

M-RESOURCES GROUP LIMITED
脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

SHARE OPTION SCHEME

Adopted by an ordinary resolution of the Shareholders passed on [*] 2023

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1. DEFINITIONS AND INTERPRETATION

1.1. In this Scheme, except where the context otherwise requires, the following words and expressions have the following meanings:

“Adoption Date”	the date on which the Scheme is adopted by ordinary resolutions of the Shareholders
“Bye-laws”	the bye-laws of the Company
“Board”	the board of Directors
“Company”	M-Resources Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the GEM
“Director”	director of the Company;
“Eligible Participant”	any person who is eligible to receive a Share Option under the Scheme, who could be an Employee Participant, a Related Entity Participant or a Service Provider
“Employee Participant”	director and employee of the Company or any of its subsidiaries (including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries);
“Exercise Price”	the price per Share at which a Grantee may subscribe for the Shares upon exercise of a Share Option
“Grantee”	an Eligible Participant who accepts the Offer
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Offer”	an offer for the grant of a Share Option
“Offer Date”	the date on which the Board resolves to make an Offer of a Share Option to an Eligible Participant

“Option Period”	in respect of any Share Option, a period during which such Share Option can be exercised, being the period to be determined and notified by the Directors to the Grantee thereof, save that such period shall not be more than 10 years from the Offer Date;
“Personal Representative”	the person who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is entitled to exercise the Share Option granted to such Grantee
“Related Entity”	the holding companies, fellow subsidiaries or associated companies of the Company
“Related Entity Participant”	director or employee of the Related Entity
“Scheme”	this share option scheme of the Company
“Scheme Limit”	the total number of new Shares which may be allotted and issued upon exercise of all share options and grant of share awards under the Scheme and any other share scheme of the Company and which shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
“Service Provider”	person who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business, including but not limited to person who works for the Company as independent contractor (including adviser, consultant, distributor, contractor, supplier, agents and service provider of any member of the Group) where the continuity and frequency of its services are akin to those of the employee of the Group, but excluding placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions or professional service provider such as auditor or valuer who provide assurance, or those who are required to perform their services with impartiality and objectivity
“Service Provider Sublimit”	a sub-limit (which must not exceed 1% of the issued Shares as at the date of approval of this sub-limit by the Shareholders at the general meeting of the Company) on the total number of Shares which may be allotted and issued in respect of all options and awards to be

	granted under all share schemes of the Company to the Service Providers
“Share”	the ordinary share of the Company
“Shareholder”	holder of the Share
“Share Option”	option to subscribe for Shares granted pursuant to the Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

1.2. In this Scheme, unless the context otherwise requires:

- (a) the singular shall include the plural and vice versa, and words importing any gender includes all genders;
- (b) headings are inserted for convenience only and shall not affect the construction of these Scheme Rules;
- (c) a reference to a “person” shall be construed so as to include any individual, firm, business, company, body corporate or unincorporated or other juridical person, government, federation, state or agency thereof or any joint venture, association, partnership or trust (whether or not having separate legal personality); and
- (d) any reference to any statute or statutory provision shall include any statute or statutory provision which amends or replaces, or has amended or replaced it, and shall include any subordinate legislation made under the relevant statute.

2. PURPOSE, ELIGIBILITY AND ADMINISTRATION

2.1 The purpose of the Scheme is not solely to recognise the past contribution of the Eligible Participants. It is to provide the Eligible Participants with incentives for their future contribution to the Group. The basis of eligibility of any of Eligible Participants to the grant of Share Options shall be determined by the Board from time to time on the basis of the Board’s opinion as to their contribution or future contribution to the development and growth of the Group.

2.2 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 to the development and growth of the Group. In assessing whether Share 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 provided by such Eligible Participant to the Group, the special skills or technical knowledge

possessed by them, the positive impact which such Eligible Participant has brought to the Group and whether granting Share Options to such Eligible Participant is an appropriate incentive for such Eligible Participant to continue to contribute to the Group.

- (a) In assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including but not limited to:
 - (i) skills, educational and professional qualifications, knowledge, experience, expertise and other relevant personal qualities;
 - (ii) performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; and
 - (iii) contribution made or expected to be made to the Group.

- (b) In assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including but not limited to:
 - (i) the positive impacts brought by, or expected from them on the Group's business development in terms of, amongst other things, an increase in turnover or profits and/or an addition of expertise to the Group;
 - (ii) their period of engagement or employment of the Related Entity Participant by the Group;
 - (iii) the number, scale and nature of the projects in which they are involved;
 - (iv) whether they have or expected to refer or introduce opportunities to the Group which have or likely to materialize into further business relationship;
 - (v) whether they have or expected to assist the Group in tapping into new markets and/or increased its market share; and
 - (vi) the materiality and nature of the business relation of the holding companies, fellow subsidiaries or associated companies of the Group with them and their contribution in such companies of the Group which may benefit the core business of the Group through a collaborative relationship.

- (c) In assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others:
 - (i) The Service providers who are eligible for the granting of Share Options include but not limited to:
 - (aa) distributors, contractors, suppliers and agents are to directly contribute to the long term growth of the Group's business by taking roles or providing services/goods that are in a continuing and recurring nature in its ordinary and usual course of business. The work of distributors, contractors, suppliers and agents are closely

connected with the Group's principal business, and their performances will contribute to the operating performance and financial results of the Group; and

- (bb) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their specialized skills and knowledge 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.
- (ii) in respect of agents, distributors, contractors and suppliers:
- (aa) the scale of their business dealings with the Group in terms of purchases or sales attributable to them;
 - (bb) their ability to maintain service quality;
 - (cc) their performance and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - (dd) the benefits and strategic value brought by them to the Group in terms of the profits and/or income attributable to their collaboration with the Group;
 - (ee) the scale of their collaboration with the Group and the length of the Group's business relationship with them; and
 - (ff) the business opportunities and external connections that they have introduced or will potentially introduce to the Group.
- (iii) in respect of advisers, consultants and service provider:
- (aa) their expertise, professional qualifications and industry experience;
 - (bb) their performance and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - (cc) the prevailing market fees chargeable by other services providers;
 - (dd) the Group's period of engagement of or collaboration with them; and
 - (ee) their actual or potential contribution to the Group in terms of reduction in costs or increase in turnover or profit.

- 2.3 Subject to the rules of the Scheme, the Board may, at any time and from time to time during the Scheme Period on a business day, at its absolute discretion and on and subject to such terms, conditions, restrictions or limitations as it may think fit in writing offer to grant Share Options to Eligible Participants to subscribe at the Exercise Price for such number of Shares as the Board may determine.
- 2.4 The Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties including but not limited to (a) interpretation and construction of the provisions of the Scheme; (b) determination of the persons (if any) who shall be offered Share Options under the Scheme, and the number of Shares and Exercise Price of the Share Option, subject to paragraph 6; (c) subject to paragraphs 10 and 12, making such adjustments to the terms of the Share Options granted under the Scheme to the relevant Grantee as the Board deems necessary, and notification of the relevant Grantee of such adjustment by written notice; and (d) making such other decisions or determinations as it shall deem appropriate in relation to the Offers and/or the administration of the Scheme provided that the same are not inconsistent with the provisions of the Scheme and the GEM Listing Rules. Without prejudice to the generality of the foregoing, the Board may delegate the administration of the exercise and delivery of Shares upon the exercise of Share Options to third party professional service providers as it may think fit.

3. DURATION

- 3.1 The Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which period, no further Share Options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.
- 3.2 Grantee shall ensure that the acceptance of the Offer, the holding and exercise of the Share Option in accordance with the Scheme, the allotment and issue of Shares to him/her upon the exercise of the Share Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of a Share Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as they may reasonably require for such purpose.

4. CONDITIONS FOR THE GRANT OF SHARE OPTION

The Scheme or the grant of any Share Option is conditional on:

- (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 to authorise the Board to grant Share Options under the Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; 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.

5. GRANT OF SHARE OPTIONS

- 5.1 Subject to paragraph 5.2, the Directors shall, in accordance with the provisions of the Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of ten years commencing from the Adoption Date to make an Offer to any Eligible Participant to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option, as determined in accordance with paragraph 6, as the Directors shall, subject to paragraph 9 and at their discretion, determine.
- 5.2 Without prejudice to paragraph 9.8 below, the making of an Offer to any director or chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of a Share Option).
- 5.3 Any Offer shall be made to an Eligible Participant in writing (and otherwise so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares covered by such Share Option, the Option Period and any terms and conditions, restrictions and/or limitations applicable to the Share Option, and further requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and the Offer shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant to whom the Offer is made bound by the provisions of the Scheme. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 30 days from the Offer Date.
- 5.4 An Offer shall state, in addition to the matters specified in paragraph 5.3, the following:
 - (a) the name of the Eligible Participant and the number of Shares under the Share Option in respect of which the Offer is made and the Exercise Price for such Shares;
 - (b) the Option Period in respect of which the Offer is made and a minimum period for which a Share Option must be held before it is vested and exercisable, which shall not be less than 12 months, subject to paragraph 7.3;
 - (c) the last date by which the Offer must be accepted (which must not be later than 30 days from the Offer Date) and the procedure for acceptance;
 - (d) the performance target (if any) that must be attained by the Eligible Participant before any Share Option can be exercised and the clawback mechanism (if any) for the Company to recover or withhold any Share Option granted to any Eligible Participants 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;

- (e) 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
- (f) a statement requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme including, without limitation, the conditions specified in paragraphs 5.3 and 7.1.

- 5.5 An Offer shall be accepted by an Eligible Participant in respect of all Shares under the Share Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 5.6 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Share Option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 5.7 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraphs 5.5 or 5.6, a Share Option in respect of the number of Shares of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraphs 5.5 or 5.6, it will be deemed to have been irrevocably declined.
- 5.8 The Option Period of a Share Option must not be more than ten years after the Offer Date.
- 5.9 Share Options will not be listed or dealt in on the Stock Exchange.
- 5.10 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not be made after a price-sensitive event or inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information. In particular, the Company may not grant any Share Options during the period commencing 1 month immediately preceding the earlier of: (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarter-year period or any other interim

period (whether or not required under the GEM Listing Rules); and (ii) the deadline for the Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the actual date of publication of the results announcement, and no Option may be granted during any period of delay in publishing a results announcement.

- (b) without prejudice to paragraph 5.10(a), an Offer may not be made to an Eligible Participant who is subject to Rule 5.48 to 5.67 of the GEM Listing Rules during the periods or times in which such Eligible Participant is prohibited from dealing in the Shares, or any corresponding code or securities dealing restrictions adopted by the Company.

6. EXERCISE PRICE

The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 10, be at the discretion of the Directors, provided that it must be at least the highest of (a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date; (b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of the Shares on the Offer Date, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

7. EXERCISE OF SHARE OPTIONS

- 7.1 A Share Option must be personal to the Grantee and must not be transferable or assignable, save where applicable under the GEM Listing Rules, when the Stock Exchange has granted a waiver to the Grantee to transfer his Share 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 (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 GEM Listing Rules, no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Share Option or enter into any agreement to do so. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Share Option granted to such Grantee to the extent not already exercised.
- 7.2 Subject to, among other things, paragraph 4.3 and the fulfilment of all terms and conditions attached to the Share Options, including the attainment of any performance targets (if any), a Share Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 7.5 and 7.6 by giving notice in writing to the Company stating that the Share Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Share Option remains unexercised is less than one board lot or where the Share 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 Exercise Price for Shares in respect of which the notice is given. Within 30 days (seven days in the case of an exercise pursuant to paragraph 6.5(c)) after receipt of

the notice and, where appropriate, receipt of the certificate of the auditors or the independent financial advisers pursuant to paragraph 10, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Share Option by a Personal Representative pursuant to paragraph 7.5(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her Personal Representative as aforesaid) the relevant share certificate(s) in respect of the Shares so allotted and issued.

7.3 A Grantee is required to hold the Share Option for a minimum period of 12 months from the Offer Date before it can be exercised, subject to a shorter vesting period at the discretion of the Board under each of the following circumstances in respect of Employee Participants:

- (a) grants of “make-whole” rewards to new employees to replace the share awards they have forfeited when leaving the previous employers;
- (b) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant;
- (d) grants that are made in batches during a year for administrative and compliance reasons; and
- (e) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months.

7.4 Unless otherwise determined by the Board and specified in the Offer, there may or may not be performance target that needs to be achieved before the exercise of a Share Option granted to a Grantee, and there may or may not be any clawback mechanism for the Company to recover or withhold the Share Options granted to any Eligible Participant.

7.5 Subject as hereinafter provided in the Scheme, a Share Option may only be exercised by the Grantee at any time during the Option Period provided that:

- (a) if the Grantee is an employee of the Group and in the event of his/her ceasing to be a grantee by reason of his/her death, before exercising the Share Option in full, his/her Personal Representative(s) may exercise the Share Option in whole or in part in accordance with the provisions of paragraph 7.2 within a period of 36 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 7.5(c) or 7.5(d) occur during such period, exercise the Share Option pursuant to paragraph 7.5(c) or 7.5(d) respectively;
- (b) if the Grantee is an employee of the Group and in the event of his/her ceasing to be a Grantee for any reason other than his/her death, before exercising the Share Option in full, the Share Option shall lapse on the date of cessation or termination and not

be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Share Option in whole or in part in accordance with the provisions of paragraph 7.5 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 7.5(c) or 7.5(d) occur during such period, exercise the Share Option pursuant to paragraph 7.5(c) or 7.5(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee actually worked for the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not;

- (c) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Share Options were granted, be entitled to exercise the Share Option to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 7.5 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than 2 business days before the date on which such resolution is to be considered and/or passed, exercise his/her Share Option either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 7.5 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Share Option not less than 1 day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Share Options then outstanding shall lapse and determine on the commencement of the winding-up; and
- (e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Share Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the

Company no later than 2 business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Share Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Share Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Share Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

- 7.6 Shares to be allotted and issued upon the exercise of a Share Option will be subject to the provisions of the constitutional documents of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the Grantee is registered on the register of members of the Company. A Share allotted and issued upon the exercise of a Share Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

8. EARLY TERMINATION OF OPTION PERIOD

- 8.1 The Option Period in respect of any Share Option shall automatically terminate and that Share Option shall lapse at the earliest of:
- (a) the expiry of the Option Period as may be determined by the Directors;
 - (b) the expiry of any of the periods referred to in paragraph 7.5;
 - (c) the date of commencement of the winding-up of the Company;
 - (d) in respect of a Grantee who is an employee of the Group when an Offer is made to him/her, the date on which the Grantee ceases to be an employee of the Group by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has been liable for a material misstatement in the Company's financial statements, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute and does not involve his

integrity or honesty) or (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment summarily;

- (e) in respect of a Grantee other than an employee of the Group, the date on which the Board shall at their absolute discretion determine or believe that: (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (ii) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
 - (f) the date on which the Directors shall exercise the Company's right to cancel the Share Option by reason of a breach of paragraph 7.1 by the Grantee in respect of that or any other Share Option.
- 8.2 A resolution of the Directors or written communication on behalf of the Board to the effect that the Share Options of a Grantee have been terminated on one or more of the grounds specified in paragraphs 8.1(d) to (f) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- 8.3 Transfer of employment of a Grantee who is an employee of the Group from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an employee of the Group is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The total number of Shares which may be allotted and issued upon exercise of all share options and grant of share awards under the Scheme and any other share scheme of the Company must not in aggregate exceed the Scheme Limit.
- 9.2 The total number of Shares which may be allotted and issued in respect of all share options or share awards to be granted to Service Providers under the Scheme and any other share scheme of the Company must not in aggregate exceed the Service Provider Sublimit.
- 9.3 For the avoidance of doubt, the Shares underlying any Share Options granted under the Scheme or any other share scheme of the Company which have been cancelled will be counted for the purpose of calculating the Scheme Limit and Service Provider Sublimit. Where the Company has reissued such cancelled Share Options, the Shares underlying both the cancelled Share Options and the re-issued Share Options will be counted as part of the total number of Shares subject to paragraphs 9.1 and 9.2. The share options or share awards lapsed in accordance with the terms of the Scheme and any other share scheme of the Company will, however, not be regarded as utilized for the purpose of calculating the Scheme Limit and the Service Provider Sublimit.

- 9.4 If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all share options or share awards to be granted under all of the share scheme of the Company under the Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.
- 9.5 The Scheme Limit (and the Service Provider Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from Adoption Date or the date of 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 schemes of the Company under the Scheme Limit as refreshed (the "Refreshed Scheme Limit") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "Refreshed Service Provider Sublimit") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such Refreshed Scheme Limit (and Refreshed Service Provider Sublimit). Share options or share awards previously granted under the Scheme or any other share scheme of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Scheme or any other share scheme of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the Refreshed Scheme Limit (and Refreshed Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit, and the reasons for the refreshment.
 - (b) any refreshment to the Scheme 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 GEM Listing Rules.
 - (c) the requirements under paragraph 9.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.
- 9.6 Without prejudice to paragraph 9.5, the Company may seek separate Shareholders' approval in general meeting to grant share options and shares awards under the Scheme and other share scheme of the Company beyond the Scheme Limit (or the Service Provider Sublimit) or, if applicable, the extended limits referred to in paragraph 9.5, provided the share options or share awards in excess of the Scheme 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 share awards, the number and terms of the share options or share 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 share awards serve such purpose. The number and terms of share options or share awards to be granted to such Eligible Participants must be fixed before Shareholders' approval.

- 9.7 Subject to paragraph 9.8, the total number of Shares issued and which may fall to be issued upon exercise of the share options and grant of share awards under the Scheme or any other share scheme of the Company (including both exercised or outstanding share options and share awards but excluding any share options and share awards lapsed in accordance with the terms of the scheme) to each Eligible Participant in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue. Where any further grant of Share Options to a Grantee would result in the Shares issued and to be issued upon exercise of all Share Options granted and proposed to be granted to such person (including both exercised or outstanding share options and share awards but excluding any share options and share awards lapsed in accordance with the terms of the scheme) in any 12-month period up to and including the date of such grant exceeding 1% of the total number of Shares in issue, the Company may further grant such Share Options, provided that:
- (a) such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting;
 - (b) the Company has first sent a circular to Shareholders disclosing the identity of the Eligible Participant, the number and terms of the share options or share awards to be granted (and share options or share awards previously granted to such Eligible Participant in the aforesaid 12-month period), the purpose of granting the share options or share awards to the Eligible Participant and an explanation as to how the terms of the share options or share awards serve such purpose; and
 - (c) the number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before the Shareholders' approval.
- 9.8 Without prejudice to paragraphs 5.2 and 5.3, each grant of Share Options to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Share Options).
- 9.9 Where any grant of Share 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 share options or share awards granted (excluding any share options or share awards lapsed in accordance with the Scheme, the Award Scheme and other share scheme of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to:

- (a) the issue of a circular by the Company to the Shareholders; and
- (b) the approval by the Shareholders in general meeting at which the Grantee, his/her associates and all core connected persons (as defined in the GEM Listing Rules) of the Company shall abstain from voting in favour at such general meeting, and in accordance with the GEM Listing Rules.

9.10 The circular to be issued by the Company to the Shareholders pursuant to paragraph 9.9(b) must contain the following information:

- (a) details of the number and terms of the Share Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting;
- (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Share Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and

(10) ©other information required under the GEM Listing Rules.

9.11 Any change in the terms of Share Options granted to an Eligible Participant who is a director, chief executive or substantial shareholder of the Company or an independent non-executive Director of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set out in Rule 23.04(4) of the GEM Listing Rules if the initial grant of the Share Options requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme).

10. ADJUSTMENTS TO THE EXERCISE PRICE

10.1 In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, reduction of the share capital of the Company, then, in any such case the Company shall certify in writing the adjustment, if any, that ought in its opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the Scheme or any Share Options relates (insofar as it is/they are unexercised); and/or
- (b) the Exercise Price of any Share Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in a Share Option or which remain comprised in a Share Option, and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had he/she exercised all the Share Options held by him/her immediately prior to such adjustment;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

Subject to compliance with the requirements as provided in this paragraph 10, if there is any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the number (Q) and the Exercise Price (P) of Share Options shall be made. The method of adjustment is set out as below:

- (a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$Q = Q0 \times (1 + n)$$

Where: “Q0” represents the number of Share Options before the adjustment; “n” represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; “Q” represents the number of Share Options after the adjustment.

$$P = P0 \div (1 + n)$$

Where: “P0” represents the Exercise Price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; “P” represents the Exercise Price after the adjustment.

- (b) Consolidation of Shares or share subdivision or reduction of the share capital

$$Q = Q0 \times n$$

Where: “Q0” represents the number of Share Options before the adjustment; “n” represents the ratio of consolidation or share subdivision or reduction of share capital; “Q” represents the number of Share Options after the adjustment.

$$P = P0 \div n$$

Where: “P0” represents the Exercise Price before the adjustment; “n” represents the ratio of consolidation or share subdivision or reduction of share capital; “P” represents the Exercise Price after the adjustment.

(c) Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “Q0” represents the number of Share Options before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Share Options after the adjustment.

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: “P0” represents Exercise Price before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the Exercise Price of the rights issue; “n” represents the ratio of allotment; “P” represents the Exercise Price after the adjustment. In respect of any adjustment referred to in this paragraph 10.1, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

- 10.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 10.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 7.2, inform the Grantee of such alteration and the certificate given by the Company under this paragraph 10, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

11. CANCELLATION OF SHARE OPTIONS GRANTED

- 11.1 Subject to paragraph 7.1 and Chapter 23 of the GEM Listing Rules, any Share Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and/or the approval of the Directors.
- 11.2 Where the Company cancels any Share Option granted to a Grantee but not exercised and issues new Share Option to the same Grantee, the issue of such new Share Option may only be made with available Scheme Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 9.5.

12. ALTERATION OF THE SCHEME

- 12.1 Subject to paragraphs 12.2 to 12.3, the Scheme may be altered in any respect by a resolution of the Directors except that (a) any alteration to the provisions of the Scheme which are of a material nature; and (b) any alteration to the provisions of the Scheme relating to the matters governed by the GEM Listing Rules to the advantage of Grantees, must be approved by a resolution of the Shareholders in general meeting.

- 12.2 Any change to the terms of Share 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 Share 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.
- 12.3 Any change to the authority of the Directors to alter the terms of the Scheme must be approved by the Shareholders in general meeting. The amended terms of the Scheme and/or any Share Options pursuant to this paragraph 12 must still comply with the relevant requirements of the GEM Listing Rules.

13. TERMINATION OF THE SCHEME

The Company by resolution in general meeting may at any time terminate the operation of the Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Option granted or any Share Option exercised but remaining outstanding prior thereto or otherwise as may be required in accordance with the provisions of the Scheme, and Share Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under the Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

14. MISCELLANEOUS

- (a) The Scheme shall not form part of any contract of employment between the Company or the relevant member of the Group and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his/her office or employment shall not be affected by his/her participation in the Scheme or any right which he/she may have to participate in it and the Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (b) The Company shall not be responsible for any failure by any Eligible Participant to obtain any consent or approval required for such Eligible Participant to participate in the Scheme or for any tax, duty, expenses, fees or any other liability to which he/she may become subject as a result of his/her participation in the Scheme.
- (c) Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.

15. GOVERNING LAW

The Scheme shall be governed by and construed in accordance with the laws of Hong Kong and its operation is subject to the Bye-laws and any applicable laws and regulations, including but not limited to the GEM Listing Rules.