

Conditionally adopted on 27 October 2016, amended on 17 November 2020, 30 March 2023 and [28 July 2023], pursuant to the written resolutions of the shareholders of the Company

**NEW HUO TECHNOLOGY HOLDINGS
LIMITED**

新火科技控股有限公司

**(a company incorporated in the British Virgin
Islands with limited liability)**

SHARE OPTION SCHEME

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SHARE OPTION SCHEME

1. DEFINITIONS

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

"Adoption Date"	27 October 2016, the date on which the Scheme is conditionally adopted by the Shareholders by way of written resolutions;
"associate(s)"	has the meanings ascribed to it under the Listing Rules;
"Auditors"	the auditors for the time being of the Company;
"Board"	the board of directors of the Company or a duly authorised committee thereof;
"business day"	any day on which the Stock Exchange is open for the business of dealing in securities;
"chief executive"	has the meanings ascribed to it under the Listing Rules;
"Business Companies Act"	the BVI Business Companies Act 2004 of the British Virgin Islands, as amended, supplemented or otherwise modified from time to time;
"Company"	New Huo Technology Holdings Limited 新火科技控股有限公司, a company incorporated in the British Virgin Islands with limited liability;
"Director(s)"	director(s) of the Company;
"Financial Adviser"	an independent financial adviser of the Company;
"Main Board"	the securities listed on the stock market operated by the Stock Exchange other than GEM;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Grantee"	any Participant who accepts the Offer of the grant of any Option in accordance with the terms of the Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative(s) of such person;

"Group"	the Company and any entity in which the Company directly or indirectly holds any equity interest;	
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;	
"Offer"	the offer of the grant of an Option made in accordance with Clause 6;	
"Offer Date"	the date on which an Option is offered to a Participant;	
"Option"	an option to subscribe for Shares granted and accepted pursuant to the Scheme and for the time being subsisting and "Options" shall be construed accordingly;	
"Option Period"	the period for the exercise of an Option to be notified by the Board to the Grantee in the Offer, but in any event shall not exceed 10 years from the Offer Date;	17.03(5)
"Participant"	any person who satisfies the eligibility requirements set out in Clause 4;	17.03(2)
"Remuneration Committee"	remuneration committee of the Company;	
"share scheme(s)"	has the meanings ascribed to it under the Listing Rules;	
"Scheme"	this share option scheme in its present form or as amended in accordance with the provisions hereof;	
"Scheme Mandate Limit"	has the meanings set out in Clause 10.01(b);	
"Scheme Period"	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof;	
"Share(s)"	the ordinary share(s) of the Company with a par value of HK\$0.001 each (or of such other nominal amount of the shares comprising the ordinary shares of the Company as shall result from a subdivision or a consolidation of such shares from time to time) of the Company;	

"Shareholder(s)"	holder(s) of Shares from time to time;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in Clause 7;
"substantial shareholder(s)"	has the meanings ascribed to it under the Listing Rules; and
"HK\$"	the lawful currency of the Hong Kong.

- 1.02 Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme. References herein to Clauses are to clauses of this Scheme.
- 1.03 References to masculine gender include references to the feminine and neuter gender and references to the singular include references to the plural and vice versa.
- 1.04 Any reference to a time of a day in the Scheme is a reference to Hong Kong time.
- 1.05 References to persons include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises, branches and entities of any other kind whether or not having separate legal entity.

2. CONDITIONS

- 2.01 This Scheme shall take effect subject to the passing of the necessary resolution to adopt the Scheme by the Shareholders in general meeting and is conditional upon the listing committee of the Stock Exchange granting approval of the Scheme and any Options which may be granted under the Scheme and the listing of and permission to deal in any Shares to be issued pursuant to the exercise of any Options which may be granted under the Scheme and commencement of dealings in the Shares on the Stock Exchange. 17.02(1)(a)
- 2.02 If any of the above conditions are not satisfied on or before the date falling 30 days after the date of the prospectus of the Company in connection with its application for listing of the Shares on the Stock Exchange, this Scheme shall forthwith determine and no person shall be entitled to any right or benefit or be under any obligation under or in respect of this Scheme.
- 2.03 A certificate of a Director that the conditions as set out in Clause 2.01 I have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date shall be conclusive evidence of the matters so certified.

3. PURPOSES OF THE SCHEME

- 3.01 The Scheme is a share incentive scheme and is established to recognize, motivate and provide incentives to those who make contributions to the Group. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time) and directors, and by enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group, promote the success of the Group's businesses. 17.03(1)
- 3.02 The Scheme will give the Participants an opportunity to have a personal stake in the Company and will help achieve the following objectives:
- (a) motivate the Participants to optimise their performance and efficiency; and
 - (b) attract and retain the Participants whose contributions are important to the long-term growth and profitability of the Group.

4. DETERMINATION OF ELIGIBILITY

- 4.01 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 a Participant of this Scheme and to take up an Option to subscribe for Shares: 17.03(2)
17.03A(1)(a)
17.03A(2)
- (a) any full-time or part-time employee of any member of the Group; and
 - (b) any director and chief executive officers (including executive, non-executive or independent non-executive directors) of any member of the Group.

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or any other securities of the Group to any person who fall within any of the above classes of Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under this Scheme. Furthermore, the Participants include persons who are

granted Options under the Scheme as an inducement to enter into employment contracts with any member(s) of the Group.

- 4.02 The basis of eligibility of any participant to the grant of any Option shall be determined by the Board (or as the case may be, the independent non-executive directors) from time to time on the basis of the Participant's contribution or potential contribution to the development and growth of the Group.

17.03(2)

5. DURATION AND ADMINISTRATION

- 5.01 Subject to Clauses 2 and 15, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof, after which period no further Options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects 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. Options granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of grant within the Option Period.

17.03(11)

- 5.02 The Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein and in the absence of manifest error) shall be final and binding on all parties.

6. GRANT OF OPTION

- 6.01 On and subject to the terms of the Scheme, the Board shall be entitled at any time and from time to time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, which may include a condition that the Grantee shall not dispose of the Shares issued upon exercise of the Option within such period of time or under such conditions as the Board may at its absolute discretion determine, minimum period for which an Option must be held and performance targets that must be achieved before an Option can be exercised, to subscribe during the Option Period for such number of Shares (being, subject to Clause 14, a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may determine at the Subscription Price provided always that an Offer made to such Participant will not constitute an invitation to the public to subscribe for the Shares under any applicable legislations.

17.03(6), (7)

- 6.02 An Offer shall be made to a Participant on a trading day by letter in such form as the Board may from time to time determine, 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 the Scheme and shall remain open for acceptance by the Participant concerned for a period of 7 days from the Offer Date (inclusive of the Offer Date) provided that no such offer shall be open for acceptance after expiry of the Scheme (subject to any early termination thereof).

- 6.03 An Offer shall be deemed to have been accepted and an Option to which the Offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the Board may from time to time determine signifying acceptance of the Option duly

17.03(8)

signed by the Grantee 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. Such remittance shall in no circumstances be refundable.

6.04 Any Offer must be accepted in its entirety and can under no circumstances be accepted of less than the number of Shares for which it is offered. To the extent that the Offer of the grant of an Option is not accepted within 7 days in the manner indicated in Clause 6.03, it will be deemed to have been irrevocably rejected by the Participant and the Offer shall lapse and become null and void.

6.05 No Offer may be made after any inside information (as defined in the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO")) has come to the knowledge of the Company until such inside information has been announced in accordance with the requirements of the Listing Rules and the SFO. In particular, no Option may be granted during the period commencing one month immediately before the earlier of:

17.05

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to announce its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules).

6.06 Further to the restrictions in Clause 6.05, no option may be granted on any day on which financial results of the Company are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

6.07 Subject as hereinafter provided in the Scheme, vesting period for Options shall not be less than 12 months.

17.03(6)
17.03F

The Remuneration Committee shall have the authority to determine that Options granted to the Participants to be subject to a shorter vesting period, only under the following circumstances:

- (a) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (b) grants of Options with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria; and
- (c) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months.

6.08 Subject to the aforesaid and other provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of Options impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Options) including (without prejudice to the generality of the foregoing) the achievement of any performance targets by the Grantee before the right to exercise the Options in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Scheme.

6.09 Regarding performance targets under the Scheme, proposed performance targets include business, financials, operations and creation of capital value for the Group's business segments (such as increase in revenue and net profit after tax) as well as that for the Participants based on individual performance indicators relevant to their roles and responsibilities on a case-by-case basis (such as revenue growth rate by existing/new markets or by existing/new products, number of new product development, production yield). The Remuneration Committee will conduct assessment at the end of the performance period by comparing the performance of the business segments and the individual performance of the Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.

17.03(7)

6.10 Notwithstanding the terms and conditions of this Scheme, the Directors may provide in the notice of offer that any Option prior to it being exercised may be subject to clawback or a longer vesting period if the Group faces any material adverse change or difficulty in its financial position or operating conditions.

17.03(19)

The Directors may by notice in writing to the Grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Directors may consider appropriate; or (bb) extend the vesting period in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate. The Options which are clawed back pursuant to this clause 6.10 will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Save for the above, there is no other clawback mechanism to recover or withhold the remuneration (which may include any Options granted) to any Grantees in any event.

7. SUBSCRIPTION PRICE

The Subscription Price shall be a price solely determined by the Board and notified to a Participant and shall be at least the higher of: (i) 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; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date, provided always that in the event of fractional prices, the Subscription Price per Share shall be rounded upwards to the nearest whole cent.

17.03(9)
17.03E

For the purpose of calculating the Subscription Price, where the Company has been listed on the Stock Exchange for less than 5 business days, the new issue price shall be used as the closing price for any business day fall within the period before listing.

8. EXERCISE OF OPTIONS

- 8.01 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option (where the Grantee is a company, any change of its major shareholder or any substantial change in its management as determined by the Board at its sole discretion will be deemed to be a sale or transfer of interest as aforesaid, if so determined by the Board at its sole discretion). Any breach of the foregoing by a Grantee shall entitle the Company to cancel, revoke or terminate any Option granted to such Grantee to the extent not already exercised. 17.03(17)
- 8.01A Subject to the Stock Exchange granting the necessary waiver, a Grantee may transfer any Option to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee including but not limited to for estate planning and/or tax planning purposes that would continue to meet the purpose of the Scheme and comply with other requirements of Chapter 17 of the Listing Rules. In the event of any such transfer, the Company shall disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.
- 8.02 An Option may be exercised in whole or in part in the manner as set out in Clauses 8.03 and 8.04 by the Grantee giving notice in writing to the Company in such form as the Board may from time to time determine 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 full amount of the aggregate Subscription Price of the Shares in respect of which the notice is given together with the reasonable administration fee specified by the Company from time to time. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' certificate or the confirmation of the Financial Adviser (as the case may be) pursuant to Clause 11, the Company shall issue and allot the relevant Shares, fully paid, to the Grantee.
- 8.03 Subject as hereinafter provided in the Scheme, an Option may be exercised by the Grantee at any time during the Option Period provided that: 17.03(5)
- (i) in the event that the Grantee (being an individual) dies before exercising the Option in full, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement (to the extent which has become exercisable and not already exercised) within the period of 12 months following his death provided that where any of the events set out in Clause 8.03(d), (e) and (f) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the Option within such of the various periods respectively set out in such clauses instead of the period referred to in this Clause 8.03(a) and provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts as specified in Clause 9(d) which would have entitled the Company to terminate his employment prior to his death, the Board may at

any time forthwith terminate the Option of the Grantee (to the extent not already lapsed or exercised) by written notice to his legal personal representatives and the Option (to the extent not already lapsed or exercised) shall lapse on the date of the relevant Board resolution;

- (ii) in the event that the Grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee of the Group for any reason other than (i) his death or (ii) the termination of his employment on one or more of the grounds specified in Clause 9(d), the Option (to the extent not already lapsed or exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day on which the Grantee was physically at work with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not);
- (iii) in the event that the Grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee by reason of a termination of his employment on one or more of the grounds specified in Clause 9(d) and the Grantee has exercised the Option in whole or in part pursuant to Clause 8.02, but Shares have not been allotted to him, the Grantee shall, unless the Board determines otherwise, be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option;
- (iv) in the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) the Company shall use its best endeavours to procure that an appropriate offer is extended to all the Grantee (on comparable terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, as Shareholders). If such offer becoming or being declared unconditional, the Grantee shall, notwithstanding any terms on which his/her Options were granted, be entitled to exercise the Option in full (to the extent not already lapsed or exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional;
- (v) in the event of a compromise or arrangement between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Business Companies Act the Company shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to the Shareholders or its creditors to consider such a compromise or arrangement and the Options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part not later than 2 business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the "**Suspension Date**"), by giving notice in writing to the

Company in accordance with Clause 8.02, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the Grantee credited as fully paid. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this Clause 8.03(e) shall for the purposes of such compromise or arrangement form part of the issued shares of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of this Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers;

- (vi) in the event 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 date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee shall be entitled to exercise all or any of his options at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

8.04 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the 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 accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any Option shall

17.03(15)
17.03(10)

not carry any voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

9. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:- 17.03(12)

- (i) the expiry of the Option Period;
- (ii) the date on which the Board exercises the Company's right to cancel the Options on the ground that the Grantee commits a breach of Clauses 8.01 and 8.01A in respect of that or any other Option;
- (iii) the expiry of any of the periods referred to in Clauses 8.03(a), (b), (c), (d), (e) or (f);
- (iv) subject to Clause 8.03(f), the date of the commencement of the winding-up of the Company;
- (v) in the event that the Grantee is an employee of the Group when an Offer is made to him and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Group, the date of cessation of his employment with the Group. A resolution of the Board or the board of directors of the relevant member of the Group to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 9(e) shall be conclusive and binding on the Grantee;
- (vi) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the Grantee, or conviction of the Grantee of any criminal offence involving his integrity or honesty;
- (vii) subject to the compromise or arrangement as referred to in sub-paragraph 8.03(e) becoming effective, the date on which such compromise or arrangement becomes effective;
- (viii) the Grantee has contravened the relevant laws and regulations of PRC and/or Hong Kong or in other countries due to acceptance or solicitation of bribery, corruption, theft and other unlawful acts and misconduct;

- (ix) the Grantee has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in a loss to the Company and other adverse consequences; and
- (x) where the Grantee is only a substantial shareholder of any member of the Group, the date on which the Grantee ceases to be a substantial shareholder of such member of the Group.

10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 10.01 (a) Notwithstanding any provision stated herein, each grant of the Options and share awards granted under the share schemes of the Company (which include the Scheme and any other share schemes, where applicable) to a director, chief executive officer (other than a proposed director or a proposed chief executive officer of the Company) or substantial shareholder of the Company, or any of their respective associates, under the Scheme or any other share schemes shall comply with the requirements of Rule 17.04 of the Listing Rules and shall be subject to approval by the independent non-executive directors (excluding independent non-executive director who is a Grantee). 17.04
- (b) Subject to Clauses 10.01(c) and (d), the maximum number of Shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period, or as at the date of the 10% limit is refreshed (as contemplated under Clause 10.01(c)) (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue upon the date on which the Shares are listed and permitted to be dealt in the Stock Exchange. 17.03(3)
17.03B(1)
- (c) The Scheme Mandate limit as mentioned under Clause 10.01(b) may be refreshed by approval of the Shareholders in general meeting after three years from the date of Shareholders' approval for the last refreshment of the aforesaid Scheme Mandate Limit, provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under this Scheme or any other share schemes (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of this Scheme or any other share schemes of the Company) will not be counted for the purpose of calculating the limit as "refreshed". A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard. 17.03C(1)
17.03C(2)
- (d) Any aforementioned refreshment within any three-year period must be approved by Shareholders of the Company subject to the following provisions:
- (i) any controlling Shareholders and their associates (or if there is no controlling Shareholder, directors (excluding independent non-executive directors of the Company) 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 of the Company; and

(ii) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules or such other provisions as required under Rule 17.03C of the Listing Rules.

The requirements under sub-paragraphs (i) and (ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.

10.02 Subject to Clause 10.03, the maximum entitlement of Options for each Participant shall not exceed such 1% Individual Limit elaborated in this Clause 10.2. Where any grant of Options to a Grantee under the Scheme would result in the Shares issued and to be issued upon exercise of all Options and other share awards granted to such person (excluding any Options and other share awards lapsed in accordance with the terms of the Scheme or any other share scheme(s)) under the Scheme and any other share schemes up to and including the date of such further grant in the 12-month period representing in aggregate over 1 per cent of the total number of grant Shares in issue (“**1% Individual Limit**”):

17.03(4)
17.03D(1)

- (a) such further grant shall be subject to the issue of a circular to the Shareholders and their approval in general meeting with such Grantee and his associates (or his associates if the Grantee is a connected person of the Company) abstaining from voting;
- (b) the circular abovementioned must disclose the identity of the Participants, the number and terms of the Options to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting Options to such Participants and an explanation as to how the terms of the Options serve such purpose. The number and terms of Options to be granted to such Participants must be fixed before shareholders’ approval; and
- (c) in respect of any Options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

17.03D(2)

10.03 The maximum number of Shares referred to in Clauses 10.01 and 10.02 will be adjusted, in such manner as the Auditors shall certify in writing or the Financial Adviser shall confirm in writing (as the case may be) to the Board to be fair and reasonable in accordance with Clause 11, in the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the authorised shares of the Company.

17.03(13)

Where any grant of Options under the Scheme to a substantial shareholder or an independent director of the Company or any of their respective associates would result in the total number of Shares issued or to be issued upon exercise of all Options and share awards already granted and to be granted (including Options exercised, cancelled and outstanding) under the Scheme, and any other options or share awards under any other share schemes of the Company, to such person any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, any such further grant of Options must be approved by the

17.04(3)

17.04(4)

Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. Such Grantee(s), his/her associates, and all core connected persons of the Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant and his intention to do so has been stated in the aforesaid circular). Any change in the terms of an Option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective close associates is also required to be approved by Shareholders in the aforesaid manner.

The circular as mentioned under Clause 10.03 shall contain the following information:

17.04(5)

- (i) details of the number and terms (including the Option Period, vesting period of the Options, performance targets (if any), such amount, if any, payable on application or acceptance of the Options, basis of determination of subscription price and the rights attached to the Options, relevant rights with respect to voting and dividend on Options and clawback mechanism with respect to the Options (if any)) of the Options to be granted to each such substantial Shareholder or independent non-executive director, or any of their respective associates, which must be fixed before the general meeting and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price;
- (ii) without including such independent non-executive director who is a Grantee of the Options, the views of the independent non-executive directors on the fairness of the terms of granting Options and whether such grant is in the Company's and its shareholders' interests, together with a recommendation from such independent non-executive directors to the independent Shareholders as to voting;
- (iii) the information required under Rules 17.02(2)(c) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

11. REORGANISATION OF CAPITAL STRUCTURE

11.01 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is party), such corresponding adjustments (if any) shall be made in:

17.03(13)

- (i) the number of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Prices of any unexercised Option.

as the Auditors shall certify in writing or the Financial Adviser shall confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable and in compliance with the relevant provisions of the Listing Rules (or any guideline or supplementary guidance as may be issued by the Stock Exchange from time to time), provided that any alteration shall give a Grantee as near as possible the same proportion of the issued share capital of the Company as

(but in any event shall not be greater than) that to which he was previously entitled and any such adjustments shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than, except upon any consolidation of the Shares pursuant to this Clause 11) it was before such event, but no adjustment shall be made to the effect of which would be to enable a share to be issued at less than its nominal value.

The capacity of the Auditors or the Financial Adviser (as the case may be) in this Clause 11 is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees. The costs of the Auditors or the Financial Adviser (as the case may be) shall be borne by the Company.

11.02 Upon any adjustment pursuant to Clause 11.01, the Company shall notify the Grantees in writing the adjustments that have been made. If there has been any alteration in the capital structure of the Company, and if the Company has not yet informed the Grantees of any necessary adjustments to be made to their Options in accordance with the certificate of the Auditors or the confirmation of the Financial Adviser (as the case may be), the Company shall, upon receipt of a notice from a Grantee in accordance with Clause 8.02, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the aforesaid certificate or confirmation obtained by the Company for such purpose or, if no such certificate or confirmation has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the Financial Adviser as soon as practicable thereafter to issue a certificate or provide a written confirmation in that regard in accordance with Clause 11.

12. AUTHORISED SHARE

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the maximum authorised shares 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 the Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditors or the Financial Adviser (as the case may be) who shall act as experts and not as arbitrators and whose decision shall be final, conclusive and binding.

14. ALTERATION OF THE SCHEME

14.01 The Scheme may be altered in any respect by resolution of the Board except for the following matters:

- (i) any alterations to the terms and conditions of the Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantee must be approved by the Shareholders in general meeting;

17.03(18)

- (ii) any change to the terms of Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company 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 of the Company and/or the Shareholders (as the case may be), unless such alterations take effect automatically under the existing terms of the Scheme; and
- (iii) any change to the authority of the directors or scheme administrators to alter the terms of the Scheme.

14.02 Where the terms of the Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Participants all details relating to changes in the terms of this Scheme during the life of the Scheme.

14.03 Without Prejudice to Clauses 14.01 and 14.02 herein, the Board may at any time alter or modify the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provisions or the regulations of any regulatory or other relevant authority.

14.04 Notwithstanding anything to the contrary contained herein, any amendment to any terms of the Scheme of the Options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules or any relevant guidelines issued and published by the Stock Exchange from time to time.

15. TERMINATION

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered but Options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Scheme.

17.03(16)

16. CANCELLATION

Any cancellation of Options granted but not exercised may be effected on such terms as may be agreed with the relevant Participant, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation. Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under this Scheme with available unissued Options (excluding the cancelled Options) and in compliance with the terms of this Scheme, in particular within the limit approved by the Shareholders and, subject to the maximum number of Shares available for subscription referred to in Clause 10.01.

17.03(14)

17. MISCELLANEOUS

17.01 The Scheme shall not constitute, affect or form part of any contract of employment or appointment between the Company or any member of the Group and any Participant nor confer upon such person any right to employment or continued employment with the Company or any

member of the Group and the rights and obligations of any Participant under the terms of his or her office or employment or appointment shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or appointment for any reason.

- 17.02 The 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.
- 17.03 No person shall, under any circumstances, hold the Board and/or the Company and/or other Participants liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with the Scheme or the administration thereof.
- 17.04 Save for liabilities referred to in Clause 17.07, the Company shall bear the costs of establishing and administering the Scheme.
- 17.05 Any notice or other communication between the Company and a Grantee 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 or as notified to the Grantees from time to time and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.
- 17.06 Any notice or other communication served by post:
- (i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 17.07 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The obtaining of such consents shall be a condition precedent to an acceptance of an Offer and an exercise of his Option by a Grantee. By accepting an Offer or exercising his Option, the Grantee is deemed to have represented to the Company that he has duly fulfilled such condition. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in the Scheme the grant of an Option to him and/or the exercise of the Option by him.
- 17.08 The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.