

Somerley Capital Holdings Limited
新百利融資控股有限公司
(Incorporated in the Cayman Islands with limited liability)

Share Option Scheme

**Adopted by the shareholders
at the annual general meeting
held on [*]**

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1. DEFINITIONS

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

“Adoption Date”

the date on which this Scheme is adopted upon fulfilment of the conditions set out in clause no. 2.1(b);

“Associate(s)”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Auditor(s)”

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

“Board”

the board of Directors or a duly authorised committee thereof;

“Business Day”

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

“Chief Executive”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Close Associate(s)”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Company”

Somerley Capital Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange;

“Connected Person(s)”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Controlling Shareholder(s)”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Core Connected Person(s)”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Director(s)”

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

“Eligible Employee(s)”

any employee(s) (whether full time or part time, including any director(s) but excluding any independent non-executive director(s)) of the Company or any of its Subsidiaries, including persons who are granted Options under this Scheme as inducement to enter into employment contracts of the Group;

“Exercise Date”

the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members;

“Exercise Price”

the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option, as determined in accordance with clause no. 5;

“GEM”

GEM operated by the Stock Exchange;

“GEM Listing Rules”

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

“Grantee(s)”

any Eligible Employee(s) who accept(s) the Offer in accordance with the terms and conditions of this Scheme or (where the context so permits and as referred to in clause no. 6.5(a)) his Personal Representative;

“Group”

the Company and its Subsidiaries, individually and collectively, **“Member(s) of the Group”**;

“HK\$”

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

“Hong Kong”

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

“Model Code”

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

“Offer”

an offer for the grant of an Option made in accordance with clause no. 4.5;

“Offer Date”

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

“Option(s)”

any option(s) to subscribe for Shares granted pursuant to the terms and conditions of this Scheme;

“Option Period”

in respect of any particular Option(s), a period (which may not expire later than 10 years from the Offer Date of that Option) to be determined and notified by the Board to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of clause no. 7; and (ii) 10 years from the Offer Date of that Option;

“Other Scheme(s)”

share scheme(s) involving the grant of share awards or options over Shares of the Company, other than this Scheme;

“Personal Representative(s)”

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

“Scheme”

this Share Option Scheme in its present form or as may be amended from time to time in accordance with clause no. 13;

“Scheme Mandate Limit”

shall bear the same meaning as ascribed in clause no. 8.1;

“Share(s)”

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

“Shareholder(s)”

holder(s) of the Shares;

“Stock Exchange”

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

“Subsidiary”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Substantial Shareholder(s)”

shall bear the same meaning as ascribed in the GEM Listing Rules;

“Termination Date”

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

“%” per cent.

1.2 In this Scheme, unless the context otherwise requires:

- (a) clause headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to clauses or sub-clauses are references to clauses or sub-clauses hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. CONDITIONS

2.1 This Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in such number of new Share(s) representing the Scheme Mandate Limit (as defined in clause no. 8.1) to be allotted and issued by the Company pursuant to the exercise of Option(s) in accordance with the terms and conditions of this Scheme; and
- (b) the passing of the necessary resolution by Shareholders to approve and adopt this Scheme at a general meeting of the Company.

2.2 If the conditions referred to in clause no. 2.1 are not satisfied on or before the date falling sixty (60) days after the date of the meeting of the Board held for the purpose of approving this Scheme, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

2.3 Reference in clause no. 2.1(a) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such approvals, listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

2.4 A certificate of a Director that the conditions set out in clause no. 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

3. PURPOSE, DURATION AND ADMINISTRATION

3.1 This Scheme is an incentive scheme and is established to recognise, motivate and provide incentives to those who make contributions to the Group. The purpose of this Scheme is to attract and retain the best available high calibre personnel of the Group, to provide additional incentives to Eligible Employees who have contributed or will contribute to the Group, to promote the overall success of the business of the Group and to encourage Eligible Employees to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

3.2 This Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in clause no. 4.2 which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby. The Board shall, subject to the rules of this Scheme and the GEM Listing Rules, have the right (i) to interpret and construe the provisions of this Scheme, (ii) to determine the basis of eligibility of the persons who will be offered Options under this Scheme, and the number of Shares to be issued under the Options and the Exercise Price, (iii) to make appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

3.3 Subject to clause nos. 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

3.4 A Grantee shall ensure that the acceptance of an Offer, the holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Board may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Employee or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

3.5 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or Director to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own fraud or bad faith.

4. GRANT OF OPTIONS

4.1 Subject to clause no. 4.2, the Board shall, in accordance with the provisions of this Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Employees to subscribe.

4.2 Without prejudice to clause no. 8.5 below, the making of an Offer to any Director, Chief Executive or Substantial Shareholder of the Company, or any of their respective Associates must be approved by the independent non-executive Directors.

4.3 The eligibility of any of the Eligible Employees to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution to the development and growth of the Group.

4.4 In determining the basis of eligibility of each Eligible Employee, the factors in assessing whether any individual is eligible to participate in this Scheme include: (a) their individual performance; (b) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (c) the length of their engagement with the Group; and (d) their individual contributions or potential contributions towards the development and growth of the Group.

4.5 An Offer shall be made to an Eligible Employee in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the Option and the Option Period in respect of which the Offer is made and further requiring the Eligible Employee to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Employee concerned (and by no other person) for a period of up to twenty-one (21) days from the Offer Date, provided that no such Offer shall be opened for acceptance after the tenth (10th) anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof.

4.6 An Offer shall state, in addition to the matters specified in clause no. 4.5, the following:

- (a) the name, address and position of the Eligible Employee;
- (b) the number of Shares under the Option in respect of which the Offer is made and the Exercise Price for such Shares;
- (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Option comprised in the Offer;
- (d) the vesting period for the Option in respect of which the Offer is made which shall not be less than twelve (12) months, save for the circumstances prescribed in clause no. 6.3;
- (e) the last date by which the Offer must be accepted;
- (f) the procedure for acceptance;
- (g) the performance target(s) (if any) that must be attained by the Eligible Employee before any Option can be exercised;
- (h) such other terms and conditions of the Offer as may be imposed by the Board at its discretion as are not inconsistent with this Scheme; and

- (i) a statement requiring the Eligible Employee to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme including, without limitation, the conditions specified in clause nos. 3.4, 6.1, 16.7 to 16.11, inclusive.

4.7 Subject to clause no. 4.5, an Offer shall have been accepted by an Eligible Employee in respect of all Shares under the Option which are offered to such Eligible Employee when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Employee together with a payment in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer. Such payment shall in no circumstances be refundable.

4.8 Any Offer may be accepted by an Eligible Employee in respect of less than the number of Shares under the Option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Employee and received by the Company together with a payment in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than twenty-one (21) days from the Offer Date). Such payment shall in no circumstances be refundable.

4.9 Upon an Offer being accepted by an Eligible Employee in whole or in part in accordance with clause no. 4.7 or 4.8, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Employee on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in clause no. 4.7 or 4.8, it will be deemed to have been irrevocably declined.

4.10 The Option Period of an Option must not end later than ten (10) years after the Offer Date of that Option.

4.11 Options will not be listed or dealt in on the Stock Exchange.

4.12 For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer may not be made after inside information (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time) has occurred or a price sensitive matter has been the subject of a decision until such inside information has been announced in accordance with the requirements of the GEM Listing Rules. In particular, during the period commencing one (1) month 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 GEM Listing Rules) for the approval of the Company's results for any year, half-year, quarter or any other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for the Company to publish an announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement (or during any period of delay in publishing results announcements), no Offer may be made; and

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

5. EXERCISE PRICE

The Exercise Price in respect of any Option shall, subject to any adjustments made pursuant to clause no. 9, be at the discretion of the Board, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;
- (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 on the Offer Date.

6. EXERCISE OF OPTIONS AND VESTING PERIOD

6.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. The Stock Exchange may consider granting a waiver to allow a transfer of an Option to a vehicle (such as trust or private company) for the benefit of the Grantee and any family members of such Grantee that would continue to meet purpose of this Scheme and comply with other requirements of the GEM Listing Rules. Where such waiver is granted, the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle shall be disclosed. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

6.2 The vesting period for Options shall be determined by the Board and in any case, shall not be less than twelve (12) months, save as the circumstances set out in clause no. 6.3. Unless otherwise determined by the Board and stated in the Offer to a Grantee, a Grantee is not required to achieve any performance targets before the exercise of an Option granted to him. The performance targets, if imposed, may be linked to the individual Eligible Employee or the Group as a whole or to a Subsidiary of the Company, department, division, region, function or business unit, line of business, project or individual key performance indicators, which may include revenue, profits (before or after income tax), earnings per share, market value or economic value added, cash flow, return on assets, return on equity, return on investment, share price, and other targets as the Board may determine from time to time and assess either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, past or current performance or comparison to internal targets or industry performance, in each case as specified by the Board in its sole discretion.

6.3 The Board may at its discretion grant a shorter vesting period to an Eligible Employee in the following circumstances:

- (a) grants of “make-whole” Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Eligible Employee whose employment is terminated due to death or occurrence of any out-of-control event; or
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

6.4 Subject to clause nos. 3.4 and 16.7 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in clause nos. 6.5 and 6.6 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 so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a payment for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within twenty-one (21) days (seven (7) days in the case of an exercise pursuant to clause no. 6.5(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditor(s) or the independent financial advisers pursuant to clause no. 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to clause no. 6.5(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for every board lot of Shares so allotted and issued and a share certificate for the balance (if any) of the Shares so allotted and issued which do not constitute a board lot.

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

- (a) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of clause no. 6.4 within a period of twelve (12) months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary of the Company whether salary is paid in lieu of notice or not, or such longer period as the Board may determine or, if any of the events referred to in clause no. 6.5(c) or 6.5(d) occur during such period, exercise the Option pursuant to clause no. 6.5(c) or 6.5(d) respectively;

- (b) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in clause no. 7.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Board otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of clause no. 6.4 within such period (not exceeding 90 days) as the Board may determine following the date of such cessation or termination or, if any of the events referred to in sub-clause no. 6.5(c) or 6.5(d) occur during such period, exercise the Option pursuant to clause no. 6.5(c) or 6.5(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary of the Company whether salary is paid in lieu of notice or not;
- (c) if a general or partial offer, whether by way of takeover offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent vested but not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of clause no. 6.4 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent vested but not exercised) on the date which such offer (or, as the case may be, the revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of clause no. 6.4 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of the Company; and

- (e) if pursuant to clause no 6.1 that a waiver is granted by the Stock Exchange where the optionholder is a vehicle (such as a trust or a private company) for the benefit of an Eligible Employee and any family members of such Eligible Employee that would continue to meet the purpose of this Scheme and comply with the other requirements of the GEM Listing Rules:
 - (i) clause nos. 6.5(a), 6.5(b), 7.1(c) and 7.1(d) shall also apply to the optionholder and to the Options transferred to such optionholder, *mutatis mutandis*, as if such Options had been granted to the relevant individual Eligible Employee, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in clause nos. 6.5(a), 6.5(b), 7.1(c) and 7.1(d) shall occur with respect to the relevant individual Eligible Employee; and
 - (ii) the Options granted to the Grantee and transferred to the optionholder shall lapse and determine on the date the optionholder ceases to be wholly-owned by the relevant individual Grantee(s) (or, where the optionholder is originally a trust of which the relevant individual Grantee(s) is a beneficiary or discretionary object, on the date the relevant individual Grantee(s) ceases to be a beneficiary or discretionary object) provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

6.6 Shares to be allotted and issued 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 then existing fully paid Shares in issue on the Exercise Date and accordingly will entitle the holders thereof to transfer the Shares, participate in all dividends or other distributions (including on liquidation) 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. Save for the exercise of Options into Shares and subject to the terms and conditions contained in this Scheme, the Options do not carry any right to vote at general meetings of the Company, or any dividend, distribution or other rights. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

6.7 The Grantee may only exercise an Option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensuring or facilitating compliance with any applicable laws and regulations, in particular those relating to insider dealing and other prohibitions under the GEM Listing Rules.

7. LAPSE OF OPTION PERIOD

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

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in clause no. 6.5;

- (c) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Grantee or the Group into disrepute); and
- (d) in respect of a Grantee other than an Eligible Employee, the date on which the Board shall at their absolute discretion determine that (i) (aa) such Grantee or his Associate has committed any breach of any contract entered into between such Grantee or his Associate on the one part and the Group on the other part; or (bb) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-clause no. (aa), (bb) or (cc) above.

7.2 A resolution of the Board to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in clause no. 7.1(c) or that any event referred to in clause no. 7.1(d)(i) has occurred shall be conclusive and binding on all persons who may be affected thereby.

7.3 Transfer of employment of a Grantee who is an Eligible Employee from one Member of the Group to another Member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant Member of the Group not to be a cessation of employment of the Grantee.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.1 The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of this Scheme and any Other Scheme(s)) to be granted under this Scheme and any Other Scheme(s) (including share award scheme and share option scheme) must not in aggregate exceed 10% of the Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”) provided that:

- (a) without prejudice to clause no. 8.1(b), the Company may seek approval of its Shareholders at general meeting to refresh the Scheme Mandate Limit after three years from the date of Shareholders’ approval for the last refreshment (or the Adoption Date), provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under this Scheme and any Other Scheme(s) must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with this Scheme and any Other Scheme(s)) previously granted under this Scheme and any Other Scheme(s) will not be counted; and

- (b) without prejudice to clause no. 8.1(a), the Company may seek separate Shareholders' approval at general meeting to grant Options under this Scheme beyond the Scheme Mandate Limit or, if applicable, the extended limit referred to in clause no. 8.1(a) to Eligible Employees specifically identified by the Company before such approval is sought.

8.2 Any refreshment of the Scheme Mandate Limit within any three (3) year period must be approved by the Shareholders subject to:

- (a) any Controlling Shareholder(s) of the Company and their Associates (or if there is no Controlling Shareholder of the Company, Directors (excluding independent non-executive Directors) and the Chief Executive of the Company and their respective Associates) abstaining from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company complying with the requirements under Rules 17.47(6) and 17.47(7) and Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

The requirements under paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.

8.3 The total number of Shares which may be issued in respect of all Options to be granted under this Scheme (in aggregate with any other option(s) and award(s) to be granted under any Other Scheme(s) that involve(s) the issuance of new Shares) under the Scheme Mandate Limit as "refreshed" must not exceed 10% of the total number of issued Shares as at the date of approval of the refreshed scheme mandate limit. The Company must send a circular to the Shareholders containing the number of options that were already granted under the existing scheme mandate limit and the reason for the "refreshment".

8.4 Subject to clause no. 8.5, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any Other Scheme(s) (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the Shares in issue for the time being. Where any further grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under this Scheme and any Other Scheme(s) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders at general meeting with such Grantee and his Close Associates (or his Associates if the Grantee is a Connected Person) abstaining from voting.

8.5 Without prejudice to clause no. 4.2, where any grant of Options to a Substantial Shareholder of the Company or any of their respective Associates or the Associates of independent non-executive Directors, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) 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 for the time being, such further grant of Options must be approved by the Shareholders at general meeting. The Company shall send a circular to all Shareholders containing the information required under the GEM Listing Rules. The Grantee, his Associates and all Core Connected Persons of the Company must abstain from voting at such general meeting, except that any Core Connected Person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

8.6 For the purpose of seeking the approval of the Shareholders under clause nos. 8.1, 8.2 and 8.5, the Company must send a circular to the Shareholders containing the following information:

- (a) details of the number and terms (including the Option Period, performance targets (if any), basis of determination of Exercise Price and the rights attached to the Shares or the Option) of the Options to be granted to each such Substantial Shareholder of the Company or any of their respective Associates or the Associates of independent non-executive Directors, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price;
- (b) the views of the independent non-executive Directors as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and
- (c) the information required under the GEM Listing Rules.

8.7 Shareholders' approval as required under clause no. 8.5 is also required for any change in terms of options granted to an Eligible Employee who is a Substantial Shareholder of the Company or any of their respective Associates or the Associates of independent non-executive Directors.

8.8 For the avoidance of doubt, the requirements for the granting of Options to a Director or Chief Executive of the Company set out above do not apply where the Eligible Employee is only a proposed Director or Chief Executive of the Company.

9. CAPITAL REORGANIZATION

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditor(s) or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or

- (b) the Exercise Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option,

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

- (i) any such adjustment shall give the Grantee the same proportion of the Shares in issue, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this clause no. 9.1, other than any adjustment made on a capitalisation issue, the Auditor(s) or such independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

9.2 If there has been any alteration in the capital structure of the Company as referred to in clause no. 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with clause no. 6.4, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditor(s) or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditor(s) or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with clause no. 9.1.

9.3 In giving any certificate under this clause no. 9, the Auditor(s) or the independent financial adviser appointed under clause no. 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby. Their costs shall be borne by the Company.

10. CANCELLATION OF OPTIONS

10.1 Subject to clause no. 6.1 and Chapter 23 of the GEM Listing Rules, any Option granted but not yet exercised may be cancelled with the prior written consent of the relevant Grantee and the approval of the Board.

10.2 Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the Scheme Mandate Limit or the limits approved by the Shareholders pursuant to clause no. 8.1(a) or 8.1(b).

11. SHARE CAPITAL

11.1 The exercise of any Option shall be subject to the Shareholders at general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares upon exercise of any Option.

11.2 The Options do not carry any right to vote at general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company.

12. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares the subject of an Option, the amount of the Exercise Price, any adjustment under clause no. 9.1, or otherwise) shall be referred to the decision of the Board in its absolute discretion and whose decision shall be final, conclusive and binding on all persons who may be affected thereby.

13. ALTERATION OF THIS SCHEME

13.1 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 23.03 of the GEM Listing Rules to the advantage of participants must be approved by Shareholders at a general meeting.

13.2 Any change to the authority of the Board or the administrators of this Scheme in relation to any alteration to the terms of this Scheme must be approved by the Shareholders at a general meeting.

13.3 The terms of this Scheme and/or the Options amended pursuant to this clause no. 13 must still comply with the applicable requirements of the GEM Listing Rules.

13.4 Any change to the terms of Options granted to an Eligible Employee must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be).

14. TERMINATION

The Company by ordinary resolution at general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of this Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

15. CLAWBACK MECHANISM

Unless the Board otherwise determined and stated in the offer of the grant of Options to a Grantee, there is no clawback mechanism under this Scheme to recover or withhold the remuneration (which may include any Options granted) to any Eligible Employees in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

16. MISCELLANEOUS

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

16.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

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

16.4 Any notice 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 for the time being and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.

16.5 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.

16.6 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:

- (a) one (1) day after the date of posting, if sent by mail;
- (b) when delivered, if delivered by hand; and
- (c) be deemed to have been given upon the time of transmission by electronic mail.

16.7 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this clause shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.

16.8 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Options to Eligible Persons and to determine the Exercise Price, to the Company's Chief Executive or managing director from time to time, subject to the requirements and restrictions set out in this Scheme and the GEM Listing Rules.

16.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.

16.10 By accepting an Offer, an Eligible Employee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.

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

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