

**HI SUN TECHNOLOGY (CHINA) LIMITED**

**SHARE OPTION SCHEME**

I, \_\_\_\_\_, a director of Hi Sun Technology (China) Limited, hereby certify that pursuant to paragraph 2.4 of the rules of the Share Option Scheme hereto attached, the conditions set out in paragraph 2.1 of such rules were satisfied on the date set out below and that such date is the “Adoption Date” as defined in such rules:

Adoption Date: \_\_\_\_\_, 2023

\_\_\_\_\_  
Name:  
Title: Director  
Date:

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## 1. **DEFINITIONS**

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

**“Adoption Date”**

the date on which this Scheme becomes unconditional upon fulfillment of the conditions set out in paragraph 2.1;

**“associate”**

shall bear the meaning ascribed thereto in the Listing Rules;

**“Auditors”**

the auditors of the Company from time to time;

**“Award”**

Shares granted or to be granted under any Share Award Scheme;

**“Business Day”**

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

**“close associate”**

shall bear the meaning ascribed thereto in the Listing Rules;

**“Companies Act”**

the Companies Act 1981 of Bermuda as amended and supplemented from time to time;

**“Company”**

Hi Sun Technology (China) Limited, a company incorporated in Bermuda, the Shares of which are listed on the Main Board of the Stock Exchange;

**“connected person”**

shall bear the meaning ascribed thereto in the Listing Rules;

**“Directors”**

the directors of the Company for the time being or a duly authorised committee thereof and a **“Director”** means any of such directors;

**“Eligible Participants”**

the persons who may be invited by the Directors to take up the Options as referred to in paragraph 4.1, and **“Eligible Participant”** shall be construed accordingly;

**“Employee Participant(s)”**

has the meaning as ascribed to it under paragraph 4.1(a);

**“Grantee”**

any Eligible Participant who accepts the Offer in accordance with the terms

of this Scheme or (where the context so permits) his Personal Representative;

**“Group”**

the Company and the Subsidiaries and **“member(s) of the Group”** shall be construed accordingly;

**“Hong Kong”**

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

**“Inside Information”**

has the meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;

**“Listing Rules”**

the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

**“Model Code”**

the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company;

**“Offer”**

an offer for the grant of an Option made in accordance with paragraph 4.5;

**“Offer Date”**

the date, which must be a Business Day, on which an Offer is made to an Eligible Participant;

**“Option”**

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

**“Option Period”**

in respect of any particular Option, a period (which may not expire later than ten (10) years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraph 7; and (ii) ten (10) years from the Offer Date of that Option;

**“Personal Representative(s)”**

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

**“Related Entity Participant(s)”**

has the meaning as ascribed to it under paragraph 4.1(b);

**“Remuneration Committee”**

the remuneration committee established by the board of Directors from time to time;

**“Scheme”**

this Share Option Scheme in its present form or as may be amended in accordance with paragraph 13;

**“Scheme Mandate Limit”**

has the meaning as ascribed to it under paragraph 8.2;

**“Shares”**

shares of \$0.0025 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;

**“Share Award Scheme(s)”**

any share award scheme adopted or to be adopted by the Company, involving the grant of new Shares by the Company;

**“Share Scheme(s)”**

including this Scheme and any Share Award Scheme(s);

**“Shareholders”**

holders of the Shares;

**“Stock Exchange”**

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

**“Subscription Price”**

the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option;

**“Subsidiary”**

shall bear the meaning ascribed thereto in the Listing Rules;

**“Termination Date”**

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

**“Trading Day”**

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

**“Vesting Period”**

has the meaning as ascribed to it under paragraph 4.7; and

**“\$”**

Hong Kong dollars.

1.2 In this Scheme, unless the context otherwise requires:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-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 any body established to replace or assume the functions of the same.

**2. CONDITIONS**

2.1 This Scheme is conditional upon:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares representing the Scheme Mandate Limit to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of the necessary resolutions of the Shareholders in the general meeting of the Company to approve and adopt this Scheme.

2.2 If the conditions referred to in paragraph 2.1 are not satisfied on or before the date falling 120 days after the date of the meeting of the board of Directors held for the purpose of approving this Scheme, 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 paragraph 2.1(a) to the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

- 2.4 A certificate of a Director that the conditions set out in paragraph 2.1 have been satisfied and the date on which such conditions were satisfied shall be conclusive evidence of the matters certified and such date shall be the Adoption Date.

### **3. PURPOSE, DURATION AND ADMINISTRATION**

- 3.1 The purposes of this Scheme are to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the growth and development of the Group and/or to enable the Group to recruit and retain high-calibre Eligible Participants and attract human resources that are valuable to the Group.
- 3.2 This Scheme shall be administered by the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall be, in their absolute discretion and subject to the provisions of this Scheme, final and binding on all persons who may be affected thereby.
- 3.3 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which date no Offer shall be made but the provisions of this Scheme shall remain in force and effect in all other respects to the extent necessary to give effect to the vesting and/or exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.
- 3.4 A Grantee shall ensure that the acceptance of an Offer, the holding and exercise of his Option are in accordance with this Scheme, the issue of Shares to him upon the exercise of his Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and issuing Shares upon an exercise of an Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

### **4. GRANT OF OPTIONS**

- 4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any person belonging to any of the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall, subject to paragraph 5, determine:
- (a) directors and employees of the Company or any of its Subsidiaries (including persons who are granted Options under this Scheme as an inducement to enter into employment contracts with such companies) (“**Employee Participant(s)**”); and
  - (b) directors and employees of the holding companies, fellow Subsidiaries or

associated companies of the Company (“**Related Entity Participant(s)**”).

For the avoidance of doubt, no grant of any Options by the Company shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

- 4.2 The making of an Offer to any Director, chief executive of the Company or substantial Shareholder, 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 of an Option).
- 4.3 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors’ opinion in their absolute discretion as to his contribution or potential contribution to the development and growth of the Group, in particular, taking into account the matters set out in paragraph 4.4.
- 4.4 In assessing whether Offers are to be made to any Eligible Participant, the Directors shall take into account various factors, including but not limited to, the nature and extent of contributions provided or potential contributions to be provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by such Eligible Participant which are beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought or that may bring to the Group’s business and development and whether making an Offer to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.
- 4.5 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the Option 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) for a period of up to twenty-one (21) days from the Offer Date.
- 4.6 An Offer shall state, in addition to the matters specified in paragraph 4.5, the following:
  - (a) the name and address of the Eligible Participant;
  - (b) the number of Shares under the Option in respect of which the Offer is made and the Subscription Price for such Shares;
  - (c) the Vesting Period, taking into account the requirement set out in paragraph 4.7 below;



- (d) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Option comprised in the Offer;
- (e) the procedure for acceptance;
- (f) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised, or if none, a negative statement to that effect;
- (g) the clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participants (if any);
- (h) such other terms and conditions of the Offer as may be imposed by the Directors in its absolute discretion as are not inconsistent with this Scheme; and
- (i) a statement 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 including, without limitation, the conditions specified in paragraphs 3.4, 4.8, 6.1, 15.8 to 15.10, inclusive.

#### 4.7 **Vesting Period**

The Vesting Period in respect of any Option granted to any Eligible Participant shall not be less than 12 months from the Offer Date, provided that where the Eligible Participant is an Employee Participant, the Remuneration Committee (in the case where such Employee Participant is a Director or a senior manager identified by the Company) or the Directors (in the case where such Employee Participant is neither a Director nor a senior manager identified by the Company) shall have the authority to determine a shorter Vesting Period, if the Remuneration Committee (or, as the case may be, the Directors) considers that a shorter Vesting Period is appropriate to align with the purpose of this Scheme, including where:

- (a) grants of “make-whole” Options to Employee Participants who newly join the Group to replace the share options they forfeited when leaving the previous employers;
- (b) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria; or
- (c) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months.

4.8 Notwithstanding the terms and conditions of this Scheme, the Directors may provide in the notice of the Offer that any Option prior to it being exercised may be subject to clawback and/or a longer Vesting Period if any of the Clawback Events stated in paragraph 4.10 shall occur.

#### 4.9 **Performance target**

Subject to the terms and conditions of this Scheme, the Directors may establish performance targets against the attainment of which the Options granted to the Eligible Participant concerned may be exercised either in whole or in part. The Directors shall have the authority, after the grant of any Option which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during an Option Period due to any change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors.

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

#### 4.10 **Clawback mechanism**

The Directors may provide in the notice of the Offer that any Option prior to it being exercised may be subject to the clawback mechanism that if any of the following events ("**Clawback Events**") shall occur during an Option Period:

- (a) the Grantee being involved in any wrongdoing involving material misstatement in the audited financial statements of the Company that requires a restatement;
- (b) the Grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria;
- (c) the Grantee's employment being terminated summarily;
- (d) the Grantee being convicted of any criminal offence involving his integrity or honesty; or;
- (e) if a grant or the exercise of any Option is linked to any performance targets and the Directors are 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,

the Directors may by notice in writing to the Grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Directors may consider appropriate; and/or (bb) 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 Directors may consider appropriate. The Options that are clawed back pursuant to this paragraph will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

- 4.11 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than twenty-one (21) days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.12 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Option which are offered provided that 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 \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than twenty-one (21) days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.13 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.11 or 4.12, 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 Offer Date, subject to vesting. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 4.11 or 4.12, it will be deemed to have been irrevocably declined.
- 4.14 The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.
- 4.15 Options will not be listed or dealt in on the Stock Exchange.
- 4.16 For so long as the Shares are listed on the Stock Exchange:
- (a) the Company may not grant any Options after Inside Information has come to its knowledge until the Trading Day after it has announced such information. In particular, the Company may not grant any Option during the period commencing one (1) month immediately before the earlier of:
    - (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the 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 Listing Rules); and
    - (ii) the last day on which the Company must announce its results for any

year or half-year or quarterly or any other interim period (whether or not required under the Listing Rules), including any period of delay in publishing the results announcement,

and ending on the date of the results announcement ; and

- (b) the Directors may not make any Offer to an Eligible Participant who is subject to the Model Code during the periods or times in which such Eligible Participant is prohibited from dealing in Shares pursuant to the Model Code.

## **5. SUBSCRIPTION PRICE**

5.1 The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9, be determined at the discretion of the Directors, provided that it shall be not less than the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date.

5.2 Without prejudice to the generality of the foregoing, the Directors may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for Shares for each of the different periods shall not be less than the Subscription Price determined in the manner set out in this paragraph 5.1.

## **6. EXERCISE OF OPTIONS**

6.1 An Option shall be personal to the Grantee and, subject to the applicable provisions of the Listing Rules, shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

6.2 Subject to paragraphs 4.7 to 4.10, and unless otherwise determined by the Directors and stated in the Offer to a Grantee, (i) a Grantee is not required to hold an Option for any minimum period and, if applicable, achieve the performance targets before the any Options granted to him can be exercised; and (ii) any Option granted is not subject to the clawback mechanism referred to in paragraph 4.10.

6.3 Subject to paragraphs 3.4 and 15.8 and the fulfilment of all terms and conditions set out in the Offer, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by 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. In the case of an exercise pursuant to paragraph 6.4(c), within twenty-one (21) days after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly issue the relevant number of Shares to the Grantee (or, in the event of an exercise of an Option by the Personal Representative(s) pursuant to paragraph 6.4(a), to the estate of the Grantee) credited as fully paid and issue to the Grantee (or his estate as the case may be) a share certificate for the Shares so issued.

6.4 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee or his Personal Representative(s) at any time or times during the Option Period provided that:

- (a) if the Grantee is an Employee Participant or, as the case may be, a Related Entity Participant and in the event of his ceasing to be an Employee Participant or, as the case may be, a Related Entity Participant by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise, the Option (to the extent vested but not yet exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within a period of twelve (12) 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 or the relevant related entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.4(c), 6.4(d) or 6.4(e) occur during such period, exercise the Option pursuant to paragraph 6.4(c), or 6.4(d) or 6.4(e) respectively. In respect of those Options that have been vested but the performance targets stated in the Offer have not been satisfied, the Directors may, by reference to the level of attainment of the prescribed performance targets and other equitable factors, determine that the Grantee or, his Personal Representative(s), may exercise such number of Options and within such time as the Directors may consider appropriate, subject to any conditions or limitations as they may impose. For the avoidance of doubt, save as provided in the foregoing, all unvested Options shall be forfeited and cancelled on the date of cessation of employment;
- (b) if the Grantee is an Employee Participant or, as the case may be, a Related Entity Participant and in the event of his ceasing to be an Employee Participant or, as the case may be, a Related Entity Participant for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 7.1(c) before exercising the Option in full, the Option (to the extent not yet exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent vested but not already exercised) in whole or in part in accordance

with the provisions of paragraph 6.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.4(c), 6.4(d) or 6.4(e) occur during such period, exercise the vested Option pursuant to paragraph 6.4(c), 6.4(d) or 6.4(e) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary or the relevant related entity whether salary is paid in lieu of notice or not. For the avoidance of doubt, all unvested Options shall be forfeited and cancelled on the date of cessation or termination of employment;

- (c) if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders, the Grantee shall be entitled to exercise the Option (to the extent vested but not yet exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.3 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days prior to the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent vested but not yet exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.3 and the Company shall issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares issued in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up of the Company;
- (e) in the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and the Shareholders (or any class of them), 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 the Shareholders or creditors to consider such scheme or

arrangement, and thereupon any Grantee may forthwith and until the expiry of the period commencing with such date and ending with the earlier the date falling two (2) calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option (to the extent vested but not yet exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject thereto, all Option (whether vested or unvested) then outstanding shall lapse and determine on the date the proposed compromise or arrangement becomes effective.

- 6.5 Shares to be issued upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank pari passu in all respects (including voting, dividend, transfer and other rights, including those arising on a liquidation of the Company) with the then 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 (“**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 therefore shall be before the Exercise Date. No dividend (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. A Share issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

## **7. EARLY TERMINATION OF OPTION PERIOD**

- 7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:
- (a) the expiry of the Option Period;
  - (b) the expiry of any of the periods referred to in paragraph 6.4;
  - (c) in respect of a Grantee who is an Employee Participant or a Related Entity Participant, the date on which the Grantee ceases to be an Employee Participant, or as the case may be, a Related Entity Participant by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the

Grantee or the Group into disrepute), or (if so determined by the Directors) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under such Grantee's service contract with the Company or the relevant Subsidiary or the relevant related entity; and

- (d) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Option.

7.2 A resolution of the Directors to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 7.1(c) has occurred shall be conclusive and binding on all persons who may be affected thereby.

## **8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

8.1 No options may be granted under this Scheme or any other Share Scheme(s) if the grant of such option will result in the limit referred to in paragraph 8.2 being exceeded.

8.2 Subject to paragraphs 8.5 and 8.6, the total number of Shares which may be issued in respect of all options and Awards to be granted under this Scheme and any other Share Schemes must not in aggregate exceed 10 per cent. of the Shares in issue on the date which this Scheme is approved by the Shareholders ("**Scheme Mandate Limit**").

8.3 Subject to paragraph 8.4, where any grant of Options to a Grantee would result in the Shares issued and to be issued in respect of all options and Awards granted to such Grantee (excluding any options or Awards lapsed in accordance with the terms of the Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over 1 per cent. of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or associates where such Grantee is a connected person of the Company) abstaining from voting.

8.4 Where any grant of Options to an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options and Awards already granted (excluding any options or Awards lapsed in accordance with the terms of the Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the Shares in issue, such further grant of Options must be approved by the Shareholders in general meeting.

8.5 The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from the date this Scheme is approved by the Shareholders or the date of Shareholders' approval for the last refreshment provided that:



- (a) the total number of Shares which may be issued in respect of all options and Awards to be granted under all of the Share Schemes under the Scheme Mandate Limit as refreshed (“**New Scheme Limit**”) must not exceed 10% of the Shares in issue at the date of the Shareholders’ approval of such New Scheme Limit;
- (b) any refreshment to the Scheme Mandate Limit 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 the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules; and
- (c) the requirements under paragraph 8.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.

8.6 Without prejudice to paragraph 8.5, the Company may seek separate Shareholders’ approval in general meeting to grant Options under this Scheme beyond the Scheme Mandate Limit, provided the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options to be granted to such Eligible Participant must be fixed before Shareholders’ approval.

8.7 For the purpose of seeking the approval of the Shareholders under paragraphs 8.3, 8.4, 8.5 and 8.6, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders’ meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

8.8 Any change in the terms of Options granted to an Eligible Participant who is a director, chief executive or substantial Shareholder or any of their respective associates must be approved by the Shareholders in accordance with the Listing Rules if the initial grant of the Options requires such approval in accordance with the terms of this Scheme and the Listing Rules (except where the changes take effect automatically under the existing terms of this Scheme).

## **9. ADJUSTMENTS TO THE OUTSTANDING OPTIONS**

9.1 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 issue, consolidation or sub-division of the Shares or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify

in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number and/or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option,

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

- (A) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (B) 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;
- (C) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (D) any such adjustment shall be made in compliance with such applicable rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the Directors in writing that the adjustment(s) satisfy the requirements of the relevant provisions of the Listing Rules.

9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall 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 the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.

9.3 In giving any certificate under this paragraph 9, the Auditors or the independent financial adviser appointed under paragraph 9.1 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.

9.4 Unless otherwise stipulated by the applicable rules or regulations or guidance

from the Stock Exchange, the effective date of such adjustment made in accordance with paragraph 9 shall be the Triggering Event Effective Date.

For the purpose of this paragraph, a “**Triggering Event Effective Date**” shall refer to, in respect of each relevant event resulting in alteration in the capital structure of the Company referred to paragraph 9.1, the day on which the Shares relating to such event are issued or, as the case may be, created.

## **10. CANCELLATION OF OPTIONS**

10.1 Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.

10.2 Where the Company cancels any Option granted to a Grantee but not exercised and grants new Option(s) to the same Grantee, the grant of such new Option(s) may only be made with available Scheme Mandate Limit or the limits approved by the Shareholders pursuant to paragraphs 8.5. Any options or Awards cancelled with be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

## **11. SHARE CAPITAL**

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

## **12. DISPUTES**

12.1 Any dispute arising in connection with this Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or any adjustment under paragraph 9.1) shall be referred to the decision of the Auditors or independent financial adviser obtained for the purpose of the mentioned adjustment 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.

## **13. ALTERATION OF THIS SCHEME**

13.1 Without prejudice to paragraphs 13.2 to 13.4, this Scheme may be altered in any respect by a resolution of the Directors except that any alterations to the terms and conditions of this Scheme which are of a material nature or any alteration to the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of the Grantees or prospective Grantees must be approved by the Shareholders in general meeting.

13.2 Any change to the terms of Options granted to a Grantee (including the adjustments to the prescribed performance targets referred to in paragraph 4.9)

must be approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Scheme.

13.3 Any change to the authority of the Directors or the administrators of this Scheme in relation to any alteration to the terms of this Scheme must be approved by the Shareholders in general meeting.

13.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements of the Listing Rules.

#### **14. TERMINATION**

14.1 The operation of this Scheme may by resolutions of the Directors be terminated at any time but in any event shall not be later than the Termination Date 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 (to the extent not already vested or exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already vested or exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

#### **15. MISCELLANEOUS**

15.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary on one hand and any Employee Participant or Related Entity Participant on the other and the rights and obligations of any Employee Participant or Related Entity 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 Employee Participant or a Related Entity Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

15.2 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.

15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.

15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a

reasonable time of any such notices or documents being sent to holders of Shares.

- 15.5 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.
- 15.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.7 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; and
  - (b) when delivered, if delivered by hand.
- 15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to issue to him in accordance with the provisions of this Scheme the Shares falling to be 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. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Option. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.9 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.
- 15.10 By accepting an Offer, an Eligible Participant 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.
- 15.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

**\*\*\* End of this Scheme \*\*\***