

RULES
OF
WISON ENGINEERING SERVICES CO. LTD.
2022 SHARE OPTION SCHEME

**Adopted conditionally pursuant to an Ordinary Resolution of
the Shareholders passed on [●], 2022**

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RULES OF WISON ENGINEERING SERVICES CO. LTD. 2022 SHARE OPTION SCHEME

Purpose

The purpose of this Scheme is to attract and retain the best available personnel, to provide additional incentive to employees and directors of the Group and to promote the success of the business of the Group. This Scheme may, at the discretion of the Board, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

LR17.03(1)

1 Interpretation

1.1 Defined Terms

In these Rules:

“**Adoption Date**” means the date upon which this Scheme is conditionally adopted pursuant to an ordinary resolution of the shareholders of the Company passed on [●], 2022;

“**Associate**” has the meaning ascribed to this term under the Listing Rules;

“**Auditors**” means the auditors for the time being of the Company;

“**Board**” means the board of directors of the Company (including any committee or delegate of the Board appointed by the Board to perform any of its functions hereunder);

“**Board Approval Date**” means, in relation to any proposed grant of Options under Rule 7.4.2 or Rule 8.1.2, the date referred to in Rule 7.4.3 or Rule 8.1.3, as the case may be;

“**Business Day**” means a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong;

“**Close Associate**” has the meaning ascribed to this term under the Listing Rules;

“**Company**” means Wison Engineering Services Co. Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability;

“**Connected Person**” has the meaning ascribed to this term under the Listing Rules;

“**Contract**” means, in relation to an employee or Director, his contract of employment or service contract with his Employer (as amended from time to time), whether or not such contract is written or oral and comprised in one or more documents;

“**Controlling Shareholder**” has the meaning ascribed to this term under the Listing Rules;

“**Core Connected Person**” has the meaning ascribed to this term under the Listing Rules;

“**Director**” means a director of any Member of the Group;

“**Eligible Person**” means an employee (whether full-time or part-time) or a director of a Member of the Group (including persons who are granted Options under this Scheme as an inducement to enter into a Contract);

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LR17.03A

“**Employer**” means, in relation to an employee, the Member of the Group which employs or has appointed him under his Contract;

“**Group**” means the Company and its subsidiaries;

“**HKS**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**Hong Kong Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Independent Non-Executive Director**” means a person who is an independent non-executive director of the Company within the meaning of the Listing Rules;

“**Listing Committee**” means the Listing Committee of the Hong Kong Stock Exchange;

“**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

“**Member of the Group**” means the Company and any subsidiary of the Company;

“**Offer Date**” means, in relation to an Option, the date on which the Board offers an Eligible Person such Option pursuant to Rule 3.1, which must be a Business Day;

“**Option**” means a right granted under this Scheme to subscribe for Shares in accordance with this Scheme;

“**Option Certificate**” means an Option Certificate issued by the Company in accordance with Rule 3.2 in such form as the Board may determine, and setting out the Option Price, Option Period and any other conditions of exercise as contemplated by these Rules;

“**Option-holder**” means a person holding an Option (and, where relevant, includes his personal representatives);

“**Option Period**” means, in relation to an Option, the period which is notified by the Board at the Offer Date when making an offer to an Eligible Person under Rule 3.1 and which is specified on the Option Certificate, such period not to exceed the period of ten years from the Offer Date of such Option or such longer period as the Hong Kong Stock Exchange may allow pursuant to a waiver granted at the Hong Kong Stock Exchange’s discretion;

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“**Option Price**” means in respect of any Option the price determined by the Board and notified to an Option-holder which (subject to Rule 7.4.3 and Rule 8.1.3) shall be at least the higher of:

LR17.03(9)
LR17.03E

- (i) the closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the Offer Date;
- (ii) the average closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the Offer Date; and
- (iii) the nominal value of the Shares.

The Option Price may be adjusted in accordance with Rule 9;

“**Other Scheme**” means any other share scheme involving the grant by the Company or any of its subsidiaries of options or awards over new securities issued by the Company or any of its subsidiaries established by the Company or any of its subsidiaries in accordance with the Listing Rules or any other share scheme which is determined by the Hong Kong Stock Exchange to be analogous to a share scheme as described in the Listing Rules;

“**PRC**” means the People’s Republic of China, but for the purpose of these Rules, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

“**Remuneration Committee**” means the remuneration committee of the Company;

“**Rules**” means the rules of this Scheme as amended from time to time;

“**Scheme**” means the scheme known as “Wisom Engineering Services Co. Ltd. 2022 Share Option Scheme” constituted and governed by these Rules;

“**Shares**” means fully paid ordinary shares of HK\$0.1 each in the capital of the Company;

“**subsidiary**” or “**subsidiaries**” has the meaning ascribed to this term under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time; and

“**Substantial Shareholder**” has the meaning ascribed to this term under the Listing Rules.

1.2 **References to Enactments**

Any reference in these Rules to any enactment or regulatory requirement means a reference to such enactment as amended, consolidated or re-enacted or as their application is modified from time to time.

1.3 Except insofar as the context otherwise requires:

1.3.1 words denoting the singular shall include the plural and vice versa;

1.3.2 words denoting the masculine gender shall include the feminine gender;

1.3.3 a reference to any document in this Scheme is to that document as amended, consolidated, supplemented, novated or replaced from time to time; and

1.3.4 paragraph headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References to paragraphs or sub-paragraphs are to paragraphs or sub-paragraphs of this Scheme.

2 **Adoption and Duration of this Scheme**

2.1 **Adoption**

2.1.1 The adoption of this Scheme is conditional on the Listing Committee granting (or agreeing to grant) approval (subject to such conditions as the Hong Kong Stock Exchange may impose) for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options which may be granted under this Scheme.

2.1.2 If the condition referred to in Rule 2.1.1 is not satisfied on or before the date following six months after the date this Scheme was conditionally adopted:

- (i) this Scheme shall forthwith determine;
- (ii) any Option granted or agreed to be granted pursuant to these Rules and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of this Scheme or any Option.

2.2 **Duration**

Subject to Rule 11, this Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date, after which period no further Options will be granted but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto which are at that time or become thereafter capable of exercise under the Rules, or otherwise to the extent as may be required in accordance with the provisions of this Scheme.

LR17.03(11)

3 **Offer and Acceptance of Grant of Options**

3.1 **Offer of Grant**

Subject to the limits specified in Rule 7 not being exceeded and the restrictions specified in Rule 8 and any applicable regulatory and legal requirements

including, if appropriate, any codes of conduct, the Board may, at its absolute discretion, offer the grant to any Eligible Person an Option to subscribe for such number of Shares at the Option Price as the Board may determine. The eligibility of any Eligible Person to an offer shall be determined by the Directors from time to time on the basis of his roles and responsibilities, length of service in the Group, performance evaluation results, contribution to the development and growth of the Group and/or any such other criteria as the Directors may deem appropriate.

3.2 **Acceptance of Offers of Options**

3.2.1 Offers of Options shall be open for acceptance in writing or by facsimile transmission or (if the Board agree) by electronic communication received by the chairman of the Company (or a person designated by him with the approval of the Board) for such period (not exceeding 30 days inclusive of, and from, the Offer Date) as the Board may determine and notify to the Eligible Persons concerned provided that no such offer shall be open for acceptance after the expiry of the duration of this Scheme as specified in Rule 2.2. Offers of Options not accepted within this period shall lapse.

3.2.2 The Company shall issue Option Certificates to any Eligible Person who has accepted an offer in accordance with Rule 3.2.1 under the common seal of the Company (or the securities seal of the Company) within seven days after the end of the period for acceptance of the offer referred to in Rule 3.2.1.

3.3 **Terms of Options**

3.3.1 An Option shall be subject to such terms and conditions (if any) as may be determined by the Board at its discretion and specified in the offer of the Option, including any vesting schedule and/or conditions, any minimum period for which any Option must be held before it can be exercised and/or any performance target which need to be achieved by the Company and/or an Option-holder before the Option can be exercised.

3.3.2 The performance targets, if any, shall be assessed in accordance with any one or more of the following corporate-wide or subsidiary, division, operating unit, line of business, project, geographical or individual performance measures (the “**Performance Measures**”) during a specified performance period: cash flow, earnings, earnings per share, market value added or economic value added, profits, return on assets, return on equity, return on investment, sales, revenue, share price, total shareholder return, customer satisfaction metrics, operating results and such other goals as the Board may determine from time to time. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Group and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders’ equity and/or shares outstanding, investments or to assets or net assets. The Board may, in its sole discretion, amend or adjust the Performance Measures and establish any special rules and conditions to which the Performance Measures shall be subject at any time.

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3.3.3 Any terms and conditions determined by the Board must not be contrary to the purpose of this Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the shareholders of the Company.

3.4 **Payment on Grant**

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The amount payable for the acceptance of the grant of an Option shall be the sum of HK\$1.00 which shall be paid upon such acceptance. This consideration shall not be refundable to the Option-holder and shall not be deemed to be a part payment of the Option Price.

3.5 **Non-Transferability of Options**

Except for the transmission of an Option on the death of an Option-holder to his personal representatives or pursuant to a written consent from the Board after obtaining waiver granted at the Hong Kong Stock Exchange's discretion, neither the Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option-holder to any other person or entity. If an Option-holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

LR17.03(17)

4 **Vesting and Exercise of Options**

4.1 **Vesting of Options**

Any Option shall be vested on an Option-holder according to any vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be) as specified in the offer of the Option. The vesting period for an Option shall not be less than 12 months. However, if an Option is granted to an Eligible Person who is an employee, the Board (or the Remuneration Committee where the arrangements relate to grant of an Option to a director or senior management member of the Company) may, at its discretion, determine a shorter vesting period for such Option under any of the following circumstances:

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LR17.03F

- 4.1.1 where the Options are granted in assumption of, or in substitution or exchange for, an option or award previously granted, or the right or obligation to make a future option or award, in all cases by a company acquired by the Company or any of its subsidiaries or with which the Company or any of its subsidiaries combines;
- 4.1.2 where the Shares to be issued upon the exercise of such Options are subject to a minimum holding period of not less than 12 months and are delivered to an Eligible Person under his compensation arrangements with the Company;
- 4.1.3 where the Options are subject to performance-based vesting conditions;
- 4.1.4 where the Options are granted in batches for administrative or compliance reasons;
- 4.1.5 where the Options shall vest evenly over a period of 12 months or more;
- 4.1.6 where the Options are subject to a total vesting and holding period of 12 months or more; or
- 4.1.7 in cases of retirement, separation, retention arrangements, death, disability or a change in control of the Company, the Board may accelerate the vesting of the Options at its sole discretion.

4.2 **Exercise of Options**

Subject to the restriction set out in Rule 4.4, any Option:

- 4.2.1 which has vested;
- 4.2.2 which conditions have been satisfied or waived by the Board in its sole discretion; and
- 4.2.3 which has not lapsed,

may, unless the Board determines otherwise in its absolute discretion, be exercised at

any time from the next Business Day after the offer of Options has been vested on an Option-holder in accordance with Rule 4.1.

4.3 **Manner of Exercise**

An Option-holder may exercise any or all of his Options by notice of exercise in writing in such form as the Board may from time to time require delivered to the chairman of the Company (or a person designated by him with the approval of the Board). The notice of exercise of the Option must be completed and signed by the Option-holder or by his appointed agent, and must be accompanied by the:

4.3.1 relevant Option Certificate; and

4.3.2 correct payment in full in cleared funds of the total Option Price for the number of Shares being acquired.

4.4 **Restriction on Exercise**

No Option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

5 **Lapse and Cancellation of Options**

5.1 **Lapse on Expiry of Option Period**

An Option will lapse on the earlier of:

5.1.1 the expiry of the Option Period; or

5.1.2 the date when any circumstance referred to in Rule 3.5 occurs; or

5.1.3 the expiry of the time provided for in the applicable rule where any of the circumstances provided in Rules 5.2 to 5.6 below apply.

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5.2 **Lapse on Cessation of Employment**

5.2.1 **Resignation**

If an Option-holder ceases to be an Eligible Person by reason of his voluntary resignation (other than in circumstances where he is constructively dismissed), any outstanding offer of Options shall continue to be open for acceptance for such period as determined by the Board at its absolute discretion and notified to such Eligible Person under Rule 3.2.1, and all Options (to the extent vested but not already exercised) will continue to be exercisable for such period as the Board may determine at its absolute discretion and notify to such Eligible Person on the date of cessation of employment of such Eligible Person.

5.2.2 **Termination by Employer**

If an Option-holder ceases to be an Eligible Person by reason of his:

(i) Employer terminating his Contract in accordance with its terms or any right conferred on his Employer by law; or

(ii) Contract, being a Contract for a fixed term, expiring and not being renewed; or

(iii) Employer terminating his Contract for serious or gross misconduct,

then any outstanding offer of an Option and all Options, vested or unvested, will lapse on the date the Option-holder ceases to be an Eligible Person.

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5.2.3 **Death, Disability, Retirement and Transfer**

If an Option-holder ceases to be an Eligible Person by reason of:

(i) his death; or

- (ii) his serious illness or injury which in the opinion of the Board renders the Option-holder concerned unfit to perform the duties of his employment and which in the normal course would render the Option-holder unfit to continue performing the duties under his Contract for the following 12 months provided such illness or injury is not self-inflicted; or
- (iii) his retirement in accordance with the terms of an Option-holder's Contract; or
- (iv) his early retirement by agreement with the Option-holder's Employer; or
- (v) his Employer terminating his Contract by reason of redundancy; or
- (vi) his Employer ceasing to be a Member of the Group or under the control of the Company; or
- (vii) a transfer of the business, or the part of the business, in which the Option-holder works to a person who is neither under the control of the Company nor a Member of the Group; or
- (viii) if the Board determines in its absolute discretion that circumstances exist which mean that it is appropriate and consistent with the purpose of this Scheme to treat an Option-holder whose Options would otherwise lapse so that such Options do not lapse but continue to subsist in accordance with (and subject to) the provisions of this Rule 5.2.3,

then, subject to Rule 5.2.4, any outstanding offer of an Option which has not been accepted under Rule 3.2 and any unvested Option will lapse and the Option-holder or his personal representatives (if appropriate) may (subject to Rule 5.1) exercise all his Options (to the extent vested but not already exercised) within a period of one month of the date of cessation of employment. Any Option not exercised prior to the expiry of this period shall lapse.

5.2.4 **Lapse After Leaving Employment**

If the Board determines that an Option-holder who ceases to be an Eligible Person in circumstances such that his Options continue to subsist in accordance with Rule 5.2.3:

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- (i) is guilty of any misconduct which would have justified the termination of his Contract for cause but which does not become known to the Company until after he has ceased employment with any Member of the Group; or
- (ii) is in breach of any material term of Contract (or other contract or agreement related to his Contract), without limitation, any confidentiality agreement or agreement containing non-competition or non-solicitation restrictions between him and any Member of the Group; or
- (iii) has disclosed trade secrets or confidential information of any Member of the Group; or
- (iv) has entered into competition with a Member of the Group or breached any non-solicitation provisions in his Contract,

then it may, in its absolute discretion, determine that any unexercised Options, vested or not vested, held by the Option-holder shall immediately lapse upon

the Board resolving to make such determination (whether or not the Option-holder has been notified of the determination).

5.3 **Lapse on Cessation to be a Director**

In the event that any Director ceases to be a Director, the Company shall, as soon as practicable thereafter, give notice to the relevant Option-holder who as a result ceases to be an Eligible Person. Any outstanding offer of an Option which has not been accepted under Rule 3.2 and any unvested Option will lapse on the date the Option-holder ceases to be an Eligible Person. The Option-holder (or his personal representative) may (subject to Rule 5.1) exercise all his Options (to the extent vested but not already exercised) within a period of one month of the date of the notification by the Board. Any Option not exercised prior to the expiry of this period shall lapse.

5.4 **Lapse on a General Offer**

5.4.1 If as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror (a “**Change of Control**”), the Board will notify every Option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies.

5.4.2 Subject to Rule 4.4 and Rule 5.1, each Option-holder will be entitled at any time during the Change of Control Period as defined in Rule 5.4.3 to exercise his Options (to the extent vested but not already exercised). All Options, vested or unvested, not exercised before the end of the Change of Control Period will lapse at the end of the Change of Control Period.

5.4.3 “**Change of Control Period**” means the period of one month starting on the date of the Board’s notification under Rule 5.4.1.

5.5 **Lapse on Company Reconstructions**

In the event of a compromise or arrangement, the Company shall give notice to all Option-holders on the same date as it gives notice of the meeting to its shareholders or creditors to consider such a compromise or arrangement and each Option-holder (or his personal representative) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his Options (to the extent vested but not already exercised), and subject to the Company receiving the exercise notice and the Option Price, 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, allot, issue and register under the name of the Option-holder such number of fully paid Shares which fall to be issued on exercise of such Options. Any Options, vested or unvested, not so exercised will lapse.

5.6 **Lapse on Winding-Up**

In the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose 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 its shareholders give notice thereof to all Option-holders and (subject to Rule 4.4 and Rule 5.1) each Option-holder (or his personal representative) shall be entitled to exercise all or any of his Options (to the extent vested but not already exercised) at any time no later than seven days prior to the proposed general meeting of the Company, and subject to the Company receiving the exercise notice and the Option Price, 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, allot, issue and register under the name of the Option-holder such number of fully paid Shares which fall to be issued on exercise of such Options. Any Options, vested or unvested, not so exercised will lapse.

5.7 Cancellation of Options

Notwithstanding any other provision in this Scheme, the Board may cancel any Option. Unless the Option-holder otherwise agrees, the Board may only cancel an Option (which has been granted but not yet exercised) if, at the election of the Board, either:

LR17.03(14)

5.7.1 the Company pays to the Option-holder an amount equal to the fair market value of the Option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the Auditors or an independent financial adviser appointed by the Board; or

5.7.2 the Board offers to grant to the Option-holder replacement Options (or options under any Other Scheme) or makes such arrangements as the Option-holder may agree to compensate him for the loss of the Option; or

5.7.3 the Board makes such arrangements as the Option-holder may agree to compensate him for the cancellation of the Option.

6 Shares

6.1 Issue of Shares

Shares to be issued following the exercise of an Option will be issued as soon as reasonably practicable (and, unless otherwise agreed between the Company and the Option-holder, in any event within 30 days after the date on which correct payment in cleared funds of the Option Price for the number of Shares to be issued is received by the Company). However, if the Board considers that any restriction under any law or regulation or the rules of any stock exchange prevents the issue of Shares within this timeframe, the Shares will be issued or transferred within 30 days of the lifting of the restrictions.

6.2 Rights

No dividends (and 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. Shares allotted and issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

LR17.03(10)
LR17.03(15)

6.3 Consents

All allotments and issues of Shares or grant or exercise of Options will be subject to any necessary consent under any relevant enactments or regulations for the time being in force under any relevant local legislation or regulations. The Option-holder will be responsible for complying with any requirements to be fulfilled in order to obtain (or avoid the necessity for) any such consent.

6.4 Articles of Association

Any Shares acquired on the exercise of Options will be subject to the Articles of Association of the Company as amended from time to time.

7 Maximum Number of Shares Available for Subscription

7.1 Scheme Limit

Subject to Rule 7.2 and Rule 7.3, the total number of Shares which may be issued in respect of all Options to be granted under this Scheme and any options or awards granted under any Other Scheme must not in aggregate exceed 10% of the

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LR17.03B

Shares in issue as at the Adoption Date. Options and awards lapsed in accordance with the terms of this Scheme and any Other Scheme will not be regarded as utilized for the purpose of calculating the limit. Options and awards cancelled in accordance with the terms of this Scheme and any Other Scheme will be regarded as utilized for the purpose of calculating the limit.

7.2 Refreshing the Scheme Limit

7.2.1 Subject to Rule 7.5 if applicable, the Board may, with the approval of the shareholders of the Company in general meeting, “refresh” the scheme limit under Rule 7.1 (and may further “refresh” such limit once refreshed in accordance with the provisions of this Rule 7.2) after three years from the date on which the shareholders of the Company approve the last refreshment (or the adoption of this Scheme) (as the case may be), provided that the total number of Shares which may be issued upon in respect of all Options to be granted under this Scheme and any options and awards to be granted under any Other Scheme under the limit as “refreshed” shall not exceed 10% of the Shares in issue as at the date on which shareholders of the Company approve the “refreshed” limit. Options and awards previously granted under this Scheme and any Other Scheme (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme(s), or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The Company must send a circular to its shareholders containing the information required under the Listing Rules.

LR17.03C

7.2.2 Any “refreshment” within any three-year period must be approved by shareholders of the Company in general meeting subject to that (i) any Controlling Shareholders of the Company 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) shall abstain from voting in favour of the relevant resolution at the general meeting, and (ii) the Company must comply with the requirements under the Listing Rules.

7.2.3 The requirements under Rule 7.2.2 do not apply if the refreshment is made immediately after an issue of securities by the Company to its shareholders on a pro rata basis as set out in Listing Rules such that the unused part of the limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the limit immediately before the issue of securities, rounded to the nearest whole Share.

7.3 Exceeding the Scheme Limit

The Board may grant Options to any Eligible Person or Eligible Persons specifically identified by it which would cause the limit under Rule 7.1 (including, for the avoidance of doubt, any such limit as “refreshed” under Rule 7.2) to be exceeded, but only with the approval of the shareholders of the Company in general meeting, and subject always to Rule 7.5. The Company must send a circular to its shareholders containing the information required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Person(s) must be fixed before the approval of the shareholders of the Company.

7.4 Individual Limit

7.4.1 Subject to Rule 7.4.2 (and subject always to Rule 7.5), the Board shall not grant any Options (the “**Relevant Options**”) to any Eligible Person which, if exercised, would result in the number of Shares issued and to be issued in respect of all Options granted under this Scheme and any options or awards

LR17.03D

granted under any Other Scheme to such Eligible Person (excluding any options and awards lapsed pursuant to the terms of the relevant scheme(s)) in the 12-month period up to and including the Offer Date of the Relevant Options, in aggregate exceeds 1% of the Shares in issue at such date.

- 7.4.2 Notwithstanding Rule 7.4.1, the Board may grant Options to any Eligible Person or Eligible Persons causing the limit under Rule 7.4.1 in relation to such Eligible Person to be exceeded, but only with the approval of the shareholders of the Company in general meeting with such Eligible Person and his Close Associates (or Associates if such Eligible Person is a Connected Person) abstaining from voting, and subject always to Rule 7.5. The Company must send a circular to its shareholders containing the information required under the Listing Rules. The number and terms (including the Option Price as mentioned in Rule 7.4.3 below) of the Options to be granted to such Eligible Person must be fixed before the approval of the shareholders of the Company.
- 7.4.3 Where any grant is made under Rule 7.4.2, the Option Price shall be the price determined by the Board and notified to an Option-holder which shall be at least the higher of:
- (i) the closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date on which the offer to grant such Options is approved by the Board under Rule 7.4.2 (for the purpose of this Rule alone, the "**Board Approval Date**") (or where that is not a trading day, the last trading day prior to the Board Approval Date);
 - (ii) the average closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Board Approval Date; and
 - (iii) the nominal value of the Shares.

The Option Price may be adjusted in accordance with Rule 9.1.

8 Restrictions on Grants

8.1 Restriction on Grants to Key Individuals

- 8.1.1 Each grant of Options to an Eligible Person who is a Director (including an Independent Non-Executive Director), chief executive or Substantial Shareholder of the Company, or any of their respective Associates, under this Scheme must be approved by the Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is the proposed grantee of the Options).
- 8.1.2 Where any grant of Options to an Independent Non-Executive Director or a Substantial Shareholder of the Company, or any of their respective Associates, would result in the number of Shares issued and to be issued in respect of all Options granted under this Scheme and any options or awards granted under any Other Scheme (excluding any options and awards lapsed pursuant to the terms of the relevant 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% of the Shares in issue, such further grant of Options by the Board must be approved by the shareholders of the Company in general meeting. The Company must send a circular to its shareholders containing the information required under the Listing Rules. The number and terms (including the Option Price as mentioned in Rule 8.1.3 below) of the Options to be granted to each Eligible Person must be fixed before the approval of the

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shareholders of the Company. Any shareholder of the Company who is the grantee, his Associate or a Core Connected Person of the Company must abstain from voting on the resolution to approve such further grant of Options, except that he may vote against such resolution subject to the requirements of the Listing Rules.

8.1.3 Where any grant is made under Rule 8.1.2, the Option Price shall be the price determined by the Board and notified to an Option-holder which shall be at least the higher of:

- (i) the closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date on which the offer to grant such Options is approved by the Board under Rule 8.1.2 (for the purpose of this Rule alone, the "**Board Approval Date**") (or where that is not a trading day, the last trading day prior to the Board Approval Date);
- (ii) the average closing price of the Shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Board Approval Date; and
- (iii) the nominal value of the Shares.

The Option Price may be adjusted in accordance with Rule 9.1.

8.2 **Restriction on the time of grant of options**

A grant of Options may not be made after inside information has come to the knowledge of the Company until such inside information has been announced as required under the Listing Rules. In particular, during the period commencing:

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8.2.1 60 days immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results or (ii) the deadline for the Company to publish an announcement of its annual results; and

8.2.2 30 days immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any half-year, quarterly or any other interim period (whether or not required under the Listing Rules) or (ii) the deadline for the Company to publish an announcement of its results for any half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

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

9 **Reorganization of Capital Structure**

9.1 **Adjustments**

Subject to Rule 9.2 below, in the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization of profits or reserves, further rights issues of Shares, consolidation or subdivision of shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital for cash under a placement of shares or as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

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9.1.1 the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or

9.1.2 the price at which the Options are exercisable,

as the Auditors or an independent financial adviser appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable.

9.2 **Adjustment of Limits**

The maximum number of Shares referred to in Rule 7.1, Rule 7.2, Rule 7.4 and Rule 8.1.2 will be adjusted, in such manner as the Auditors or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

9.3 **Conditions Governing Adjustment**

Any adjustment under Rule 9.1 will be made in accordance with the following:

9.3.1 any such adjustment shall be made on the basis that an Option-holder shall have the same proportion of the issued share capital of the Company (rounded to the nearest whole Share) as that to which he was entitled before such adjustment;

9.3.2 no such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Option-holder would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and

9.3.3 the Auditors or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Hong Kong Stock Exchange, except where such adjustment is made on a capitalization issue.

9.4 **Capacity of Auditors or Independent Financial Advisers**

The capacity of the Auditors or financial advisers in this Rule 9 is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Option-holder in the absence of fraud or manifest error. The costs of the Auditors or financial advisers shall be borne by the Company.

9.5 **Notification of Adjustment**

The Company will notify an Option-holder of any adjustments made in accordance with Rule 9.

10 **Amendment**

10.1 **Amendments to this Scheme**

10.1.1 Subject to the provisions of this Rule 10, the Board may amend any of the provisions of this Scheme (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Option-holder at that date).

10.1.2 The shareholders of the Company in general meeting must approve in advance by ordinary resolution (i) any proposed amendment which is of a material

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nature (save where the amendments take effect automatically under the existing terms of this Scheme) and (ii) any proposed amendment which is to the advantage of present or future Option-holders and which relates to the following:

- (i) the purpose of this Scheme;
- (ii) the definition of “Eligible Person” in Rule 1;
- (iii) the limitations on the total number of Shares which may be issued in respect of all Options to be granted under this Scheme and any Other Scheme as provided for in Rules 7.1, 7.2, 7.3 and 7.5;
- (iv) the maximum entitlement of each Eligible Person under this Scheme as provided in Rule 7.4;
- (v) the definition of “Option Period” in Rule 1;
- (vi) the vesting period of the Options to be granted under this Scheme;
- (vii) the description of the performance targets (if any) attached to the Options to be granted under this Scheme;
- (viii) the terms of Rule 3.4 regarding payment on grant;
- (ix) the basis of determination of the Option Price under this Scheme;
- (x) the voting, dividend, transfer and other rights attaching to the Options and the Shares including those arising on liquidation of the Company;
- (xi) the duration of this Scheme under Rule 2.2;
- (xii) the circumstances under which Options will automatically lapse;
- (xiii) the adjustments provisions applicable in the event of a capitalization issue, rights issue, subdivision or consolidation of shares or reduction of capital of the Company under Rules 9.1, 9.3 and 9.5;
- (xiv) the cancellation of Options granted but not exercised under Rule 5.7;
- (xv) the treatment of Options on termination of this Scheme under Rule 11;
- (xvi) the restriction on the transfer of Options under Rule 3.5;
- (xvii) the terms of this Rule 10.1.2; or
- (xviii) the clawback mechanism as set out in this Scheme.

10.1.3 Subject to Rules 10.1.2 and 10.1.3, the Board need not obtain the approval of the shareholders of the Company in general meeting for any minor amendments:

- (i) to benefit the administration of this Scheme;
- (ii) to comply with or take account of the provisions of any proposed or existing legislation;
- (iii) to take account of any changes to any legislative or regulatory requirements; or
- (iv) to obtain or maintain favorable tax, exchange control or regulatory treatment of any Member of the Group or any present or future Option-holder.

10.1.4 The amended terms of this Scheme must still comply with Chapter 17 of the Listing Rules.

10.2 **Amendments to terms of Options**

10.2.1 Any amendments to the terms of any Options granted may only be made with the approval of the shareholders of the Company save where the amendments take effect automatically under the existing terms of this Scheme.

10.2.2 Any change to the terms of Options granted under this Scheme to an Eligible Person must be approved by the Board, the Remuneration Committee, the Independent Non-executive Directors and/or the shareholders of the Company (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the Independent Non-executive Directors and/or the shareholders of the Company (as the case may be). This requirement does not apply where the amendments take effect automatically under the existing terms of this Scheme.

10.3 **Authority of the Board**

Any change to the authority of the Board in relation to any amendment to these Rules may only be made with the approval of the shareholders of the Company in general meeting.

11 **Termination**

11.1 This Scheme will expire automatically on the day immediately preceding the 10th anniversary of the Adoption Date.

11.2 The Board may terminate this Scheme at any time without shareholders' approval by resolving that no further Options shall be granted under this Scheme.

11.3 If the Board decides to terminate this Scheme under Rule 11.2, then no new offers to grant Options under this Scheme will be made and any Options which have been granted but not yet exercised shall either:

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11.3.1 continue subject to these Rules; or

11.3.2 be cancelled in accordance with Rule 5.7.

12 **General**

12.1 **Notices**

12.1.1 Any notice or other document which has to be given to an Eligible Person or Option-holder under or in connection with this Scheme may be delivered to the Eligible Person or Option-holder or sent by post or facsimile transmission or e-mail to him at his home postal address, home or work e-mail address or facsimile number according to the records of his employing company or such other address as the Company reasonably considers appropriate.

12.1.2 Any notice or other document which has to be given to the Company under or in connection with this Scheme may be delivered or sent by post to it at its registered office (or such other place as the Board may from time to time decide and notify to Option-holders) or by facsimile transmission to the central facsimile number of the Company or by electronic communication received by the designated person of the Company (if any).

12.1.3 Notices sent by post will be deemed to have been given by the Company on the first day after the date of posting, and by the Option-holder on the date of receipt by the Board.

12.2 **Availability of Shares**

The Company will keep available for allotment sufficient unissued Shares for all Options under which Shares may be subscribed.

12.3 **Administration**

12.3.1 The responsibility for administration of this Scheme shall rest with the Board. The Board, may, however, appoint an administrator or administrators in relation to this Scheme (or certain aspects thereof) on such terms as the Board may determine.

12.3.2 The decision of the Board on the interpretation of these Rules or as to whether any circumstances exist which may affect the treatment of any Option or any Option-holder under these Rules or in any dispute relating to any Option or matter relating to this Scheme will be final and binding (in the absence of manifest error).

12.4 **Terms of Employment**

Nothing in this Scheme will in any way be construed as imposing on any Member of the Group a contractual obligation to any Eligible Person to offer participation in this Scheme.

Any person who ceased to be an employee of any Member of the Group because of lawful dismissal or termination of employment or who is under notice of such lawful dismissal or termination of employment will in no circumstances be entitled to claim any compensation in respect of the operation of this Scheme (except as expressly provided under this Scheme).

12.5 **Replacement Option Certificates**

If any Option Certificate is worn out, defaced or lost, the Board may replace it on such conditions as it thinks fit concerning the surrender, continued validity or any other matter relevant to the original certificate being replaced provided such conditions are reasonable in the circumstances. If an Option is exercised in part, and the balance remains exercisable, the Board shall provide the Option-holder with a balance certificate.

12.6 **Withholding**

The Employer may withhold any amount and make any such arrangements, including the sale of any Shares on behalf of an Option-holder as it considers necessary to meet any liability to taxation or social security contributions in respect of any Option granted to the Option-holder pursuant to this Scheme. These arrangements may include the sale of any Shares on behalf of an Option-holder, unless the Option-holder discharges the liability himself.

12.7 **General Notices**

The Option-holder shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares generally, provided that the Option-holders are deemed to have received such notices and documents if and when they are posted on the Company's website (<http://www.wison-engineering.com/>).

12.8 **Taxation**

Each Option-holder shall pay all taxes and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.

12.9 **Costs**

The Company will pay the costs of establishing and administering this Scheme.

13 **Governing Law**

The law of the Hong Kong Special Administrative Region governs this Scheme and all Options and their construction. The Company, each Member of the Group and each

Option-holder must submit to the exclusive jurisdiction of the Hong Kong courts in all matters relating to this Scheme and any Option.