

M-RESOURCES GROUP LIMITED
脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

THE SHARE AWARD SCHEME

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

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(Incorporated in Bermuda with limited liability)

SHARE AWARD SCHEME

1. DEFINITIONS AND INTERPRETATION

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

“Account”	the securities account opened in the name of the Company for purposes of the Scheme and the funds thereof to be held on trust by the Company for the Eligible Participants
“Adoption Date”	the date on which this Scheme was adopted by ordinary resolution of the Shareholders
“Award”	an award of Awarded Shares (together with any Related Income) by the Board to an Eligible Participant pursuant to the Scheme
“Awarded Amount”	in respect of an Eligible Participant, the closing price of the Shares as quoted on the Stock Exchange as at the date of grant of the Awarded New Shares, or the date the Trustee purchases the Awarded Existing Shares on the market, multiplied by the number of the Awarded Shares
“Awarded Existing Shares”	in respect of an Eligible Participant, such number of Shares determined by the Board and purchased by the Trustee on the market
“Awarded New Shares”	in respect of an Eligible Participant, such number of Shares determined by the Board and issued by the Company out of the available Scheme Limit
“Awarded Shares”	the Awarded Existing Shares and the Awarded New Shares
“Benefits”	the Awarded Shares and the Related Income
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company

“Company”	M-Resources Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on GEM
“Director(s)”	the directors of the Company;
“Eligible Participant(s)”	any person who is eligible to receive an Award 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 Awards as an inducement to enter into employment contracts with the Group
“Excluded Person”	any person or entity who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person or entity
“Further Shares”	such Shares purchased by the Trustee at the direction of the Board out of cash income or net proceeds of sale of non-cash and non-scrip distributions distributed by the Company in respect of Awarded Shares held by the Trustee.
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Grantee”	an Eligible Participant who accepts the Offer
“Group”	the Company and its subsidiaries
“Offer”	an offer for the grant of an Award
“Personal Representative”	the person who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is entitled to receive the Awarded Shares 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
“Related Income”	all income derived from an Awarded Share held under the Trust (including but not limited to, any cash dividend, the Further Shares, and any bonus Shares and scrip Shares received in respect of the Awarded Share)
“Relevant Event”	any variation in the issued share capital of the Company which arises following the Adoption Date from any issue of shares in or other securities of the Company by way of capitalization of profits or reserves or by way of rights under an offer made pro rata to Shareholders (but shall not include the issue of securities as consideration in any transaction whatsoever) or from any sub-division or consolidation of shares in the capital of the Company or reduction of the share capital of the Company
“Residual Cash”	being cash remained in the Account in respect of the Awarded Shares (including interest income derived from deposits maintained with financial institutions, cash income and sale proceeds which have not been applied in the acquisition of Further Shares)
“Returned Shares”	such Awarded Shares and Related Income which are not vested and/or forfeited in accordance with the terms of the Scheme or such Shares being deemed to be Returned Shares
“Scheme”	this share award 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
“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, agent 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 that who is required to perform its 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”	ordinary share of the Company
“Shareholder”	a holder of the Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed as may be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trustee”	being the trustee of the trust declared in the Trust Deed, as may be appointed by the Company for the administration of the Scheme, and any additional or replacement trustee
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of the Scheme;
- (ii) 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, and shall include any subsidiary legislation enacted under the relevant statute;
- (iii) expressions in the singular shall include the plural and vice versa;
- (iv) expression in any gender shall include other genders; and

- (v) references to persons shall include bodies corporate, corporations, partnership, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2. PURPOSES AND CONDITION

The purpose of the Scheme is not solely to recognize the past contribution of the Eligible Participants. It is also to provide the Eligible Participants with incentives for their future contribution to the Group.

The Scheme is conditional upon (i) the passing of the Shareholders' resolution to approve and adopt the Scheme at a general meeting of the Company and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any Shares to be issued by the Company pursuant to the grant of Awards in accordance with the terms and conditions of the Scheme.

3. DURATION AND ADMINISTRATION

Subject to any early termination as may be determined by the Shareholders pursuant to paragraph 11, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the terms of the Trust Deed.

4. OPERATIONS OF THE SCHEME

4.1 Grant of Awarded Shares to Eligible Participants

- (a) Subject to the rules of the Scheme, the Board may, from time to time, at its absolute discretion select and grant to any Eligible Participant Awarded Shares by way of share transfer or share allotment as the Board deems fit. 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 vesting of the Award, and there may or may not be any clawback mechanism for the Company to recover or withhold the Awards granted to any Eligible Participant.
- (b) A letter (the "Grant Letter") setting out, among other things, the number of the Awarded Shares and other terms and conditions of such Award, will be given to the Eligible Participant for each Award. If the Eligible Participant fails to meet any condition set out in the Grant Letter, the Company is entitled to cancel the Award and such Award shall lapse and determine on the date the Board cancels the Award.
- (c) The Company may not grant any Award (i) after inside information has come to its knowledge until (and including) the business day after it has announced the information; and (ii) during the period commencing one month immediately before the earlier of (1) the date of the Board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for approving the Company's results

for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (2) the deadline for the Company to announce its results for any year, 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 publication of the results announcement. No Awards may be granted to any Director during the periods or times at which such Director is prohibited from dealing in the Shares pursuant to the GEM Listing Rules.

4.2 Criteria for determining Eligible Participants

The eligibility of the Eligible Participant 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 an Award is 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 contribution 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 the Award to such Eligible Participant is an appropriate incentive for such Eligible Participant to continue to contribute towards 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.

4.3 Award of Awarded Shares to Eligible Participants

- (a) After the Board has determined the number of Awarded Shares and the Eligible Participants, it will notify the Trustee and the Eligible Participants in writing. Upon receipt of the Grant Letter, the Eligible Participants are required to confirm their acceptance of the Awards by returning to the Company notices of acceptance duly executed by them within 21 days after the date of the Grant Letter without payment unless otherwise stated in the relevant Grant Letter as the Board may determine. If any Eligible Participant fails to return the notice of acceptance within the specified period to the Company, the Awards will automatically lapse forthwith and the Awarded Shares will become Returned Shares which will be dealt with in accordance with paragraph 8. The Company will notify the Trustee of any Award which has not been accepted as soon as practicable after expiration of the specified period.
- (b) The Board may at any time at its discretion, in respect of each Eligible Participant and having regard to the requirements under paragraph 4.1, cause to be paid an amount (the "Reference Amount") from the Company's resources into the Account for purchase of the Awarded Existing Shares. The Reference Amount is the sum of the estimated Awarded Amount and the related purchase expenses (including the brokerage fee, stamp duty, transaction levies and trading fee) and such other necessary expenses required for completion of the purchase of all the Awarded Existing Shares. Within 20 business days on which the trading of the Shares has not been suspended (or such longer period as the Board may agree from time to time having regard to the circumstances of the purchase concerned) after receiving the Reference Amount, the Trustee shall apply the same towards the purchase of the Awarded Existing Shares at the prevailing market price. Any excess Reference Amount provided shall be returned by the Trustee to the Company forthwith after

completion of the purchase. Where the Reference Amount paid or caused to be paid to the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Trustee shall acquire the maximum number of board lots of Shares and seek further funds from the Board until all the Awarded Existing Shares are purchased.

- (c) In the event that the Awarded New Shares are to be allotted and issued to the Trustee for purpose of the Trust, the Board may cause the subscription price for such new Shares to be allotted and issued be transferred from the Company's resources internally. The Company shall comply with the relevant GEM Listing Rules when issuing the Awarded New Shares.
- (d) The Awarded Shares so acquired and/or subscribed for will, subject to the receipt by the Trustee of a confirmation from the Company that all vesting conditions have been fulfilled, be transferred or allotted to the Eligible Participant.

4.4 Vesting or lapse of Awards

- (a) Any Benefit held in the Account or the Trustee upon the Trust and which is referable to an Eligible Participant shall vest in that Eligible Participant on the date specified as the vesting date of the Grant Letter, which shall be a period of not less than 12 months from the date of grant (the "Vesting Date"). A Grantee is required to hold the Benefit for a minimum period of 12 months from the date of grant 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:
 - (i) grants of "make-whole" rewards to new employees to replace the share awards they have forfeited when leaving the previous employers;
 - (ii) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
 - (iii) with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant;
 - (iv) that are made in batches during a year for administrative and compliance reasons; and
 - (v) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months.
- (b) 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 receiving the Awarded Shares in full, his/her Personal Representative(s) may receive the Awarded Shares in whole or in part in accordance with the provisions of the New Share Award Scheme 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.

In the event of the death of a Grantee, the Trustee shall hold the vested Benefits upon trust and to transfer the same to the Personal Representative of the Grantee within (i) 36 months of the death of the Grantee (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the Trust Period as referred to in the Trust Deed (whichever is shorter). Notwithstanding the foregoing, the Benefits held upon the Trusts shall until transfer is made in accordance herewith be retained and may be invested and otherwise dealt with by the Trustee in every way as if they had remained part of the fund in the Account.

- (c) If an Award would otherwise become bona vacantia, the Award is deemed to be lapsed and the Awarded Amount ceases to be transferable, and, where the purchase of the relevant Awarded Existing Shares on market by the Trustee has not yet been effected and/or completed, the relevant Reference Amount so paid by the Company will be taken out of the Account and returned to the Company immediately. In the event that purchase of the Awarded Existing Shares on the market by the Trustee has been completed, the Shares attributable to the lapsed Award shall be held by the Trustee as Returned Shares. In such event, no Eligible Participant (or the Personal Representative) shall have any claim against the Company and the Trustee in respect of the Award.
- (d) Subject to paragraph 4.4(b), in the event (i) a Grantee ceases to be an Eligible Participant, or (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking assets and liabilities of the Company pass to a successor company) (each of these, an event of “Total Lapse”), the Award shall automatically lapse forthwith and all the Benefits shall not vest on the relevant Vesting Date but shall become Returned Shares.

4.5 Eligibility of Eligible Participants

- (a) An Eligible Participant shall cease to be eligible,
 - (i) by reason of voluntary resignation or dismissal, or upon expiration of term of directorship (unless immediately renewed upon expiration), or by termination of employment or service in accordance with the termination provisions of contract of employment or service by the Group otherwise than by reason of redundancy; or
 - (ii) when the relevant member of the Group (by reason of employment for qualification as an Eligible Participant at the time the Award was granted) ceases to be a member of the Group; or
 - (iii) on the grounds that the Eligible Participant has or is suspected to have committed any act of bankruptcy or has become insolvent or has made arrangements or composition with creditors generally or has or is suspected to have committed any misconduct or is under investigation or prosecution or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Eligible Participant or the

Group into disrepute and does not involve the integrity or honesty of the Eligible Participant); or

- (iv) if in the absolute discretion and determination of the Board the Eligible Participant is no longer eligible or appropriate to be an Eligible Participant,

provided always that in each case the Board in its absolute discretion may decide that such Award or any part thereof shall not so lapse or subject to such conditions or limitations as the Board may decide.

- (b) In the event (i) an Eligible Participant is found to be an Excluded Person or (ii) an Eligible Participant fails to return duly executed transfer documents/subscription documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period (or on such later dates as may be determined by the Trustee) (each of these, an event of “Partial Lapse”), the relevant part of an Award made to such Eligible Participant shall automatically lapse forthwith and the relevant Benefits shall not vest on the relevant Vesting Date but shall become Returned Shares, provided always that in each case, the Board in its absolute discretion may decide that such Award or any part thereof shall not so lapse or subject to such conditions or limitations as the Board may decide.
- (c) Except in the circumstances as set out in paragraph 4.4(b) or a Total Lapse,
 - (i) barring any unforeseen circumstances, unless otherwise agreed by the Board, one month prior to any Vesting Date, the Trustee shall send to the relevant Eligible Participant (with a copy to the Company) a vesting notice together with such prescribed transfer documents which require the Eligible Participant to execute to effect the vesting and transfer of the Benefits on the relevant Vesting Date; and
 - (ii) subject to the receipt by the Trustee of (a) transfer documents prescribed by the Trustee and duly signed by the Eligible Participant within the period stipulated in the vesting notice, and (b) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall transfer the relevant Benefits to the relevant Eligible Participant.

4.6 Transferability of Awards

Any unvested Award shall be personal to the Grantee and shall not be transferable and assignable, save where applicable under the GEM Listing Rules, when the Stock Exchange has granted a waiver to the Grantee to transfer his Awarded Shares 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 Eligible Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the Reference Amount or the unvested Awarded Shares pursuant to such Benefits or any of the Returned Shares. Any breach of the foregoing shall entitle the Company to cancel any Award or part thereof granted to such Grantee.

4.7 Other terms and conditions

- (a) The Awarded Shares will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue and, accordingly, will entitle the holders of such Shares to participate in all dividends or other distributions paid or made on or after the date on which such Awarded Shares are transferred/allotted to the Eligible Participant, other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date before the date of transfer/allotment. The Awarded Share 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.
- (b) For the avoidance of doubt,
 - (i) an Eligible Participant shall only have a contingent interest in the Benefits which are referable to the Eligible Participant subject to the vesting of such Shares in accordance with the paragraph 4.4(a);
 - (ii) an Eligible Participant shall have no right in the Residual Cash or any of the Returned Shares;
 - (iii) no instruction may be given by an Eligible Participant to the Trustee in respect of the Benefits, and such other properties of the Trust;
 - (iv) the Trustee shall not exercise the voting rights in respect of any Share held under the Trust (including but not limited to the Awarded Shares, the Further Shares, any bonus Shares and scrip Shares);
 - (v) an Eligible Participant shall have no right in the fractional Share arising out of consolidation of Shares (such Shares shall be deemed as Returned Shares);
 - (vi) at the absolute discretion and direction of the Board, the sale proceeds of non-scrip and non-cash distribution declared in respect of a Share held by the Trust will be applied towards the purchase of Further Shares. In the event the record date for ascertaining entitlement to distribution in respect of the Shares held by the Trust is on a date earlier than a Vesting Date but the date of purchase of the Further Shares falls on or after the Vesting Date, the Trustee shall transfer such relevant Further Shares to the Eligible Participant, after the purchase, subject to the receipt of duly executed prescribed transfer document by the Trustee within the stipulated period;
 - (vii) in the event an Eligible Participant ceases to be eligible on the relevant Vesting Date, unless otherwise determined by the Board, the award of the Benefits in respect of the relevant Vesting Date shall automatically lapse in accordance with the terms thereof, such Awarded Shares and Related Income shall not vest on the relevant Vesting Date and the Eligible Participant shall have no claims against the Company or the Trustee;

- (viii) in the case of the death of an Eligible Participant, the Benefits shall be forfeited if no transfer of the Benefits to the Personal Representative of the Eligible Participant is made within the period prescribed in paragraph 4.4(b), the Personal Representatives of the Eligible Participant shall have no claims against the Company or the Trustee;
 - (ix) the Board may in its absolute discretion decide the terms of such Award or the scope of the power of the Trustee subject to such conditions or limitations as the Board may decide.
- (c) No payment shall be made to the Account or the Trustee pursuant to paragraph 4.3(b) and no instructions to acquire Shares shall be given to the Trustee under the Scheme where any Director is in possession of inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the GEM Listing Rules and all applicable laws from time to time.
 - (d) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the GEM Listing Rules from time to time.
 - (e) Cash income of an Awarded Share or the trust fund of the Trust shall be applied towards (i) for the benefits of the corresponding Eligible Participants; and/or (ii) the purchase of Further Shares held upon trust referable to the relevant Eligible Participants and the payment of the relevant purchase expenses and/or (iii) the remainder, if any, to defray the fees, costs and expenses of the Trust, provided that the application of such cash income in respect of the Awarded Shares shall be subject to the absolute discretion and decision of the Board.
 - (f) Unless otherwise determined by the Board and specified in the Grant Letter, there may or may not be performance target that needs to be achieved before the vesting of the Award, and there may or may not be any clawback mechanism for the Company to recover or withhold the Awards granted to any Eligible Participant.

5. TAKEOVER, RIGHT ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC

- (a) If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, unless otherwise directed by the Board at its absolute discretion, all the Benefits shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed the Vesting Date. Subject to the receipt by the Trustee of duly executed prescribed transfer documents on or before such time as the Trustee may determine, the Trustee shall transfer the Benefits to the relevant Eligible Participant. For purpose of this paragraph, “control” shall have the meaning as specified in the Takeovers Code.
- (b) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new Share unless otherwise directed by the Board at its absolute discretion. In the event of a rights issue, the Trustee shall sell such amount of the

nil-paid rights allotted to it as is appropriate and the net proceeds of sale of such rights shall be held as cash income of the Account or the trust fund of the Trust and applied in accordance with paragraph 4.7(e).

- (c) In the event the Company issues bonus warrants in respect of the Shares which are held by the Trustee, the Trustee shall not subscribe for any new Share by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it, the net proceeds of sale of such bonus warrants shall be held as cash income of the Account and shall be applied in accordance with paragraph 4.7(e).
- (d) In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip Shares unless otherwise directed by the Board at its absolute discretion.
- (e) In the event the Company undertakes a consolidation of the Shares, all fractional share arising out of such consolidation in respect of the Benefits of an Eligible Participant shall be deemed as Returned Shares for purposes of the Scheme and shall not be transferred to the relevant Eligible Participants on the relevant Vesting Date.
- (f) In the event of other non-cash and non-scrip distribution made by the Company in respect of the Shares held by the Trust, unless otherwise directed by the Board at its absolute discretion, the Trustee shall dispose of such distribution and the net sale proceeds therefrom shall be deemed as cash income of the Shares held by the Trust and shall be applied in accordance with paragraph 4.7(e).
- (g) In any event as set out above, the Board may at its absolute discretion give written directions to the Trustee as to how to deal with such distribution, dividends or other benefits and rights in respect of or in connection with the Awarded Shares.

6. MAXIMUM NUMBER OF SHARES AVAILABLE FOR GRANT

- (a) The total number of Shares which may be allotted and issued upon grant of share awards and exercise of share options under the Scheme and any other share scheme of the Company must not in aggregate exceed the Scheme Limit.

The total number of Shares which may be allotted and issued in respect of share awards or share options under the Scheme and any other share scheme of the Company to be granted to Service Providers must not in aggregate exceed the Service Provider Sublimit.

Any Awarded New Share granted under the Scheme which has been cancelled (not being Awarded New Shares which have lapsed in accordance with the terms of the Scheme) will be regarded as having utilized for purpose of calculating the Scheme Limit. For the avoidance of doubt, where the Company cancels any Awarded New Share granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made with available Scheme Limit approved by the Shareholders.

- (b) The Scheme Limit (and the Service Providers Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from the Adoption Date or the date of shareholders' approval for the last refreshment provided that:
- (i) 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 the Refreshed Service Provider Sublimit). Share options or awards previously granted under the Scheme and any other share scheme of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the Scheme and any other share scheme of the Company) will not be counted for purpose of calculating the total number of Shares subject to the Refreshed Scheme Limit (and Refreshed Service Provider Sublimit). The Company shall send a circular to the 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.
 - (ii) 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.
 - (iii) the requirements under paragraph 6(b)(ii) 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.
- (c) The Company may also, by obtaining separate approval of the Shareholders in general meeting, grant share awards or share options under the Scheme and any other share scheme of the Company beyond the Scheme Limit (or the Service Provider Sublimit) provided that the share awards or share options in excess of the Scheme Limit (or the Service provider Sublimit) are granted only to Eligible Participants specifically identified by the Company. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such share awards or share options, the number and terms of the share awards or share options to be granted to each specified Eligible Participant, and the purpose of granting share awards or share options to the

specified Eligible Participants with an explanation as to how the terms of the share awards or share options serve such purpose. The number and terms of the share awards or share options to be granted to such specified Eligible Participants must be fixed before Shareholders' approval.

- (d) Where any grant of Awards to an Eligible Participant would result in the Shares issued and to be issued in respect of all awards or options granted to such Eligible Participant (excluding any award or option lapsed in accordance with the terms of the share schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by 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. The identity of the Eligible Participant, number and terms of the Awards to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to the Shareholders containing the information required by the GEM Listing Rules.
- (e) If the Company conducts a share consolidation or subdivision after the Scheme Limit has been approved in general meeting, the maximum number of Shares under the Scheme Limit that may be issued in respect of all awards or options under all of the share schemes of the Company under the Scheme Limit 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.
- (f) Each grant of an Award to a director, chief executive or substantial Shareholder (or any of their respective associates) of the Company must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Award).
- (g) Where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awarded Shares granted (excluding any award lapsed in accordance with the terms of the relevant share scheme pursuant to which they are granted) to such person under all share schemes of the Company (excluding, for the avoidance of doubt, any grant of options) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Awards must be approved by Shareholders at a general meeting. The Grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The number and terms of the Awards to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to Shareholders containing the information required under the GEM Listing Rules and the independent non-executive Directors' view.
- (h) If a grant of Award to a substantial Shareholder or an independent non-executive Director (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 option or award lapsed in accordance with the terms of the relevant share scheme pursuant to which they are granted) to such person under all share schemes of the Company 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 Award is required to be approved by Shareholders at a general meeting. The Grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The number and terms of the Awards to be granted shall be fixed before Shareholders' approval and the Company shall send a circular to Shareholders containing the information required under the GEM Listing Rules and the independent non-executive Directors' view.

7. ADJUSTMENTS

- (a) Subject to applicable laws and the requirements under the GEM Listing Rules, upon the occurrence of any Relevant Event, the number of Shares comprised in each Award so far as unvested may be adjusted in such manner as the Board may deem appropriate provided always that (in the case of adjustment to the number of Shares comprised in each unvested Award) the Eligible Participant shall have the same proportion of the equity capital of the Company rounded to the nearest whole Share as that to which he was entitled before such adjustments, and that no such adjustment shall be made to the effect of which would enable a Share to be issued at less than its nominal value.
- (b) The issue of any securities by the Company as consideration in a transaction shall not on its own be regarded as a Relevant Event.

8. RETURNED SHARES

Subject to paragraph 11(b)(i), the Trustee shall hold Returned Shares exclusively for the benefit of the Eligible Participants (excluding any Excluded Person) generally.

9. DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decision shall be final and binding.

10. ALTERATION OF THE SCHEME

- (a) The Scheme may be altered in any respect by a resolution of the Board except:
 - (i) any alteration to the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Participants; or
 - (ii) any alteration to the terms and conditions of the Scheme which is of a material nature or any material change to the terms of Awards granted (except alterations which take effect automatically under the existing terms of the Scheme); and
 - (iii) any material change to the authority of the Directors or Trustee in relation to any alteration to the terms of the Scheme, which shall only be altered with the prior sanction of a resolution of the Shareholders in a general meeting,

provided that no such alteration shall operate to affect adversely the terms of issue of any Award granted or agreed to be granted prior to such alteration. Any alterations to the terms and conditions of the Scheme shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

- (b) Any alteration to the terms and conditions of the Awards granted to an Eligible Participant must be approved by the Board and/or the remuneration committee of the Company and/or the Shareholders if the initial grant of the Awards was approved by the Board, the remuneration committee and/or the Shareholders.

11. TERMINATION

- (a) The Scheme shall terminate on the earlier of (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Shareholders in a general meeting provided that such termination shall not affect any subsisting rights of any Eligible Participant hereunder.
- (b) Upon termination of the Scheme,
 - (i) no further grant of Awards may be made under the Scheme and, to the extent any Returned Share are being held under paragraph 8, the Company shall cause such Returned Shares to be sold and the proceeds of such sale (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith; and
 - (ii) all the Awards of an Eligible Participant granted under the Scheme shall continue to be valid and effective and become vested in the Eligible Participant according to the terms and conditions of the Award and the Scheme.
- (c) Temporary suspension of granting of Awards shall not be construed as a decision to terminate the operation of the Scheme.

12. 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 bear the costs of establishing and administering the Scheme, including, expenses incurred in the purchase and/or the subscription of Shares by the Trustee and stamp duty and normal registration fee in respect of the transfer of Shares to the Grantee on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any taxes, fee or expenses payable on the part of

any Eligible Participant or the Trustee in respect of any sale, purchase, vesting or transfer of Shares.

- (c) 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.
- (d) 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.

13. 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.