

China High Precision Automation Group Limited

中國高精密自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Adopted by a resolution of the shareholders at the extraordinary general meeting
of the Company on [●] 2025)

SHARE OPTION SCHEME

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(Incorporated in the Cayman Islands with limited liability)

RULES OF THE SHARE OPTION SCHEME

1. DEFINITIONS

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

“**Acceptance Date**” means the date upon which an offer for an Option must be accepted by the relevant Eligible Participant, being a date not later than 30 days after the Offer Date;

“**Adoption Date**” means [●] 2025, the date on which this Scheme was conditionally adopted by an ordinary resolution of the shareholders of the Company;

“**approved independent financial advisor**” means such independent financial advisor as approved by the Board;

“**Articles of Association**” means the articles of association of the Company as amended from time to time;

“**associate**” has the meaning ascribed to it in the Listing Rules;

“**award**” means shares granted or to be granted under this Scheme;

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

“**Board**” means the board of directors of the Company for the time being or a duly authorized committee thereof;

“**Business Day**” means a day on which the Stock Exchange is open for the business of dealing in securities;

“**Cancelled Shares**” means those Shares which were the subject of options which had been granted and accepted under this Scheme or any of the other share schemes but subsequently cancelled;

“**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;

“**Commencement Date**” means, in respect of an Option, the date upon which such Option is deemed to be granted and accepted in accordance with paragraph 4.4;

“**Company**” means China High Precision Automation Group Limited (中國高精

密自動化集團有限公司), a company incorporated in the Cayman Islands with limited liability on 29 November 2007;

“**Companies Act**” means the Companies Act, Cap. 22 of the Cayman Islands as amended, consolidated or supplemented from time to time;

“**Control**” means, unless the context otherwise requires, a holding, or aggregate holdings, of 30% or more of the voting rights of a company, irrespective of whether that holding or holdings gives de facto control;

“**core connected person**” has the meaning ascribed to it under the Listing Rules;

“**close associate**” has the meaning ascribed to it under the Listing Rules;

“**Eligible Participant(s)**” means any director and employee of the Company or any of the Subsidiaries (including persons who are granted Options under this Scheme as an inducement to enter into employment contracts with the Company or any of the Subsidiaries);

“**Exercise Date**” means the date of the notice given by the Grantee in respect of the exercise of the Option in accordance with paragraph 7.1;

“**Exercise Price**” means the price per Share, determined by the Board, at which a Grantee may subscribe for Shares on the exercise of an Option in accordance with paragraph 6;

“**Expiry Date**” means, in respect of an Option, the date of the expiry of the Option as may be determined by the Board which shall not be later than the last day of the Option Period in respect of such Option;

“**Grantee**” means any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of this Scheme;

“**HK\$**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

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

“**New Approval Date**” has the meaning ascribed to it in paragraph 9.2;

“**New Scheme Limit**” has the meaning ascribed to it in paragraph 9.2;

“**Offer Date**” means in respect of an Option, the date on which such Option is offered in writing to an Eligible Participant which must be a Business Day;

“**Option**” means a right granted by the Company under this Scheme, which right permits (but does not obligate) a Grantee to subscribe for Shares in accordance with the terms of this Scheme;

“**Option Period**” means in respect of an Option, the period to be notified by the Board to each Grantee within which the Option may be exercisable provided that such period of time shall not exceed a period of five years commencing on the Commencement Date;

“**other share schemes**” means other than this Scheme, (i) all the share schemes involving the grant by the Company of new Shares or options over new Shares to, or for the benefit of, specified participants of such schemes (which includes a grant of any such Shares or options to a trust or similar arrangement for the benefit of a specified participant) and (ii) any arrangement involving the grant of new Shares which, in the opinion of the Stock Exchange, is analogous to a share scheme as described in Chapter 17 of the Listing Rules;

“**Performance Measures**” means any one or more of the following corporate-wide or subsidiary, division, operating unit, line of business, project, geographic or individual measures: 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 shareholders’ return; customer satisfaction metrics; 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 Company 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;

“**Personal Representative(s)**” means a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Grantee is or are entitled to exercise the Option accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee;

“**this Scheme**” means the share option scheme, the rules of which are set out in this document in its present or any amended form;

“**Scheme Limit**” has the meaning ascribed to it in paragraph 9;

“**Scheme Period**” means a period commencing on the Adoption Date and ending on the tenth anniversary of the Adoption Date (both dates inclusive);

“**Shares**” means ordinary shares of HK\$0.10 each in the capital of the Company or, if there has been a capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital in 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 capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited or (if

applicable) such other stock exchange on which the issued share capital of the Company is primarily listed;

“**Subsidiary**” has the meaning ascribed to it in the Listing Rules and “**Subsidiaries**” shall be construed accordingly;

“**substantial shareholder**” has the meaning ascribed to it in the Listing Rules;

“**Takeover Code**” means the Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time; and

“**Treasury Shares**” means the Shares repurchased and held by the Company in treasury (which include Shares repurchased by the Company and held or deposited in CCASS for sale on the Stock Exchange) from time to time.

1.2 In this Scheme, unless the context otherwise requires:

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

1.3 In this Scheme, where applicable, references to Shares to satisfy the grant of Options shall include Treasury Shares, and references to the issue of Shares shall include the transfer of Treasury Shares (as the case may be, and to the extent permissible by applicable laws and regulations, including the Listing Rules).

2. **CONDITIONS**

2.1 This Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolutions by the shareholders of the Company to approve and adopt the rules of this Scheme; and
- (b) the Stock Exchange granting the approval for the listing of, and

permission to deal in, the Shares which may fall to be issued pursuant to the exercise of Options to be granted under this Scheme.

2.2 If the conditions in paragraph 2.1 are not satisfied within twelve calendar months from the Adoption Date:

- (a) this Scheme shall forthwith determine;
- (b) any Option granted or agreed to be granted pursuant to this Scheme and any offer of such a grant shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme or any Option granted thereunder.

3. **PURPOSE, DURATION AND CONTROL OF SCHEME**

3.1 The purpose of this Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards to recognize and acknowledge their contributions or potential contributions to the Company and/or any of the Subsidiaries.

3.2 This Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (a) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Company and/or any of the Subsidiaries; and
- (b) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Company and/or any of the Subsidiaries.

3.3 In determining the basis of eligibility of each Eligible Participant, the Board will take into account, among others, (a) the experience and qualification of the Eligible Participant in relation to the Group's business; (b) the length of service of the Eligible Participant with the Group; (c) the level of responsibilities assumed; and (d) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

3.4 Subject to paragraph 14 and fulfilment of conditions in paragraph 2.1, this Scheme shall be valid and effective for the Scheme Period, after which no further Options shall be offered but the provisions of this Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in

accordance with this Scheme.

- 3.5 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

4. **OPTIONS**

- 4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period offer to grant an Option to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, the vesting period and/or any performance targets as assessed in accordance with the Performance Measures during a specified performance period which must be achieved before an Option can be exercised) as it may think fit.

- 4.2 If the Board determines to offer Options to an Eligible Participant which, when aggregated with any Shares issued or to be issued in respect of all options or awards granted to that person (excluding any options or awards lapsed in accordance with the terms of the relevant schemes) under this Scheme and the other share schemes of the Company in any 12-month period up to and including the Offer Date, exceed 1% of the number of Shares in issue (excluding Treasury Shares, if any) on the Offer Date:

- (a) that grant shall be subject to (i) the issue of a circular by the Company to its shareholders which shall comply with Rules 17.03D and 17.06 of the Listing Rules and or such other requirements as prescribed under the Listing Rules from time to time; and (ii) such grant must be separately approved by the shareholders of the Company in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting, and the number and terms of the share options to be further granted to such Grantee must be fixed before Shareholders' approval; and
- (b) in respect of any share options to be further granted, the date of the Board meeting at which the Board resolves to grant the proposed Options to such Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

- 4.3 If the Board determines to offer an Option to an Eligible Participant in accordance with paragraph 4.1, the Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine which states (or, alternatively, documents accompanying the offer document which state), among others:-

- (a) the Eligible Participant's name, address and occupation;
- (b) the Offer Date;
- (c) the Acceptance Date;

- (d) the Commencement Date or, if the Option Period does not commence on the Commencement Date, the date of commencement of the Option Period;
- (e) the number of Shares in respect of which the Option is offered;
- (f) the Exercise Price and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
- (g) the Expiry Date in relation to that Option;
- (h) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph 4.4; and
- (i) such other terms and conditions (including, without limitation, the vesting period and/or any performance targets as assessed in accordance with the Performance Measures during a specified performance period which must be achieved before the Option can be exercised) relating to the offer of the Option which in the opinion of the Board are fair and reasonable but not being inconsistent with this Scheme and the Listing Rules.

4.4 An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptance of the Option duly signed by the Grantee, together with a remittance or payment in favor of the Company of HK\$1.00 by way of consideration for the grant thereof; is received by the Company on or before the relevant Acceptance Date. Such remittance or payment shall in no circumstances be refundable.

4.5 Any offer to grant an Option may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the Option in the manner as set out in paragraph 4.4. To the extent that the offer to grant an Option is not accepted by the Acceptance Date, it shall be deemed to have been irrevocably declined.

4.6 The Options shall not be listed or dealt in on the Stock Exchange.

4.7 Save for a transfer to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (including for estate planning or tax planning purposes) that would continue to meet the purpose of this Scheme and comply with other requirements of the Listing Rules, in which case a waiver must be obtained from the Stock Exchange, an Option and an offer to grant an Option shall be personal to the Grantee and shall not be transferrable or assignable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option held by him/her or any offer relating to the grant of an Option made to him/her or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to this Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such

Grantee.

- 4.8 (a) For so long as the Shares are listed on the Stock Exchange, the Board shall not grant any Option after inside information has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In particular, no Options shall be granted during the period commencing 30 days immediately preceding the earlier of:
- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results or the Company's results for half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish an announcement of the Company's annual results or the Company's results for half-year, quarterly or any other interim period (whether or not required under the Listing Rules),
- and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be).
- (b) Where the grant of Options is to a director of the Company, notwithstanding paragraph 4.8(a) above, no Options shall be granted to the directors of the Company: (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.
- 4.9 Save in the circumstances prescribed in paragraph 4.10, the vesting period for any Options shall not be less than 12 months.
- 4.10 Options may be subject to a shorter vesting period under any of the following circumstances:
- (a) grants of "make-whole" Options to new joiners to replace the awards or options they forfeited when leaving the previous employer;
 - (b) grants to a Grantee whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
 - (d) grants that are made in batches during a year for administrative and

compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;

- (e) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; and
- (f) grants of Options with a total vesting and holding period of more than 12 months.

5. GRANTING OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR RESPECTIVE ASSOCIATES

5.1 Subject to paragraphs 4.2, 5.2, 9.2 and 9.3, if the Board determines to offer to grant Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant must be approved by the independent non-executive directors of the Company (excluding any independent non-executive Director who is the Grantee).

5.2 If the Board determines to offer to grant Options to a substantial shareholder or an independent non-executive director of the Company (or any of their respective associates) and that grant would result in the number of Shares issued and to be issued in respect of all options and awards granted to such person under this Scheme and the other share schemes (excluding any options and awards lapsed in accordance with the terms of such schemes) in the 12-month period up to and including the Offer Date representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue (excluding Treasury Shares, if any) on such Offer Date, such further grant shall be subject to the approval of the shareholders of the Company in general meeting in accordance with Rule 17.04(4) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting (except that any such person may vote against the proposed grant provided that his/her intention to do so has been stated in the relevant circular to the shareholders of the Company). The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

5.3 In the circumstances described in paragraph 5.2, the Company must send a circular to its shareholders, which shall contain the following information:

- (a) the details of the number and terms (including the information required under Rules 17.03(5) to 17.03(10) and Rule 17.03(19) of the Listing Rules) of the Options to be granted to each selected Eligible Participant, which must be fixed before the shareholders' meeting, and the Offer Date.

For the purpose of calculating the exercise price of the options to be granted under Rule 17.03E of the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to such Eligible Participant is to be taken as the Offer Date;

- (b) the views of the independent non-executive directors of the Company (excluding any independent non-executive director who is the relevant Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its shareholders as a whole, and their recommendation to the independent shareholders of the Company as to voting;
- (c) the information required under Rule 17.02(2)(c) of the Listing Rules; and
- (d) the information required under Rule 2.17 of the Listing Rules.

6. **EXERCISE PRICE**

6.1 The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 10, be determined by the Board in its absolute discretion but in any event must be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (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; and
- (c) the nominal value of a Share.

provided that for the purpose of determining the Exercise Price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

7. **EXERCISE OF OPTIONS**

7.1 Subject to paragraph 7.3, an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent a board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee 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 exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the certificate by the Auditors or the approved independent

financial advisor as the case may be pursuant to paragraph 10, the Company shall issue and allot the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

7.2 Subject as hereinafter provided, an Option may be exercised by a Grantee at any time or times during the Option Period provided that:-

- (a) in the event of the Grantee who is an Eligible Participant by reason of his/her employment with the Company or any of the Subsidiaries ceasing to be an employee of the Company and/or any of the Subsidiaries for any reason other than on his/her death, ill-health, injury, disability or the termination of his/her employment with the Company and/or any of the Subsidiaries on one or more of the grounds specified in paragraph 8(e), the Grantee may exercise the Option up to his/her entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month (or such longer period as the Board may determine) following the date of such cessation (which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not);
- (b) in the case of the Grantee who is an Eligible Participant by reason of his/her employment with the Company or any of the Subsidiaries ceasing to be an employee of the Company and/or any of the Subsidiaries by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his/her employment with the Company and/or any of the Subsidiaries under paragraph 8(e) has occurred, the Grantee or the Personal Representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised);
- (c) if a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all of holders of Shares (or all such holders of Shares other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his/her legal Personal Representative(s)) shall be entitled to exercise his/her Option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional;
- (d) if, pursuant to the Companies Act, a compromise or arrangement between the Company and its members and/or creditors is proposed for the

purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for Shares in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension; and

- (e) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his/her Personal Representative(s)) shall be entitled to exercise all or any of his/her Options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance or payment for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid and register the Grantee as holder thereof.

7.3 The Option shall not carry voting, dividend, transfer or other rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder of a Share issued upon the exercise of an Option.

7.4 The Share(s) to be issued and allotted upon the exercise of an Option will be

subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* in all respects with the 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 and accordingly will entitle the holders to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) declared, paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. For the avoidance of doubt, Shares issued upon the exercise of an Option shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of issuance.

8. LAPSE OF OPTION

8.1 An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:-

- (a) the Expiry Date relevant to that Option;
- (b) the expiry of any of the periods referred to in paragraph 7.2(a), (b), (c), (d) or (e);
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 7.2(d) becomes effective;
- (d) subject to paragraph 7.2(e), the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Act);
- (e) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from the employment with the Company and/or any of the Subsidiaries or the termination of his/her employment or contract with the Company and/or any of the Subsidiaries on any one or more of the following grounds:
 - (i) that he/she has been guilty of serious misconduct;
 - (ii) that he/she has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries (if so determined by the Board);
 - (iii) that he/she has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally; or
 - (iv) on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board

or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; and

- (f) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach of paragraph 4.7 or the Options are cancelled in accordance with paragraph 15.

8.2 If an Option shall lapse, the Board shall notify the Grantee in writing of such lapse.

9. NUMBER OF SHARES AVAILABLE FOR GRANT

9.1 Unless further approval has been obtained pursuant to paragraphs 9.2 and/or 9.3, the maximum number of Shares in respect of which options may be granted under this Scheme and all options and awards to be granted under any other share schemes of the Company must not in aggregate exceed 103,750,000, representing 10% of the total number of Shares in issue (excluding Treasury Shares, if any) (the "**Scheme Limit**") as at the Adoption Date. The Company may either issue new Shares or transfer Treasury Shares to the relevant grantee to satisfy the awards upon exercise of the options granted under this Scheme.

9.2 Subject to the approval of the shareholders of the Company in general meeting in compliance with Rules 17.03C(1) and 17.03C(2) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Scheme Limit may be refreshed from time to time to 10% of the number of Shares in issue (excluding Treasury Shares, if any) (the "**New Scheme Limit**") as of the date of approval by the Shareholders of the Company in general meeting (the "**New Approval Date**"). Any refreshment within any three year period from the date of shareholders' approval for the last refreshment (or the adoption of this Scheme) must be approved by shareholders of the Company subject to the following provisions:

- (i) 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) abstaining from voting in favor of the relevant resolution at the general meeting of the Company; and
- (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under sub-paragraphs (i) and (ii) of this paragraph 9.2 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 Rule 13.36(2)(a) of the Listing Rules such that the unused part of each of the Scheme Limit (as a percentage of total number of Shares in issue, excluding Treasury Shares, if any) upon refreshment is the same as the unused part of each of the Scheme Mandate.

- 9.3 For the purposes of seeking approval of the Shareholders under paragraph 9.2, the Company must send a circular to the Shareholders containing the information required under the Listing Rules. Options previously granted under this Scheme and any other share schemes of the Company (including those outstanding, cancelled, lapsed in accordance with this Scheme or any other share schemes of the Company and exercised Options) will not be counted for the purpose of calculating the New Scheme Limit. Options or awards lapsed in accordance with the terms of this Scheme or any other share schemes of the Company shall not be regarded as utilised for the purpose of calculating the New Scheme Limit.
- 9.4 Subject to the separate approval of the shareholders of the Company in general meeting in compliance with Rule 17.03C(3) of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time, the Board may grant Options exceeding the Scheme Limit (or the New Scheme Limit, as the case may be) to Eligible Participants specifically identified by the Board, provided that the grant is only to Eligible Participants specifically identified by the Company before the approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each such Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose. The number and terms of options to be granted to such Eligible Participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such Grant should be taken as the date of Grant for the purpose of calculating the Exercise Price under paragraph 6.1.
- 9.5 The Scheme Limit referred to in paragraph 9.1 (or as refreshed in accordance with paragraphs 9.2 and/or 9.3, as the case may be) shall be adjusted, in such manner as the Auditors or the approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 10 whether by way of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of share capital of the Company.

10. **EFFECT OF ALTERATIONS TO CAPITAL**

- 10.1 In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, sub-division or reduction of share capital of the Company.
- 10.2 In respect of any adjustments required by paragraph 10.1, other than any made on a capitalization issue, the Auditors or the approved independent financial advisor, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on November 6, 2020 and any further guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time and/or such other requirement prescribed under the Listing Rules from time to time in relation to

share schemes.

11. SUFFICIENT SHARE CAPITAL

Subject to paragraph 7.2, the Board shall at all times set aside for the purposes of this Scheme, out of the authorized but unissued share capital of the Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the exercise of outstanding Options.

12. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the Auditors 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 The terms and conditions of this Scheme and the regulations for the administration and operation of this Scheme (provided that the same are not inconsistent with this Scheme and the Listing Rules) may be altered in any respect by resolution of the Board except that:

- (a) any change to the terms of Options granted to a Grantee 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) (except any changes which take effect automatically under the terms of this Scheme); and
- (b) any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants or any change to the authority of the directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the shareholders of the Company in general meeting,

PROVIDED THAT the amended terms of this Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules.

Written notice of any alterations made in accordance with this paragraph 13.1 shall be given to all Grantees.

13.2 In respect of any meeting of Grantees referred to in paragraph 13.1, all the provisions of the Articles of Association as to general meetings of the Company shall mutatis mutandis apply as though the Options were a class of shares forming part of the capital of the Company except that:-

- (a) not less than seven days' notice of such meeting shall be given;

- (b) a quorum at any such meeting shall be two Grantees present in person or by proxy and holding Options entitling them to the issue of one-tenth in nominal value of all Shares which would fall to be issued upon the exercise of all Options then outstanding unless there is only one Grantee holding all Options then outstanding, in which case the quorum shall be one Grantee;
- (c) every Grantee present in person or by proxy at any such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Share to which he/she would be entitled upon exercise in full of his Options then outstanding; any Grantee present in person or by proxy may demand a poll; and
- (d) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven or more than fourteen days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Grantees who are then present in person or by proxy shall form a quorum and at least seven days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Grantees who are then present in person or by proxy shall form a quorum.

14. **TERMINATION**

- 14.1 The Company may by resolution in general meeting or the Board at any time terminate the operation of this Scheme and in such event no further Options shall be offered but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of this Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with this Scheme.
- 14.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme shall be disclosed in the circular to shareholders of the Company seeking approval of the new scheme established or refreshment of the Scheme Limit under this Scheme after the termination of this Scheme.

15. **CANCELLATION OF OPTIONS**

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph 4.7. Where the Company cancels Options, the grant of new options to the same Grantee may only be made under this Scheme within the limits set out in paragraphs 4.1, 9.1 and 9.2.

16. **CLAWBACK**

Notwithstanding the terms and conditions of this Scheme, the Board has the authority to provide that any Option shall be subject to a clawback if any of the

following events shall occur during an Option Period:

- (a) the Grantee is involved in serious misconduct;
- (b) a material misstatement in the Company's financial statements;
- (c) any other clawback event implicitly or explicitly characterised in the Offer Letter occurs and/or any other event occurs as the Board may in its absolute discretion determine,

the Board may, (but is not obliged to) by notice in writing to the Grantee concerned (i) claw back such number of Options (to the extent not being exercised) granted as the Board may consider appropriate; or (ii) extend the vesting period (regardless of whether the initial vesting date has occurred, if applicable) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Board may consider appropriate. The Options that are clawed back pursuant to this Clause shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Limit (or the New Scheme Limit, as the case may be).

17. DISCLOSURE IN ANNUAL AND INTERIM REPORTS

- 17.1 The Board shall procure that details of this Scheme are disclosed in the annual reports and interim reports including the number of Options, Offer Date, Exercise Price, Option Period, vesting period and other information as prescribed under the Listing Rules from time to time during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

18. GENERAL

- 18.1 The Company shall bear the costs of establishing and administering this Scheme (including the costs of the Auditors or the approved independent financial advisor, as the case may be, in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme).
- 18.2 A Grantee shall be entitled to inspect copies of all notices and other documents sent by the Company to its shareholders at the same time or within a reasonable time of any such notices or documents being sent, which shall be made available to him/her, during normal office hours at the Company's principal place of business in Hong Kong.
- 18.3 Any notices, documents or other communication between the Company and a Grantee shall be in writing and 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/her address in Hong Kong as notified to the Company from time to time.
- 18.4 Any notice or other communication served:-

- (a) by the Company shall be deemed to have been served 48 hours after the same was put in the post or if delivered by hand, when delivered; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 18.5 All allotments and issues of Shares pursuant to this Scheme shall be subject to any necessary consents under the relevant laws, enactments or regulations for the time being to which the Company is subject. A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction for, or in connection with the grant or exercise of an Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his/her participation in this Scheme.
- 18.6 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.
- 18.7 This Scheme shall not form part of any contract of employment between the Company or any of the Subsidiaries and any Eligible Participant who is an employee of the Company and/or any of the Subsidiaries and the rights and obligations of any Eligible Participant under the terms of his/her office or employment shall not be affected by his/her participation in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 18.8 The Company shall maintain all necessary books of account and records relating to this Scheme.
- 18.9 This Scheme shall in all respects be administered by the Board which (a) shall administer this Scheme in accordance with the provisions hereof and all applicable requirements of the Listing Rules; and (b) may make such rules not being inconsistent with the terms and conditions hereof and the Listing Rules for the conduct of this Scheme and the determination and terms of each entitlement under an Option as the Board thinks fit.
- 18.10 A Grantee who is a member of the Board may, subject to and in accordance with the Articles of Association, notwithstanding his/her interest, vote on any Board resolution concerning this Scheme (other than in respect of his/her own participation therein) and may retain any benefit under this Scheme.

19. **GOVERNING LAW**

This Scheme and all Options granted hereunder are governed by and shall be construed in accordance with the laws of Hong Kong.