Participant(s) selected by the Board pursuant to paragraph 5.1 for participation in this Scheme;
<b>“senior manager(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“Service Provider(s)”</b>	has the meaning ascribed to it under paragraph 4.2(c)錯誤! 找不到參照來源。;
<b>“Service Provider Sublimit”</b>	has the meaning given to that term under paragraph 10.1(B);
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
<b>“Share Registrar”</b>	the principal share registrar or branch share registrar of the Company (as the case may be) from time to time;
<b>“Shareholder(s)”</b>	holder(s) of Shares;
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the 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);

<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited or other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Board) on which the Shares are for the time being listed or traded;
<b>“Subsidiary(ies)”</b>	has the meaning ascribed to it under the GEM Listing Rules whether incorporated in Hong Kong or elsewhere;
<b>“substantial shareholder”</b>	has the meaning ascribed to it under the GEM Listing Rules;
<b>“Termination Date”</b>	close of business of the Company on the date which falls ten (10) years from the Adoption Date;
<b>“Vesting Period”</b>	in respect of an Option, the minimum period for which an Option must be held before it can be vested as the Board may in its absolute discretion determine; and
<b>“%”</b>	per cent.

1.2 In this Scheme, save where the context otherwise requires:

- (a) paragraph headings are inserted for convenience of inference only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to paragraphs are references to paragraphs of this Scheme;
- (c) expressions in the singular shall include the plural and vice versa;
- (d) expressions in any gender or the neuter shall include other genders and the neuter;
- (e) references to persons shall include individuals, bodies corporate or

unincorporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal identity;

- (f) 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;
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same; and
- (h) any references to a time of a day in this Scheme is a reference to Hong Kong time.

## **2 CONDITIONS**

2.1 This Scheme shall take effect subject to and is conditional upon:

- (a) the passing of an ordinary resolution to approve the adoption of this Scheme by the Shareholders in general meeting and to authorise the Directors to grant Options thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options; and R23.02(1)(a)
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any Option in accordance with the terms and conditions of this Scheme.

## **3 PURPOSE, DURATION AND ADMINISTRATION**

3.1 The purpose of this Scheme is to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, as well as to motivate Eligible Participants to contribute to the success of the Group's operations. This Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants. R23.03(1)

3.2 Subject to the fulfilment of the conditions under paragraph 2 and any early R23.03(11)

termination provisions under paragraph 15, this Scheme shall be valid and effective commencing from the Adoption Date until the termination date as provided herein (which being the close of business of the Company on the date which falls 10 years from the Adoption Date), after which period no further Options will be granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

- 3.3 This Scheme shall be subject to the administration of the Board in accordance with this Scheme and the GEM Listing Rules, whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options regulated by paragraph 5.5 which shall be approved in the manner therein stated and save as otherwise provided herein) be final and binding on all persons who may be affected thereby. Subject to the requirements of the GEM Listing Rules, 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, the minimum period of the Options to be held, the number of Shares to be issued under the Option, the Exercise Price and other terms and conditions in relation to the grant of Options, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary, and (iv) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of this Scheme.
- 3.4 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board or for any mistake of judgment made in good faith for the purposes of this Scheme, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own fraud or bad faith.
- 3.5 Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the holding and exercise of his Option in accordance with this Scheme, the allotment



and issue of Shares to him upon the exercise of his Option and the holding of such Shares are and will be valid and will comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Board may, as a condition precedent of making an Offer and allotting Shares pursuant to an Option, require a Selected Participant to produce such evidence as they may reasonably require for such purpose.

#### **4 ELIGIBLE PARTICIPANTS**

4.1 Subject to the terms of this Scheme, the Board shall be entitled at any time during the life of this Scheme to offer the grant of any Option to any Eligible Participant as the Board may in its absolute discretion select.

4.2 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board on the basis of the Board's opinion as to the Eligible Participant's contribution or potential contribution to the success of the Group's operations and enhancing the value of the Company and its Shares. The Board may, at its absolute discretion, invite any person belonging to any of the following classes of persons of any member of the Group, to be an Eligible Participant of this Scheme and to take up an Option:

R23.03(2)  
R23.03A(1)

- (a) any Director or employee of the Company or any of its Subsidiaries (including any person who is granted Option(s) under this Scheme as an inducement to enter into employment contract with these companies), and shall not include independent non-executive Directors of the Company (each, an “**Employee Participant**”);
- (b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company (each, a “**Related Entity Participant**”); and
- (c) any 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 business, development or other 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 (each, a “**Service Provider**”).

4.3 In assessing whether Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions or potential contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing or future development of the Group, the value which such Eligible Participant has brought to the Group’s business and development and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to contribute towards the success of the Group’s operations.

R23.03(2)

R23.03A(2)

4.4 In determining the eligibility of an Employee Participant, the Board may consider all relevant factors as appropriate, including, among other things:

- (a) the individual’s skills, knowledge, experience, expertise relevant to the operations of the Group and in enhancing the value of the Company and its Shares;
- (b) the individual’s performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
- (c) the individual’s contribution made or expected to be made towards the success of the Group’s operations or enhancing the value of the Company and its Shares; and
- (d) the individual’s educational and professional qualifications, and knowledge in the industry in which the Group is currently having operations or the industry in which the Group is going to develop.

4.5 In assessing the eligibility of a Related Entity Participant, the Board may consider all relevant factors as appropriate, including, among other things:

- (a) the responsibility taken up or to be taken up by the Related Entity Participant towards the success of the Group’s operations or enhancing the value of the Company and its Shares;

- (b) the positive impacts brought by, or expected to be brought by, the Related Entity Participant on the Group's business development in terms of financial performance or financial position;
- (c) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships;
- (d) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (e) 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 principal businesses of the Group through a collaborative relationship.

4.6 In assessing the eligibility of a Service Provider, the Board may consider all relevant factors as appropriate, including, among other things:

- (a) in respect of contractors, suppliers and agents and entities providing business, development or other support:
  - (i) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;
  - (ii) the ability of the Service Provider to maintain the quality of services;
  - (iii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
  - (iv) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the financial return attributable to the Service Provider's collaboration with the Group;
  - (v) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and

- (vi) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.
- (b) in respect of advisers and consultants:
  - (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 prevailing market fees chargeable by other services providers;
  - (iv) the Group's length of engagement of or collaboration with the Service Provider; and
  - (v) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in revenue or profit.

## **5 GRANT OF OPTION**

5.1 On and subject to the terms of this Scheme and the requirements of the GEM Listing Rules, the Board shall be entitled at any time within ten (10) years from the Adoption Date at its absolute discretion to select any Eligible Participant for participation in this Scheme as a Selected Participant and to offer the grant of an Option to any Selected Participant to subscribe at the Exercise Price for such number of Shares as the Board may determine provided that:

- (a) no Options shall be granted under this Scheme after the termination of this Scheme in accordance with paragraph 15;
- (b) no Options shall be granted if the Company would be required to issue a prospectus or offer document in respect of such grant under relevant laws or regulations applicable to the Company;
- (c) no Options shall be granted if the grant would result in a breach by the Company or the directors of relevant laws or regulations (including those relating to securities); and
- (d) any Option, once issued, shall not be reissued under this Scheme.

- 5.2 The Offer shall specify the terms on which the Option is to be granted and the Board may at its discretion specify any condition in the Offer which must be satisfied before the Option may be exercised.
- 5.3 The Offer shall be made to a Selected Participant in writing in such form as the Directors may from time to time determine (the “**Offer Letter**”), which shall state the following:
- (a) the Date of Grant;
  - (b) the name, address and position (if applicable) of the Selected Participant, and the category to which the Selected Participant belongs;
  - (c) where the Selected Participant is a Related Entity Participant or Service Provider, the nature of services provided to the Company;
  - (d) the number of Shares in respect of which the Offer is made;
  - (e) the Exercise Price, and the manner of payment on and in consequence of the exercise of the Option;
  - (f) the Option Period, or as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer, and the method of exercise of the Option;
  - (g) the last date by which the Offer must be accepted (which must not be later than twenty-one (21) days from the Date of Grant);
  - (h) the Vesting Period of the Option;
  - (i) the procedure for acceptance;
  - (j) the performance target(s) (if any) that must be attained by the Selected Participant before any Option can be exercised;
  - (k) the clawback mechanism for the Company to recover or withhold any Option granted to any Selected Participants (if any) as provided in paragraph 15.2;
  - (l) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not

inconsistent with this Scheme;

and requiring the Selected Participant to undertake to hold the Options on the terms on which it is to be granted and to be bound by the provisions of this Scheme.

5.4 The Board may determine and set any performance targets, which shall be stated in the Offer to the Grantee, to be attained before the exercise of an Option granted to the Grantee as the Board may think fit. Such performance targets may include:

R23.03(7)

- (a) any measurable performance benchmark, including financial and management targets, which the Board considers relevant to the Grantee, such as key performance indicators of respective department(s) and/or business unit(s) that the Grantee belongs, individual position, annual appraisal result and performance of the Grantee determined under the Company's employee performance evaluation system;
- (b) the Grantee's fulfilment of milestones with respect to, including but not limited to, business development of the Group;
- (c) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and/or
- (d) any other performance targets as the Board determines as appropriate.

5.5 No Options shall be granted by the Board where dealings in the Shares are prohibited under any code or requirement of the GEM Listing Rules, the SFO, all applicable laws and any internal code of conduct in securities dealing adopted by the Company from time to time. In particular, no Options shall be granted during the period commencing one (1) month immediately before the earlier of:

R23.05

- (a) the date of board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of 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 ending on the date of the results announcements;
- (b) the deadline for the Company to announce its results for any year or half-year under Rule 18.49 or 18.78 of 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 announcements;

(c) during any period of delay in publishing a results announcement of the Company; and

(d) in any circumstance where such option is prohibited under the GEM Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

- 5.6 An Offer shall remain open for acceptance by the Selected Participant concerned for a period of twenty-one (21) days from the Date of Grant provided that no such grant of an Option may be accepted after the expiry of the effective period of this Scheme stated in paragraph 3.2 or after this Scheme has been terminated in accordance with paragraph 15. An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within twenty-one (21) days from the Date of Grant or within such other period of time as may be determined by the Board pursuant to the GEM Listing Rules. Such payment or remittance shall not be refundable in any circumstances nor be deemed to be part of the Exercise Price. R23.03(8)
- 5.7 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 a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate of the Offer Letter comprising acceptance of the Offer in the manner as set out in paragraph 5.6. An Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Selected Participant on the date of such acceptance. To the extent that the Offer is not accepted within twenty-one (21) days from the Date of Grant in the manner indicated in paragraph 5.6, it shall be deemed to have been irrevocably declined.
- 5.8 The Option Period of an Option shall not be more than ten (10) years from the Date of Grant of that Option. R23.03(5)
- 5.9 As soon as possible upon the granting by the Company of an Option under this R23.06A

R23.06B

R23.06C

Scheme, the Company must publish an announcement setting out the details of the grant in accordance with the GEM Listing Rules.

- 5.10 In general, the Company should not grant Options with performance-related elements to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

## **6 EXERCISE PRICE**

- 6.1 The Exercise Price in respect of any Option shall, subject to the adjustments referred to in paragraph 11, be such price determined by the Board at its absolute discretion and notified to the Selected Participant (which shall be stated in the Offer Letter as referred to in paragraph 5.3) at the time of the Offer and shall be at least the highest of:

R23.03(9)

R23.03E

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of the Shares on the Date of Grant.

## **7 VESTING PERIOD**

- 7.1 Subject to paragraph 7.2, the Vesting Period shall be determined by the Board in its absolute discretion and shall not be less than twelve (12) months from the Date of Grant.

R23.03(6)

R23.03F

- 7.2 A shorter Vesting Period may be granted to Employee Participants at the discretion of the Board (or the remuneration committee of the Board where the arrangements relate to grant of Options to Directors and/or senior managers) only in any of the following circumstances:

R23.03F

- (a) grants of "make-whole" Options to new joiners to replace the share options or shares they forfeited when leaving their previous employers;
- (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Options 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 Option may vest evenly over a period of twelve (12) months; or
- (e) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria.

## **8 EXERCISE OF OPTIONS**

8.1 An Option and an Offer shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option held by him or any Offer made to him or attempt to do so, except where applicable under the GEM Listing Rules, when the Stock Exchange has granted a waiver to the Grantee to transfer his Options to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of this Scheme and comply with other requirements under the GEM Listing Rules or for the transmission of an Option on the death of the Grantee to his personal representative(s) on terms of this Scheme. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company.

R23.03(17)

8.2 An Option may, subject to the terms and conditions upon which such Option is granted, be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, in the manner as set out in paragraph 8.3, by the Grantee 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 (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the

aggregate amount of the Exercise Price multiplied by the number of Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or the relevant independent financial advisor's (retained for such purpose) certificate pursuant to paragraph 11, the Company shall allot and issue, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.

8.3 Subject to the terms and conditions upon which the Option was granted, an Option may be exercised by the Grantee at any time during the Option Period, provided that:

- (a) in the event the Grantee (being an Employee Participant) ceases to be an Employee Participant for any reason other than (i) his death or (ii) on one or more of the grounds of termination of employment specified in paragraph 9.1(f), the Option (which is only applicable to vested Option under this Scheme with a vesting period not shorter than 12 months) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines (such as by reason of disability, ill-health or retirement in accordance with the relevant contract of employment) in which event the Option shall be exercisable to the extent and within a period of twelve (12) months following the date of cessation of employment (or such longer period as the Board may determine). The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of the Group) shall be the last actual working day on which the Grantee was physically at work with the Company or the relevant Subsidiary of the Company, whether salary is paid in lieu of notice or not;
- (b) in the event the Grantee ceases to be an Employee Participant for reason of his death before exercising the Option (which is only applicable to vested Option under this Scheme with a vesting period not shorter than 12 months) in full and none of the events for termination of employment under paragraph 9.1(f) then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of twelve (12) 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 as at the date of death;
- (c) if a general or partial offer by way of scheme of arrangement is made to

all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its 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, Shareholders. If such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other term on which his Options were granted, be entitled to exercise the Option (which are only applicable to vested Options under this Scheme with a vesting period not shorter than 12 months, and 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 thereafter and the record date for entitlements under the scheme of arrangement;

- (d) other than a general or partial offer or a scheme of arrangement contemplated in paragraph 8.3(c) above, if a compromise or arrangement between the Company and its members 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, the Company shall give notice thereof to all the Grantees on the same day as it despatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a scheme or arrangement, and thereupon each Grantee (or his personal representative(s)) may by notice in writing to the Company accompanied by the remittance of the Exercise Price in respect of the relevant Option (such notice to be received by the Company not later than two (2) Business Days before the proposed meeting) exercise any of his Options (which are only applicable to vested Options under this Scheme with a vesting period not shorter than 12 months, and to the extent which has become exercisable and not already 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 of competent jurisdiction and becoming effective. 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 meeting referred to above, allot and issue such number of Shares to the Grantee which may fall to be issued on such exercise credited as fully paid and register the Grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all

Options shall lapse except insofar as previously exercised under this Scheme. The Company may require the Grantee (or his personal representative(s)) 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;

- (e) if a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same day as or soon after it despatches such notice to each member of the Company give notice thereof to all the Grantees and thereupon, each Grantee (or his respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company, accompanied by the remittance of the Exercise Price in respect of the relevant Option (such notice to be received by the Company not later than two (2) Business Days prior to the proposed general meeting of the Company) exercise the Option (which are only applicable to vested Options under this Scheme with a vesting period not shorter than 12 months, and to the extent which has become exercisable and not already exercised) whether in full or in part and the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee which may fall to be issued on such exercise credited as fully paid and register the Grantee as holder of such Shares; and
- (f) if a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its 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, Shareholders. If such offer becomes or is declared unconditional, the Grantee shall, notwithstanding any other term on which his Options were granted, be entitled to exercise the Option (which are only applicable to vested Options under this Scheme with a vesting period not shorter than 12 months, and 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 thereafter and up to the close of such offer (or any revised offer).

8.4 For the purpose of this paragraph 8:

- (a) any references to exercising an Option shall refer to exercising that Option to the extent not already exercised, notwithstanding that the Option Period has not come into effect;
- (b) pursuant to paragraphs 8.3(c), 8.3(d), 8.3(e) and 8.3(f), the Company may in its discretion notwithstanding the terms of the relevant Option, at the same time as giving the notice provided for under each of those paragraphs, also give notice to a Grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company; and
- (c) if the Company gives notice under paragraph 8.4(b) that an Option can be exercised in part only, the balance of the Option shall lapse.

8.5 The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the articles of association of the Company for the time being in force and shall rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company, 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 of the Company (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company), in respect of the Shares to be issued upon the exercise of the Option.

R23.03(10)  
R23.03(15)

8.6 Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee provided such new Options are granted within the limits prescribed by paragraph 10 and otherwise comply with the terms of this Scheme. The Options cancelled will be regarded as utilised for

R23.03(14)  
R23.03(14)

Note

the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

## **9 LAPSE OF OPTION**

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

R23.03(12)

- (a) the expiry of the Option Period;
- (b) the expiry of the periods for exercising the Option as referred to in paragraph 8.3;
- (c) subject to the scheme of arrangement (referred to in paragraph 8.3(d)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 8.3(d);
- (d) subject to the voluntary winding-up of the Company (referred to in paragraph 8.3(e)), the expiry of the period for exercising the Option as referred to in paragraph 8.3(e);
- (e) the date on which the Grantee commits a breach of paragraph 8.1;
- (f) the date on which the Grantee (being an Employee Participant) ceases to be an Employee Participant by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment summarily;
- (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (h) where the Grantee is a Related Entity Participant or a Service Provider, the date on which the Board shall at its absolute discretion determine that:
  - (i) 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; (ii) 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 (iii) the Grantee and/or the relevant Related Entity Participant or 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;

- (i) where the Grantee is an Employee Participant, a Related Entity Participant or a Service Provider of a member of the Group (other than the Company), the date on which such member ceases to be a Subsidiary of the Company; and
- (j) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 8.3(a) or 8.3(b), the date the Grantee ceases to be a Selected Participant (as determined by a Board resolution) for any reason.

9.2 Transfer of employment of a Grantee who is a Selected 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 as a cessation of employment if a Grantee who is a Selected 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.

9.3 If an Option shall lapse, the Board shall notify the Grantee in writing of such lapse.

## **10 MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

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

R23.03(3)

R23.03B(1)

(A) The total number of Shares which may be issued in respect of all Options or share options and awards to be granted under this Scheme and any other share scheme(s) of the Company (and to which the provisions of Chapter 23 of the GEM Listing Rules are applicable) (the “**Scheme Mandate Limit**”) shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date.

- (B) Subject to paragraph 10.1(A), the total number of Shares which may be issued in respect of all Options, share options and awards to be granted to the Service Providers under this Scheme and any other share scheme(s) of the Company (and to which the provisions of Chapter 23 of the GEM Listing Rules are applicable) shall be 10% of the Scheme Mandate Limit (the “**Service Provider Sublimit**”).
- R23.03(3)  
R23.03B(2)

## 10.2 Refresh and Renewal of Scheme Mandate Limit and Service Provider Sublimit

- (A) The Company may refresh the Scheme Mandate Limit (and the Service Provider Sublimit) at any time by obtaining approval of the Shareholders in general meeting after three (3) years from the Adoption Date or the date of the Shareholders’ approval for the last refreshment, provided that:
- R23.03C(1)(a)
- (i) the total number of Shares which may be issued in respect of all share options and awards to be granted under all of the share option scheme(s) and share award scheme(s) of the Company under the Scheme Mandate Limit as refreshed (the “**Refreshed Scheme Mandate Limit**”) shall not exceed 10% of the Shares in issue at the date of the Shareholders’ approval of such Refreshed Scheme Mandate Limit, and the Service Provider Sublimit as refreshed (the “**Refreshed Service Provider Sublimit**”) shall not exceed 10% of the Refreshed Scheme Mandate Limit; and
  - (ii) the Company must send a circular to its Shareholders containing the number of Options, share options and awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment.
- (B) Any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three (3) year period must be approved by the Shareholders, subject to:
- R23.03C(1)(b)
- (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 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.

(C) The requirements under paragraph (B)2(B) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 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 securities, rounded to the nearest whole Share. R23.03C(1)(e)

10.3 For the purpose of calculating the Scheme Mandate Limit, Service Provider Sublimit, Refreshed Scheme Mandate Limit or Refreshed Service Provider Sublimit, as the case may be, Options or share options or awards previously granted under this Scheme or any other share option scheme(s) or share award scheme(s) of the Company lapsed in accordance with the terms of the scheme shall not be regarded as utilised. R23.03B Note 1

10.4 The Company may also seek separate Shareholders' approval in general meeting for granting Options, share options and awards under this Scheme or other share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Mandate Limit, provided the share options or awards in excess of the Scheme Mandate Limit are granted only to Selected Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Selected Participant who may be granted such share options or awards, the number and terms of the share options or awards to be granted to each Selected Participant, and the purpose of granting share options or awards to the specified Selected Participants with an explanation as to how the terms of the share options or awards serve such purpose. The number and terms of share options or awards to be granted to such Selected Participant must be fixed before Shareholders' approval. In respect of any share options or awards to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Exercise Price. R23.03C(3)

10.5 **Limit on granting Options to individual Eligible Participants** R23.03(4)

(A) Without prejudice to paragraph 10.5(B), the total number of Shares issued and to be issued in respect of all Options or options or share awards granted to each Selected Participant (including both exercised or outstanding Options, R23.03D(1)

share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) in any twelve (12) month period up to and including the date of such grant shall not exceed 1% of the Shares in issue (the “**1% Individual Limit**”).

(B) Any further grant of Options, share options or awards to an Selected Participant which would result in the Shares issued and to be issued upon exercise of all Options, share options and awards granted and to be granted to such Selected Participant (including both exercised or outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) in the twelve (12) month period up to and including the date of such further grant exceeding the 1% Individual Limit shall be subject to Shareholders’ approval in general meeting in advance with such Selected Participant and his close associates (or his associates if such Selected Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders.

(C) The circular under paragraph 10.5(B) must disclose the identity of the Selected Participant, the number and terms of the Options to be granted (and those previously granted to such Selected Participant in the 12-month period), the purpose of granting Options to the Selected Participant and an explanation as to how the terms of the Options serve such purpose. The number and terms of the Options to be further granted to such Grantee must be fixed before Shareholders’ approval. In respect of any Options or awards to be further granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

#### **10.6 Granting Options to a director, chief executive or substantial shareholder or any of their respective associates**

(A) Any grant of Options to any Director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be approved by the independent non-executive Directors.

R23.04(1)

(B) Where any grant of Options to a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options, share options and awards granted (excluding any Options, share options or awards lapsed in accordance with the respective terms of the scheme) to such person in the twelve (12) month period up to and

including the Date of Grant (or such other period as may from time to time be specified by the Stock Exchange) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue on the Date of Grant, such grant of Options shall be subject to prior approval by the Shareholders in general meeting (voting by way of poll). The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting and the Company shall comply with the requirements under Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules. The Company must send a circular to the Shareholders of the Company.

(C) The circular sent under paragraph 10.66 must contain:

R23.04(5)

- (i) details of the number and terms (including Exercise Price) of the Options to be granted to each Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purposes of calculating the Exercise Price;
- (ii) a recommendation from the independent non-executive Directors to the independent Shareholders as to voting; and
- (iii) the information as may be required under the GEM Listing Rules from time to time.

(D) Any change in the terms of Options granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in the manner set out in Rule 23.04(4) of 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).

R23.04(5) Note 1

(E) For the avoidance of doubt, the requirements for the grant of Options to a Director or chief executive of the Company set out in Rule 23.04 of the GEM Listing Rules do not apply where the Eligible Participant is only a proposed Director or chief executive of the Company.

R23.04(5) Note 2

10.7 If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit, the Service Provider Sublimit or any of the renewal limit has been

R23.03B Note 2

approved by the Shareholders in general meeting, the maximum number of Shares that may be issued in respect of all Options and awards to be granted under this Scheme and any other share schemes of the Company 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 consolidation or subdivision shall be the same, rounded to the nearest whole Share.

- 10.8 The maximum number of Shares referred to in paragraph 10 shall be adjusted, in such manner as the Auditors or the independent financial advisor of the Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 11 whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company (excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is a party). R23.03(13)

## **11 REORGANISATION OF CAPITAL STRUCTURE AND SPECIAL DIVIDENDS**

- 11.1 In the event of an alteration in the capital structure of the Company whilst any Option granted under this Scheme remains exercisable whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to: R23.03(13)
- (i) the number or nominal amount of Shares comprised in each Option so far as unvested;
  - (ii) the number or nominal amount of Shares comprised in each Option so far as vested but unexercised; and/or
  - (iii) the Exercise Price;

as the Auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole

Share, as that to which that Grantee was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). The capacity of the Auditors or independent financial advisor (as the case may be) 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 Auditors or independent financial advisor (as the case may be) in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme shall be borne by the Company.

11.2 In respect of any adjustment referred to in paragraph 11.1, other than any adjustment made on a capitalisation issue, the Auditors or independent financial advisor (as the case may be) must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

11.3 If there has been any alteration in the capital structure of the Company as referred to in paragraph 11.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 8.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 11.1.

## **12 SHARE CAPITAL**

12.1 The exercise of any Option shall be subject to the members of the Company in 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 allot the Shares for the exercise of any Option.

## **13 ALTERATION OF THIS SCHEME**

13.1 Subject to paragraphs 13.2 to 13.5, the Board may amend any of the provisions of this Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of this Scheme, which are not

R23.03(18)

restricted under Chapter 23 of the GEM Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

- 13.2 Any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the Selected Participants must be approved by Shareholders in general meeting. R23.03(18)  
Note 1
- 13.3 Any change to the terms of Options granted to a Selected Participant must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of this Scheme. R23.03(18)  
Note 2
- 13.4 Any change to the authority of the Directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in general meeting. R23.03(18)  
Note 4
- 13.5 The amended terms of this Scheme and/or any Options pursuant to this paragraph 13 must comply with the relevant requirements of Chapter 23 of the GEM Listing Rules issued by the Stock Exchange from time to time. R23.03(18)  
Note 3
- 13.6 Any change to the terms of Options granted to a Grantee shall be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of this Scheme.

## **14 DISPUTES**

- 14.1 Any dispute arising in connection with this Scheme (whether as to the number of Shares of an Option, the Exercise Price or any adjustment under paragraph 11) shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

## **15 EARLY TERMINATION AND CLAWBACK MECHANISM**

R23.03(16)

15.1 The Company may by ordinary resolution in general meeting terminate the operation of this Scheme and in such event no further Options shall be offered or granted but in all other respects the provisions of this Scheme shall remain in full force and effect and 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 granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme. Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with this Scheme and the GEM Listing Rules.

15.2 Unless the Board otherwise determined and provided in the Offer, where there has been an occurrence of misconduct during the Option Period such as:

R23.03(19)

- (i) any material misstatements or omissions in the Company's financial statements by a Grantee;
- (ii) any violation by a Grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information;
- (iii) any termination of employment contracts by a Grantee without notice or payment in lieu of notice;
- (iv) any conviction of any criminal offence by a Grantee involving integrity or honesty; or
- (v) any conduct of a Grantee that has material adverse effect to the reputation or interests of the Group,

the Options granted to the Grantee may be subject to clawback as considered, determined and approved by the Board where appropriate. The clawback of Options granted to the Directors and senior managers of the Group, and any grants of Options to the Directors and senior managers of the Group without clawback, shall be further subject to the satisfaction of any other requirements under the GEM Listing Rules. The Options that are clawed back pursuant to this paragraph shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be).

## **16 TAXATION AND WITHHOLDING**

- 16.1 A Grantee shall bear all taxes and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 16.2 The Company or any subsidiary shall be entitled to withhold, and any Grantee shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with paragraph 16.1.
- 16.3 The Board may establish appropriate procedures to provide for any such payment so as to ensure that the Company or any Subsidiary receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the Company or such Subsidiary any tax deduction resulting from the occurrence of such event.
- 16.4 The Company or any Subsidiary may, by notice to the Grantee and subject to any rules as the Board may adopt, require that the Grantee to pay at the time of the Option an amount estimated by the Company or any Subsidiary to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Option.

## **17 MISCELLANEOUS**

- 17.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Participant, and the rights and obligations of any such Eligible Participant under the terms of his office or employment or engagement shall not be affected by his participation in this Scheme and this Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.
- 17.2 This Scheme shall not confer on any person any legal or equitable rights (other than those rights 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 or any Subsidiary.
- 17.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors and the independent financial advisers in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme.



- 17.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders generally at the same time or within a reasonable time of any such notices or documents being sent.
- 17.5 Any notice or other communication between the Company and a Grantee shall be in writing and may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong, in the case of the Grantee, his address in Hong Kong or China as notified to the Company from time to time, provided that in case of notice or other communication given by the Company to a Grantee, it may be given by Electronic Communication.
- 17.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 17.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (i) one (1) day after the date of posting, if sent by post;
  - (ii) when delivered, if delivered by hand; and
  - (iii) if delivered by electronic transmission, on the day on which the Electronic Communication is transmitted to the Grantee, and no notification has been received by the Company that the Electronic Transmission has not reached the Grantee. Any failure in transmission of the Electronic Communication which is beyond the sender's control shall not invalidate the effectiveness of the notice or communication being served.
- 17.8 All allotments and issues of Shares pursuant to this Scheme shall be subject to all necessary consents under any relevant legislation for the time being in force in Hong Kong to which the Company is subject to. 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, holding or exercise of the Option. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein. 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 participation in this Scheme.

17.9 By accepting an Offer a Selected Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this Scheme.

17.10 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme and all applicable requirements of the GEM Listing Rules. The Board shall also have the power to delegate its powers to grant Options to Selected Participants and to determine the Exercise Price, to the Company's chief executive officer or managing director from time to time subject to compliance with the GEM Listing Rules.

17.11 The Company shall maintain all necessary books of account and records relating to this Scheme.

17.12 A Grantee who is a member of the Board may, subject to and in accordance with the articles of association of the Company, provisions of this Scheme and the requirements under the GEM Listing Rules, notwithstanding his interest, vote on any Board resolution concerning this Scheme (other than in respect of his own participation therein) and may retain any benefit under this Scheme.

17.13 The Company shall provide a summary of the terms of this Scheme to all Eligible Participants on joining the scheme (and a copy of this Scheme document to any Eligible Participant who requests such a copy). The Company must provide to all Eligible Participants all details relating to changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.

## **18 GOVERNING LAW**

18.1 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.