
Zensun Enterprises Limited
正商實業有限公司

Rules of
SHARE OPTION SCHEME

Approved pursuant to an ordinary resolution
passed by the Shareholders of the Company in a general meeting held on [*] 2023

Zensun Enterprises Limited 正商實業有限公司
(incorporated in Hong Kong with limited liability)

**Rules of
SHARE OPTION SCHEME**

1. DEFINITIONS

1.1. In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:-

“1% Individual Limit”	the meaning given to that term under paragraph 9.5;
“Adoption Date”	[*] June 2023, being the date on which the last condition set out in paragraph 2.1 is fulfilled;
“award”	Shares granted or to be granted under a Share Award Scheme;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of directors of the Company or a committee thereof appointed for the purpose of administering this Scheme;
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“close associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	Zensun Enterprises Limited, a company incorporated in Hong Kong with limited liability;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Date of Grant”	in respect of an Option, subject as mentioned in paragraph 9.5, the date on which the Board resolves to make an Offer of that Option to the Eligible Participant, which date must be a Business Day;
“Directors”	the directors of the Company
“Employee Participants”	means Directors, chief executive and employees of the Company or any of its subsidiaries (including persons who are granted Options, share options or awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries);

“Eligible Participants”	means any of the following categories of persons who may be invited by the Board to take up Options: (a) Employee Participants; (b) Service Providers; or (c) Related Entity Participants.
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of this Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
“New Scheme Mandate Limit”	the meaning given to that term under paragraph 9.3(a);
“New Service Provider Sublimit”	the meaning given to that term under paragraph 9.3(a)
“Offer”	the offer of the grant of an Option made in accordance with paragraph 5.1;
“Option(s)”	right granted for the subscription of Shares pursuant to this Scheme;
“Option Period”	a period to be notified by the Board to each Grantee at the time of making an Offer, which shall not expire later than ten years from the Date of Grant;
“principal subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Related Entity Participants”	Directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company;

“Remuneration Committee”	Remuneration Committee of the Company;
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	the meaning given to that term under paragraph 9.1;
“Service Provider(s)”	person(s) who provide services to the Group on a continuing and 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 for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“Service Provider Sublimit”	the meaning given to that term under paragraph 9.2;
“Share Registrar”	the share registrar of the Company from time to time;
“Shareholders”	holders of Shares;
“Share(s)”	ordinary shares in the capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such sub-division, reduction, consolidation, reclassification or reconstruction;
“Share Award Scheme(s)”	share award scheme(s) involving the grant of Shares by the Company or its principal subsidiary (as the case may be);
“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 paragraph 6;
“Subsidiary”	the meaning given to that term under the Listing Rules;
“substantial shareholder”	the meaning given to that term under the Listing Rules.

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

- (a) the 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) 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;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender or the neuter shall include other genders and the neuter; and
- (f) 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.

2. APPROVAL CONDITIONS

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

- (a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of the Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any Share Option which may be granted under the Scheme in accordance with the terms and conditions of the Scheme.

- 2.2. If any of the conditions in paragraph 2.1 is not satisfied on or before the date following six months after the Adoption Date (or such later date as the Board may decide), this Scheme shall forthwith determine, and any Option granted or agreed to be granted pursuant to this Scheme and any offer of such grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme or any such Option.

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 either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.
- 3.2. Subject to paragraphs 2 and 13, this Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. After the expiry of the ten-year period, 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. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of issue after the end of the ten-year period.
- 3.3. This Scheme shall be subject to the administration of the Board, and the decision of the Board shall be final and binding on all parties. The Board shall have the right to (i) interpret and construe the provisions of this Scheme, (ii) determine the persons who will be offered Options under this Scheme, the number of Shares and the Subscription Price, subject to paragraph 6, in relation to such Options, (iii) subject to paragraphs 10 and 12, make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary, and (iv) make such other decisions or determinations 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.

4. ELIGIBLE PARTICIPANTS

- 4.1. The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time 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.
- 4.2. 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.
- 4.3. In determining the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (a) his/her skills, knowledge, experience, expertise relevant to the operations of the Group and in enhancing the value of the Company and its Shares;
 - (b) his/her performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
 - (c) his/her 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) his/her educational and professional qualifications, and knowledge in the industry the Group is currently having operations or the industry in which the Group is going to develop.
- 4.4. In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:
 - (a) the responsibility taken up or to be taken up by the Related Entity Participant(s) 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.

4.5. In assessing the eligibility of Service Providers, the Service Providers shall be person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business from time to time which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees. Amongst the Service Providers eligible for the granting of Share Options, (i) contractors, suppliers and agents and entities providing research, development or other technological support are to directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The contractors, suppliers and agents and entities providing research, development or other technological support are connected with various areas of the Group's day-to-day operations, including sales and marketing, provision of construction services and raw materials, procurement and research and development or other technological support and their performances will contribute to the operating performance and financial results of the Group; and (ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their skills, experience, knowledge and expertise in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group. In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) in respect of contractors, suppliers and agents and entities providing research, development or other technological support:
 - (i) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him/it;
 - (ii) the ability of the Service Provider to maintain the quality of services;
 - (iii) the performance of the Service Provider(s) 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(s) 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 Listing Rules, the Board shall be entitled at any time within ten years after the Adoption Date to make an Offer to any Eligible Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Eligible Participant may, during the Option Period, subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may determine at the Subscription Price.
- 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. Save as determined by the Board and provided in the Offer, there is no performance target which must be achieved before an Option can be exercised under the terms of this Scheme nor any clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participant.
- 5.3. If any performance targets are imposed, the Board may assess such performance targets against key performance indicators for the Company, its subsidiaries or projects, which may include cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total Shareholder return; and such other goals as the Board may determine from time to time, and subject to such conditions as the Board may think fit.

- 5.4. If a clawback mechanism is imposed, the Board will take into account individual circumstances when devising such mechanism such as the role of the Grantee, the purpose of the grant (for example whether as recognition of past contribution or as incentive to motivate such Grantee to contribute to the Group in the future on an ongoing basis), whether it would be particularly burdensome and complicated to implement the clawback mechanism, whether the Grantee (i) has failed to perform duties effectively or is involved in serious misconduct or malfeasance; (ii) has contravened the relevant laws and regulations of the applicable jurisdiction and/or the provisions of the Articles of Association; (iii) has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Company; or (iv) has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in serious loss in asset to our Company and other serious and adverse consequence.
- 5.5. The Offer shall state the following:
- (a) the name, address and position of the Eligible Participant and the category to which the Eligible Participant belongs to;
 - (b) the number of Shares in respect of which the Offer is made and the Subscription Price;
 - (c) the Option Period in respect of which the Offer is made, or as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
 - (d) the last date by which the Offer must be accepted (which must not be later than 14 days from the date on which the letter containing the Offer is delivered to that Eligible Participant);
 - (e) a minimum period for which the Options must be held before it is vested and exercisable, in accordance with paragraphs 5.6 and 5.7;
 - (f) the procedure for acceptance;
 - (g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
 - (h) the clawback mechanism for the Company to recover or withhold any Option granted to any Eligible Participants (if any) in the event of, for example, serious misconduct, a material misstatement in the Company's financial statements or other special circumstances as identified by the Board;

- (i) 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 the Scheme; and
 - (j) a statement requiring the Eligible 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 the Scheme.
- 5.6. Save for the circumstances prescribed in paragraph 5.7 below, the Options must be held for at least 12 months after the Date of Grant before it is vested and exercisable by the Grantee.
- 5.7. A shorter vesting period may be granted to Employee Participants at the discretion of the Board or the Remuneration Committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:
- (a) Grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer, including but not limited to the event of general offer (as specified under paragraph 7.3(c) and 7.3(d)) and winding up of the Company (as specified under paragraph 7.3(e));
 - (b) Grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) Grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
 - (d) Grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months;
 - (e) Grants with performance-based vesting conditions in lieu of time-based vesting criteria; and
 - (f) the Remuneration Committee is of the view that a shorter vesting period is appropriate and serves the purpose of this Scheme for the reasons as follows:
 - (i) in respect of (a) above, the “make-whole” Options may be vested in less than 12 months in order to compensate the new joiners for their forfeited benefits;
 - (ii) in respect of (b) above, termination of employment may result in earlier lapse of the Options;
 - (iii) in respect of (c) above, grants of Options in batches may result in some of the Options being vested earlier to reflect the otherwise earlier time of grant;

- (iv) in respect of (d) above, grants with mixed or accelerated vesting schedule may result in Options being vested earlier upon occurrence of the triggering events; and
 - (v) in respect of (e) above, performance based vesting conditions may be satisfied within 12 months from grant.
- 5.8. Each grant of Options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee of the grant of Options).
- 5.9. Where any grant of Options to an independent non-executive Director or 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 and awards granted (excluding any Options and awards lapsed in accordance with the respective terms of the scheme) to such person in the 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 the Grant, such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). The Grantee, his associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.
- 5.10. No Offer shall be made and no Option shall be granted to any Eligible Participant after inside information has come to the Company's knowledge until (and including the trading day) it has announced the information. In particular, the Company shall not grant any Option during the period commencing one month immediately before the earlier of:-
- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of, its results for any year or half-year in accordance with the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),
- and ending on the date of the results announcement and where an option is granted to a Director:
- (a) no Options shall be granted 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

- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-yearly period up to the publication date of the results.

For the avoidance of doubt, the period during which no Option shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

- 5.11. An Offer shall remain open for acceptance by the Eligible Participant concerned for a period of 14 days from the date on which the letter containing the Offer is delivered to that Eligible Participant. 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 or payment in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. Such remittance payment shall not be refundable in any circumstances.
- 5.12. 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 5.11. To the extent that the Offer is not accepted within 14 days from the date on which the letter containing the Offer is delivered to that Eligible Participant in the manner indicated in paragraph 5.11, it shall be deemed to have been irrevocably declined.

6. SUBSCRIPTION PRICE

- 6.1. The Subscription Price shall, subject to the adjustments referred to in paragraph 10, be such price determined by the Board at its absolute discretion and notified to the Eligible Participant in the Offer at the time of the Offer and shall be at least higher of:-
 - (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; and
 - (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant (provided that in the event that any Option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares in connection with such listing shall be deemed to be the closing price for any Business Day falling within the period before listing of the Shares on the Stock Exchange).

7. EXERCISE OF OPTIONS

- 7.1. 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 Listing Rules, when the Stock Exchange has granted a waiver to the Grantee to transfer his/her 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 the Scheme and comply with other requirements under the 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.
- 7.2. 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 7.3, 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. Each such notice must be accompanied by a remittance or payment for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 15 Business Days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the Auditors' or the relevant financial advisor's (retained for such purpose) certificate pursuant to paragraph 10, 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.
- 7.3. Subject to the terms and conditions upon which such Option was granted and paragraphs 5.6 and 5.7, 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, chief executive or a director of any member of the Group) ceases to be an Eligible Participant for any reason other than (i) his death or (ii) on one or more of the grounds of termination of employment or engagement specified in paragraph 8.1(f), the Option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such 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, whether salary is paid in lieu of notice or not;
 - (b) in the event the Grantee dies before exercising the Option in full and none of the events for termination of employment or engagement under paragraph 8.1(f)

then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 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 offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 7.3(d) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b) at any time within such period as shall be notified by the Company;
- (d) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b);
- (e) in the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 7.4(b), and the Company shall as soon as possible and in any event no later than two Business Days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option; and
- (f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 7.3(d) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a compromise or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 6.4(b), and the Company shall as soon as possible and in any event no later than two Business Days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- 7.4. For the purpose of this paragraph 7:-
- (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 7.3(c), 7.3(d), 7.3(e) and 7.3(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 7.4(b) that an Option can be exercised in part only, the balance of the Option shall lapse.
- 7.5. 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. 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.
- 7.6. 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 9 and otherwise comply with the terms of this Scheme.

8. LAPSE OF OPTION

- 8.1. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:-
- (a) the expiry of the Option Period (subject to the provisions of paragraphs 2.2 and 12);
 - (b) the date or the expiry of the periods for exercising the Option as referred to in paragraph 7.3;
 - (c) subject to the scheme of arrangement (referred to in paragraph 7.3(d)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 7.3(d);
 - (d) subject to paragraph 7.3(e), the date of the commencement of the winding-up of the Company;

- (e) the date on which the Grantee commits a breach of paragraph 7.1;
- (f) the date on which the Grantee (being an employee, chief executive or a director of any member of the Group) ceases to be an Eligible Participant by reason of the termination of his employment or engagement 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 an Employee Participant, 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; and
- (i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 7.3(a) or 7.3(b), the date the Grantee ceases to be an Eligible Participant (as determined by a Board resolution) for any reason.

8.2. Transfer of employment, engagement or relationship from one member of the Group to another member of the Group shall not be considered as a cessation of employment, engagement or relationship.

9. MAXIMUM NUMBER OF SHARES SUBJECT TO OPTIONS

- 9.1. The total number of Shares which may be issued in respect of all Options, share options and awards to be granted under this Scheme and any other share option scheme(s) of the Company or Share Award Scheme(s) (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of this Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- 9.2. Subject to paragraph 9.1, the total number of Shares which may be issued in respect of all Options, share options and awards to be granted to Service Providers under this Scheme and any other share option scheme(s) of the Company or Share Award Scheme(s) (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date (“**Service Provider Sublimit**”).

- 9.3. 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 years from the Adoption Date or the date of the Shareholders' approval for the last refreshment, provided that:
- (a) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Mandate Limit as refreshed (the “**New Scheme Mandate Limit**”) and the Service Provider Sublimit as refreshed (the “**New Service Provider Sublimit**”) shall not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such New Scheme Mandate Limit and New Service Provider Sublimit. Options or share options or awards previously granted under the 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 will not be regarded as utilised for the purpose of calculating the New Scheme Mandate Limit (and the New Service Provider Sublimit, if any). The Company must send a circular to its Shareholders containing the number of Share Options, share options and share 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-year period must be approved by the Shareholders, where 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 in accordance with the requirements under the Listing Rules.
 - (c) the requirements under paragraph 9.3(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 13.36(2)(a) of the 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.
- 9.4. The Company may also seek separate Shareholders' approval in general meeting for granting Options, share options and shares awards under this Scheme or other share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Mandate Limit (or the Service Provider Sublimit), provided the share options or share awards in excess of the Scheme Mandate Limit (or the Service Provider Sublimit) are granted only to Eligible 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 Eligible 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 Eligible Participant, and the purpose of granting options or awards to the specified Eligible 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 Eligible Participant must be fixed before Shareholders' approval.

- 9.5. The total number of Shares issued and to be issued in respect of all Options, share options or awards granted to each Eligible 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 any 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**”). Any further grant of Options, share options or awards granted to an Eligible Participant which would result in the Shares issued and to be issued upon exercise of all Options, share options or awards granted to and to be granted to such Eligible 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 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 Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders.
- 9.6. The maximum number of Shares referred to in paragraph 9 shall be adjusted, in such manner as the Auditors or the 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 10 whether by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company, but in any event shall not exceed the Scheme Mandate Limit prescribed in paragraph 9.1.

10. REORGANISATION OF CAPITAL STRUCTURE AND SPECIAL DIVIDENDS

- 10.1. In the event of an alteration in the capital structure of the Company whilst any Option 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:-

- (i) the number of Shares subject to the Option so far as unexercised; or
- (ii) the Subscription Price; or
- (iii) the method of exercise of the Option,

or any combination thereof, as the Auditors or a 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. The capacity of the Auditors or 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 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. SHARE CAPITAL

- 11.1. The Options do not carry any right to vote in general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company.

12. ALTERATION OF THIS SCHEME

- 12.1. Subject to paragraphs 12.2 to 12.5 below, 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 found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).
- 12.2. 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 the Eligible Participants must be approved by Shareholders in general meeting.
- 12.3. Any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, 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 of the Company, 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 the Scheme.
- 12.4. 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.
- 12.5. The amended terms of this Scheme and/or any Options pursuant to this paragraph 12 must comply with the relevant requirements of Chapter 17 of the Listing Rules.

13. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time resolve to 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. Options which are not exercised and outstanding immediately prior to the termination of the operation of this Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of this Scheme.

14. MISCELLANEOUS

- 14.1. This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Grantee, and the rights and obligations of any such Grantee 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 Grantee no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.
- 14.2. 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.
- 14.3. The Company shall bear the costs of establishing and administering this Scheme.
- 14.4. 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, which shall be made available to him, during normal office hours at the Company's principal place of business in Hong Kong.
- 14.5. 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 or such other address as notified to the Grantee 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.
- 14.6. Any notice or other communication served by post:-
 - (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 14.7. 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. 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.
- 14.8. Each Grantee shall pay 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.

- 14.9. 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 Listing Rules. The Board shall also have the power to delegate its powers to grant Options to Eligible Participants and to determine the Subscription Price, to the Company's chief executive officer or managing director from time to time.
- 14.10. The Company shall maintain all necessary books of account and records relating to this Scheme.
- 14.11. A Grantee who is a member of the Board may, subject to and in accordance with the articles of association of the Company, 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.

15. GOVERNING LAW

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