

CHINA NEW CONSUMPTION GROUP LIMITED
中國新消費集團有限公司
(Incorporated in the Cayman Islands with limited liability)

SHARE OPTION SCHEME

**Adopted by the Shareholders at the Extraordinary General Meeting
on 25 April 2024**

1. DEFINITIONS

1.1 In this Scheme, the following expressions shall have the following meanings:

“Adoption Date”

25 April 2024, the date on which this Scheme is conditionally adopted by an ordinary resolution of the Shareholders;

“Articles”

the articles of association of the Company as amended from time to time;

“associates”

has the same meaning as defined in the GEM Listing Rules;

“Auditors”

the auditors for the time being of the Company;

“Board”

the board of Directors for the time being or a duly authorised committee thereof;

“Business Day”

any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;

“close associate(s)”

has the same meaning as defined in the GEM Listing Rules;

“Company”

China New Consumption Group Limited (中國新消費集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange;

“connected person”

has the same meaning as defined in the GEM Listing Rules;

“core connected person”

has the same meaning as defined in the GEM Listing Rules;

“Director(s)”

the director(s) of the Company for the time being;

“Eligible Participant(s)”

any director (including independent non-executive Director) and employee (whether full time or part time) of the Company or any of its

subsidiaries (including persons who are granted options or awards under the scheme as inducement to enter into employment contracts with these companies) who in the sole discretion of the Board has contributed or will contribute to the Group;

“Exercise Date”

has the meaning ascribed to it in sub-paragraph 7.4;

“GEM”

GEM operated by the Stock Exchange;

“GEM Listing Rules”

the Rules Governing the Listing of Securities on GEM;

“Grantee”

any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in sub-paragraph 7.3(a)) his Personal Representative(s);

“Group”

the Company and all of its subsidiaries from time to time;

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong for the time being;

“Hong Kong”

the Hong Kong Special Administrative Region of the People’s Republic of China;

“inside information”

has the same meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“Offer”

an offer for the grant of an Option made in accordance with this Scheme;

“Offer Date”

the date on which an Offer is made to an Eligible Participant;

“Option”

an option to subscribe for Shares granted pursuant to this Scheme;

“Option Period”

in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained herein;

“Personal Representative(s)”

the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);

“Scheme”

this share option scheme in its present form or as may be amended in accordance with paragraph 14;

“Scheme Mandate Limit”

has the meaning ascribed to it in sub-paragraph 9.1;

“Share Registrar”

branch share registrar of the Company in Hong Kong for the time being;

“Share(s)”

ordinary share(s) of HK\$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

“Shareholder(s)”

holder(s) of the issued Share(s) from time to time;

Rule
23.03(11)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which Shares are for the time being listed or traded;

“Subscription Price”

the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 6; and

“Subsidiary(ies)”

subsidiary(ies) of the Company;

“Termination Date”

close of business of the Company on the date which falls ten (10) years after the Adoption Date.

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

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;

- (b) references to paragraph or paragraphs are references to paragraph or paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and anybody established to replace or assume the functions of the same.

2. CONDITIONS

- 2.1 The adoption of this Scheme is conditional upon:
- (a) the passing of an ordinary resolution at a general meeting of the Company to adopt this Scheme;
 - (b) the passing of an ordinary resolution at a general meeting of the Company to terminate the existing share option scheme adopted by the Company on 22 September 2017; and
 - (c) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme.
- 2.2 If the conditions referred to in sub-paragraph 2.1 are not satisfied on or before the date falling six calendar months after the Adoption Date, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 2.3 Reference in sub-paragraph 2.1 to the Listing Committee of the Stock Exchange formally granting the approvals, listing and permission referred to therein shall include any such approvals, listing and permission which are granted subject to conditions.
- 2.4 A certificate of a Director that the conditions set out in sub-paragraph 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.
- 2.5 The Company must publish an announcement on the outcome of the Shareholders meeting as referred to in sub-paragraph 2.1(a) for the adoption of this Scheme as soon as possible, but in any event not later than the time that is

30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day after such general meeting, in accordance with the publication requirements set out in Chapter 16 of the GEM Listing Rules.

3. PURPOSE, DURATION AND ADMINISTRATION

3.1 The purpose of this Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives and/or rewards for their contribution or potential contribution to the Company. This Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. In particular, the eligibility of each of the Eligible Participant shall be determined by the Board or a committee of the Board from time to time and on a case-by-case basis. In determining the eligibility of each Eligible Participant, the Board will consider, among others, their general working performance, time commitment, length of their service within the Group, working experience, educational and professional qualifications, knowledge in the industry, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard, the amount of support, assistance, guidance, advice or efforts the Eligible Participant has given or will give towards the Group's success and any other factor that allows the Board to assess the amount of contribution made or to be made by the Eligible Participant to the Group.

Rule
23.03(11)

3.1A In case any Option is to be granted to an Independent non-executive Director, the remuneration committee of the Company and the Board shall be mindful of the recommended best practice E.1.9 of the corporate governance code set put on Appendix C1 to the Listing Rules which recommends that issuers generally should not grant equity-based remuneration with performance-related elements to independent non-executive directors when considering any future grants of Options or Awards to the independent non-executive director.

3.2 Subject to paragraphs 2 and 15, this Scheme shall be valid and effective until the Termination Date, after which period no further Options will be granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

Rule
23.03(1)

3.3 An Eligible Participant shall ensure that any exercise of his Option under paragraph 7 is valid and complies with all laws, legislations and regulations to which he is subject. The Directors may, as a condition precedent of issuing Shares upon an exercise of an Option, require the relevant Grantee to produce such evidence as it may reasonably require for such purpose.

- 3.4 Unless otherwise imposed by the Board and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any Grantee before an Option is capable of being exercised by the Grantee nor any clawback mechanism under the Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.
- Rule
23.03(7)
23.03(19)

4. GRANT OF OPTIONS

- 4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares as the Board may, subject to paragraph 11, determine at the Subscription Price.
- Rule
23.03(5)

- 4.2 No Option shall be granted by the Board:

- (1) after inside information has come to its knowledge until (and including) the trading day after such inside information has been announced by the Company pursuant to the requirements of the GEM Listing Rules; and
- (2) during the period commencing from one (1) month immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with 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
 - (b) the deadline for the Company to publish its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements. The period during which no Option may be granted will cover any period of delay in the publication of the results announcement.

- 4.3 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme

and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period of seven (7) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of this Scheme or the Eligible Participant to whom such Offer is made has ceased to be an Eligible Participant.

- 4.4 An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Rule
23.03(8)
- 4.5 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate 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 seven (7) days from the Offer Date (or such shorter period referred to in sub-paragraph 4.3). To the extent that the Offer is not accepted within the stated period, it will be deemed to have been irrevocably declined.
- 4.6 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with sub-paragraph 4.4 or 4.5, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance provided that if such date of acceptance shall fall on a non-Business Day, the Business Day immediately following such date of acceptance shall be taken to be the date of acceptance for the grant of such Option. To the extent that the Offer is not accepted within seven (7) days from the Offer Date (or such shorter period referred to in sub-paragraph 4.3) in the manner indicated in sub-paragraph 4.4 or 4.5 it will be deemed to have been irrevocably declined.
- 4.7 Any grant of 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 or whose associate is the proposed Grantee). Rule
23.04(1)
- 4.8 The vesting period for Options shall not be less than 12 months. A shorter vesting period may be granted to the Eligible Participants at the discretion of the Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances: Rule
23.03(6)
23.03F
- (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;

- (b) grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of twelve (12) months; and
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

each of which are considered appropriate to provide flexibility to grant Options (i) as part of competitive terms and conditions to induce valuable talent to join the Group (subparagraphs (a) and (d)); (ii) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (b) and (c)); (iii) reward exceptional performers with accelerated vesting (sub-paragraph (d)); and (iv) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (e)).

5. PERFORMANCE TARGET AND CLAWBACK MECHANISM

Unless otherwise imposed by the Board and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any Grantee before an Option is capable of being exercised by the Grantee nor any clawback mechanism under this Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

The Board considers that it is not practicable to expressly set out a generic set of performance targets in this Scheme, as each Grantee will play different roles and contribute in different ways to the Group. The remuneration committee of the Company considers it more beneficial to the Company to retain the flexibility to determine when and to what extent such conditions are appropriate. If performance targets are imposed upon the grant of Options, the Board will have regard to the purpose of this Scheme in assessing such performance targets with reference to factors including but not limited to, cash flow, earnings, earnings per share, market value or economic value added, profits, return on assets, return on equity, return on investment, sales, revenue, share price, total shareholder return, customer satisfaction metrics, operating results and such other goal as the Board may determine from time to time.

The Group will utilise its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will consider the past contributions of an Eligible Participant with reference

to the factors set out above and form an internal assessment as regards to the future value that such Eligible Participant may bring to the growth and development of the Group. The assessment involves the consideration and appraisal of the Eligible Participant's expected contribution with reference to such Eligible Participant's nature of duties (e.g. whether in a management role, a sales role or a support role), position within the Group (e.g. whether overall Group level targets or specific performance indicators should be adopted) and other features including geographical location, corporate culture and business strategy focus. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participant before the grant of Options, such that the grants will be on a fair and reasonable basis and in the interest of the Company and the Shareholders as a whole. The management will propose the performance targets of each Eligible Participant in each grant of Options to the Board (or, in case the Grantee is a director or senior manager of the Company, the remuneration committee of the Company) for consideration, who will then assess the reasonableness and suitability of such performance targets.

The remuneration committee of the Company is of the view that this Scheme will provide the Board with flexibility in setting the performance targets which are the most appropriate taking into account the individual circumstances of the relevant Eligible Participants and therefore can facilitate the Company's aim to offer meaningful incentive to the Eligible Participants to contribute and work better for the long-term growth and profitability of the Group, and hence aligns with the purpose of this Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the offer letter of the grant of the relevant Option, there is no performance target which must be achieved before an Option can be exercised.

Rule
23.03(7)
23.03(19)

The performance target, if any, may be assessed either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Board (or, in case the Grantee is a director or senior manager of the Company, the remuneration committee of the Board) in its sole discretion.

Notwithstanding the terms and conditions of this Scheme, the Board may provide in the notice of Offer that any Option prior to it being exercised may be subject to clawback if any of the following events shall occur during an Option Period:

- (a) there being a material misstatement in the audited financial statements of the Company that requires a restatement;
- (b) the Grantee being guilty of fraud, gross negligence or persistent or serious or wilful misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; and

- (c) if the grant or exercise of any Option is linked to any performance targets and the Board is of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

In the event of any of the circumstances mentioned in the preceding paragraph, the Board may (but is not obliged to) by notice in writing to the Grantee concerned:

- (a) claw back such number of the Options (to the extent not being exercised) granted as the Board may consider appropriate; or
- (b) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Board may consider appropriate.

The Options that are clawed back pursuant to the above shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding the foregoing, no Options being offered to any independent non-executive Director shall contain any performance target unless the Board is satisfied that such target will not lead to any bias in the decision-making or compromise the objectivity and independence in the course of performance of the duties of the Grantee as an independent non-executive Director.

6. SUBSCRIPTION PRICE

The Subscription Price shall, subject to any adjustments made pursuant to paragraph 9, be determined at the discretion of the Board at its absolute discretion, provided that it must be at least the higher of:

Rule
23.03(9)
23.03E

- (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a

Rule
23.03(17)

Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

- 7.2 Subject to sub-paragraph 16.8, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this sub-paragraph 7.2 or sub-paragraph 7.3 (as the case may be) by the Grantee (or, as the case may be, his Personal Representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to paragraph 10, the Company shall accordingly allot the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to sub-paragraph 7.3(a), to the estate of the Grantee) credited as fully paid and instruct the Share Registrar to issue to the Grantee (or his estate in the event of an exercise by his Personal Representative(s) as aforesaid) a share certificate for the Shares so allotted.
- 7.3 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
- (a) subject to paragraph 8.1(e) of this Scheme, where the Grantee ceases to be an Eligible Person for any reason except for 7.3(b) or 7.3(c) of this Scheme, Options shall lapse on the expiry of three (3) months after the date of cessation and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of such cessation shall be (i) if he is an employee of the Company, any Subsidiary, his/her last actual working day at his/her work place with the Company, any Subsidiary whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Company, any Subsidiary, the date on which his/her relationship with the Group which has constituted him an Eligible Person ceases;
 - (b) where the Grantee is re-employed after retirement or has changed in position(s) but still be an Eligible Person before exercising the Option in full or at all, the Option may continue to be exercised by the Grantee;
 - (c) where the Grantee dies before exercising the Option in full or at all, the Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made pursuant to paragraph 7.3(e), 7.3(f), 7.3(g) or 7.3(h) of this Scheme by his/her personal representatives within 6 months of the date of death;
 - (d) if a general offer by way of a take-over 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) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or

Rule
23.03(12)

his/her personal representatives) may exercise the Option in full (to the extent not already lapsed or exercised) at any time within one (1) month after the date on which the offer becomes or is declared unconditional;

- (e) if a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his/her personal representatives) may exercise the Option in full (to the extent not already lapsed or exercised) at any time within one (1) month after the date on which the offer becomes or is declared unconditional;
- (f) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his/her personal representatives) shall be entitled to exercise all or any of his/her Options at any time not later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid. The allotted Shares will rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation;
- (g) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 7.3(e) of this Scheme, between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his/her personal representatives) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his/her Options, and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, issue, allot and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Options. In the event that the Grantees do not exercise all of any of his/her Options before the specified timing, and provided that the then market price of the Option is higher than the Subscription Price of the Option, the Board may in its sole

discretion, sell the Option on behalf of the Grantee, whereby the Grantee will be entitled to receive the cash equivalent from such sale (less any costs incurred by the Company (if any)). In the event that the market price of the Option is lower than the Subscription Price of the Option or the Board in its sole discretion decides not to sell the Option on the market, the Option will automatically lapse; and

- (h) the Board retains its absolute discretion to decide the final settlement of Options.

7.4 Grantee is not entitled to voting, dividend, transfer and other rights of holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the memorandum of association of the Company and the Articles in effect from time to time. Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles 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 on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

Rules
23.03(10)
23.03(15)

8. EARLY TERMINATION OF OPTION PERIOD

Rule
23.03(16)

8.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall automatically lapse on the earliest of:

Rule
23.03(12)

- (a) subject to sub-paragraph 7.3, the expiry of the Option Period;
- (b) the expire of any of the periods referred to in sub-paragraph 7.3;
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 7.3(e) of this Scheme;
- (d) subject to paragraph 7.3(f) or 7.3(g) of the Scheme, the date of the commencement of the winding-up of the Company;
- (e) the date on which the Grantee ceases to be an Eligible Person by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his/her employment contract or other contract constituting him an Eligible Person (including, among others, causing material misstatement of the financial statements of the Company), or the date on which he begins to appear to be unable to pay or has no

reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally or on which he has been convicted of any criminal offence involving his/her integrity or honesty. The Board or any person delegated by the Board shall determine whether the employment or other relevant contract of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 8.1(e) of this Scheme, and its/his/her determination shall be final, binding and conclusive; or

(f) the date on which the Grantee commits a breach of paragraph 7.1 of this Scheme.

8.2 A resolution of the Directors to the effect that the employment or directorship of a Grantee has or has not been terminated on one or more of the grounds specified in sub-paragraph 8.1(e) shall be conclusive and binding on the Grantee.

9. **MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

9.1 The total number of Shares which may be issued in respect of all options to be granted under this Scheme and all options and awards to be granted under and any other share option scheme(s) and share award scheme(s) of the Company (the “**Scheme Mandate Limit**”) must not in aggregate exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue as at the Adoption Date or the relevant date of approval of the refreshment of the Scheme Mandate Limit in accordance with this paragraph 8 of this Scheme.

Rule
23.03(3)
23.03B(1)
23.03B(2)

9.2 For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any options or awards that have already lapsed in accordance with the terms of the relevant share scheme(s) of the Company will not be regarded as utilised.

9.3 The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting every three years from the date of the Shareholders’ approval for the last refreshment (or the Adoption Date), provided that:

(a) the Scheme Mandate Limit so refreshed shall not exceed 10% (or such other percentage as may from time to time be specified by the Hong Kong Stock Exchange) of the total number of issued Shares as at the date of such Shareholders’ approval of the refreshment of the Scheme Mandate Limit;

Rule
23.03C(2)

(b) for the purpose of calculating the Scheme Mandate Limit, options or awards lapsed will not be regarded as utilised and options or awards cancelled will be regarded as utilised; and

Rule
23.03B(2)
Notes

- (c) a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing among others, the number of options and awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment. Rule 23.03C(2)
- 9.4 Further to the requirements set out under paragraph 9.3 above, any refreshment of the Scheme Mandate Limit within three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date) must be approved by the Shareholders in general meeting subject to the following provisions: Rule 23.03C(1)
- (a) any Controlling Shareholder and their associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive(s) of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
- (b) the Company must comply with the requirements under Rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules; and
- (c) the requirements under paragraphs 9.4(a) and 9.4(b) of the Scheme do not apply if the refreshment is made immediately after an issue of Shares by the Company to its Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of the Shares, rounded to the nearest whole Share.
- 9.5 The Company may seek separate approval from the Shareholders in general meeting for granting Options which will result in the Scheme Mandate Limit being exceeded, provided that:
- (a) the grant is only to Eligible Persons specifically identified by the Company before the approval is sought; and
- (b) circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules and any other applicable laws and rules.
- 9.6 If the Company conducts any share consolidation or subdivision after the Scheme Mandate Limit has been approved in the general meeting, the maximum number of Shares that may be issued by the Company pursuant to the Scheme and all other share schemes of the Company under the unutilised Scheme Mandate 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. Rule 23.03B(2) Notes

9.7 Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participants (including both exercised and outstanding Options) in any 12-month period must not exceed 1 per cent. of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options or awards to be granted (and Options and awards previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options or awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Subscription Price) of Options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

Rule
23.03(4)
23.03D

Where any grant of Options to an independent non-executive Director or a substantial Shareholder (as defined in the GEM Listing Rules), or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options lapsed in accordance with the terms of the scheme) 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 relevant class of Shares in issue, such further grant of options or awards must be approved by Shareholders of the Company in general meeting in the manner set out in rule 23.04(4) of the GEM Listing Rules. The Company must send a circular containing the details of the grant to the Shareholders in a manner complying with, and containing, among others, (i) details of the number and terms of the options or awards to be granted to each Grantee, which must be fixed before the Shareholders' meeting; (ii) in respect of any options to be granted, the date of the board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price; (iii) views of the independent non-executive Directors (excluding the independent non-executive Director who is the prospective Grantee of the Option) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interest of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; (iv) information required under rule 23.02(2)(c) of the GEM Listing Rules (if applicable); and (v) the information required under rule 2.28 of the GEM Listing Rules. The Grantee, his/her associates and all core connected persons must abstain from voting in favour at such general meeting. The Company must comply with the requirements set out in rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

Rule
23.04(2)
23.04(3)
23.04(4)
23.04(5)

- 9.8 Shareholders' approval as required under sub-paragraph 9.7 is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director, or any of his associates.

10. REORGANISATION OF CAPITAL STRUCTURE

- 10.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation issue, rights, consolidation, sub-division or reduction of the share capital of the Company, then the Company shall instruct the Auditors or independent financial adviser to certify in writing:

Rule
23.03(13)

- (a) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
- (i) the number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
 - (ii) the Subscription Price.

and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:

- (1) any such adjustment shall give the Grantee the same proportion of the equity capital in the Company on the full exercise of any Option, rounded to the nearest whole share, (but shall not be greater than) as it was before such event;
 - (2) 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; and
 - (3) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment;
- (b) in respect of any such adjustments, other than any made on a capitalisation issue, the Auditors or the independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 23.03(13) of the GEM Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005, any relevant provisions of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange and the note thereto from time to time.

- 10.2 If there has been any alteration in the capital structure of the Company as referred to in sub-paragraph 10.1, the Company shall, upon receipt of a notice from a Grantee in accordance with sub-paragraph 7.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or an independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with sub-paragraph 10.1.
- 10.3 In giving any certificate under this paragraph 10 the Auditors and independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, 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 OPTIONS

Subject to sub-paragraph 7.1, any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options or awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under a scheme with available Scheme Mandate Limit.

Rule
23.03(14)

12. SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the share capital of the Company. Subject thereto, the Directors shall make available sufficient of the then authorised but unissued share capital of the Company to allot the Shares on the exercise of any Option.

13. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares of an Option, the Subscription Price or any adjustment under sub-paragraph 10.1) shall be referred to the decision of the Auditors or independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

14. ALTERATION OF THIS SCHEME

This Scheme may be altered in any respect by a resolution of the Board except:

Rule
23.03(18)

- (a) any alterations to the terms and conditions of this Scheme which are of material nature or any alterations to the provisions relating to the matters set out in rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Participants must be approved by Shareholders in general meeting;
- (b) any change to the terms of Options or awards granted to a Grantee, except alterations which take effect automatically under the existing terms of this Scheme, must be approved by the Board, the remuneration committee, the independent non-executive directors and/or the Shareholders (as the case may be) if the initial grant

of the options or awards was approved by the Board, the remuneration committee, the independent non-executive directors and/or the Shareholders (as the case may be);

- (c) any change to the authority of the Directors to alter to the terms of this Scheme must be approved by Shareholders in general meeting;
- (d) the provisions of this Scheme as to the definitions of “Eligible Participant”, “Grantee”, “Option Period” and “Termination Date” in sub-paragraph 1.1; and the provisions of sub-paragraphs 3.1, 4.1, 4.3, 4.4 (other than the time period referred to), 4.5 (other than the time period referred to) and 8.1 and paragraphs 6, 7, 9, 10, 11 and 12 and this paragraph 14, which shall only be altered with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the memorandum of association and Articles for the time being of the Company for a variation of the rights attached to Shares.

The amended terms of this Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

15. TERMINATION

- 15.1 The Company by an ordinary resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this scheme.
- 15.2 Details of the Options or awards granted, including Options exercised or outstanding, or shares issued and to be issued in respect of the awards granted) under the scheme and (if applicable) Options or awards that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

Rule
23.03(16)

16. MISCELLANEOUS

- 16.1 This Scheme shall not form part of any contract of employment between the Company and any Eligible Participant who is the employee of the Group and the rights and obligations of any such Eligible Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

- 16.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 16.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors and the independent financial advisers in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme.
- 16.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders at the same time or within a reasonable time of any such notices or documents being sent to Shareholders.
- 16.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.
- 16.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 16.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one (1) day after the date of posting, if sent by mail;
 - (b) seven (7) days after the date of posing to an address in a different territory;
 - (c) upon completion of transmission if sent by facsimile or other form of electric transmissions; and
 - (d) when delivered, if delivered by hand.
- 16.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents and approvals that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents and approvals. Compliance with this sub-paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.
- 16.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.

- 16.10 By accepting an Offer a Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 16.11 This Scheme shall comply with the GEM Listing Rules as amended from time to time. In the event that there are differences between the terms of this Scheme and the GEM Listing Rules, the GEM Listing Rules shall prevail.
- 16.12 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.