

Howkingtech International Holding Limited
(Incorporated in the Cayman Islands with limited liability)

SHARE OPTION SCHEME

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HOWKINTECH INTERNATIONAL HOLDING LIMITED

(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 must be accepted by the relevant Eligible Person, being a date not later than 30 days after the Offer Date;

“**Adoption Date**” means 11 November 2022, the date on which this Scheme was conditionally adopted by an ordinary resolution of the Shareholders;

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

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

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

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

“**Board**” means the board of Directors from time to time or a duly authorised 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 schemes but subsequently cancelled. For the avoidance of doubt, “**Cancelled Shares**” shall exclude “**Lapsed Shares**”;

“**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 Howkingtech International Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability on 25 August 2021;

“**Companies Ordinance**” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;

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

“**Director**” means any director of the Company from time to time;

“**Eligible Persons**” means any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Group and any advisers, consultants to the Company and related entities who, in the sole discretion of the Board, has contributed to, and/or will contribute to the Group;

“**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;

“**Global Offering**” means the proposed Hong Kong public offering by the Company of 3,600,000 Shares (subject to re-allocation) (the “**Hong Kong Public Offering**”) and the proposed international offer by the Company of 32,400,000 Shares (subject to re-allocation and the over-allotment option) (the “**International Offer**”, details of which are described in the section headed “Structure of the Global Offering” in the Prospectus;

“**Grantee**” means any Eligible Person who accepts an Offer in accordance with the rules of this Scheme;

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

“**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;

“**Lapsed Shares**” means those Shares which were the subject of options which had been granted and accepted under this Scheme or any of the other schemes but subsequently lapsed. For the avoidance of doubt, “**Lapsed Shares**” shall exclude “**Cancelled Shares**”;

“**Listing Date**” means the date on which the dealings in our Shares first commence on the Stock Exchange which is expected to be on or about 12 December 2022;

“**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 given in paragraph 9.2;

“**New Scheme Limit**” has the meaning given in paragraph 9.2;

“**Offer**” means an offer of the grant of an Option or Options made in accordance with the Scheme;

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

“**Option**” means a right granted by the Company under the 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 ten years commencing on the Commencement Date;

“other schemes” means other than this Scheme, all the schemes involving the grant by the Company of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or any arrangement involving the grant of options to participants over Shares or other securities of the Company which, in the opinion of the Stock Exchange, is analogous to a share option scheme as described in Chapter 17 of the Listing Rules;

“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;

“Prospectus” means the prospectus of the Company in respect of the Global Offering;

“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 Listing Date and ending on the tenth anniversary of the Listing Date (both dates inclusive);

“Shares” means ordinary shares of the Company or, if there has been a capitalisation of profits or reserves, rights issue, consolidation, redenomination, subdivision of shares or reduction 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 capitalisation of profits or reserves, rights issue, consolidation, redenomination, subdivision or reduction of capital in the share capital of the Company;

“Shareholders” means the shareholders of the Company from time to time;

“Special Resolution” means a resolution passed at a meeting of the Grantees (being only those Grantees holding Options, all or any part of which is unexercised as at the time of the meeting at which the resolution is proposed) duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll;

“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; and

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

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).

2. CONDITIONS

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

- (a) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of Options to be granted under this Scheme;
- (b) the passing of the necessary resolutions by the then Shareholders to approve and adopt the rules of this Scheme and to authorise the Board to grant Options under this Scheme and to allot and issue Shares pursuant to exercise of any Options; and
- (c) the commencement of dealings in the Shares on the Stock Exchange.

2.2 If the conditions in paragraph 2.1 are not satisfied within six 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 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.

3. PURPOSE, DURATION AND CONTROL OF SCHEME

3.1 The purpose of this Scheme is to enable the Company to grant Options to Eligible Persons as incentives or rewards for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group and to provide the Eligible Persons an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (a) motivate the Eligible Persons to optimise their performance efficiency for the benefit of the Group; and
- (b) attract and retain or otherwise maintain on-going business relationship with the Eligible Persons whose contributions are or will be beneficial to the long-term growth of the Group;

3.2 Subject to paragraph 15 and fulfilment of the 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.

- 3.3 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 of any Business Day during the Scheme Period, make an Offer to any Eligible Person whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) as it may think fit, provided that the maximum number of Shares in respect of which Options may be granted under this Scheme to any Eligible Person, shall not, when aggregated with:

- (a) any Shares issued upon exercise of Options or options under the other schemes which have been granted to that Eligible Person;
- (b) any Shares which would be issued upon the exercise of outstanding Options or options under the other schemes granted to that Eligible Person; and
- (c) any Cancelled Shares which were the subject of Options or options under the other schemes which had been granted to and accepted by that Eligible Person,

in any 12-month period up to the Offer Date, exceed one per cent of the number of Shares in issue on the Offer Date.

- 4.2 If the Board determines to make an Offer to an Eligible Person which exceed the limit set out in paragraph 4.1:

- (a) the issue of a circular by the Company to the Shareholders containing the identity of the Eligible Person, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under the relevant provisions of Chapter 17 of the Listing Rules (including those under Rule 17.02(2)(d) of the Listing Rules and Rule 17.02(4) of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time; and
- (b) the approval of the Shareholders in general meeting by way of ordinary resolution and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Person shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Person an offer document in such form as the Board may from time to time determine.

- 4.3 If the Board determines to make an Offer to an Eligible Person in accordance with paragraph 4.1, the Board shall forward to the relevant Eligible Person 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 Person's name, address and, occupation/position;
- (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, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before the Option can be exercised) relating to the Offer 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 in favour of the Company of RMB1.0 by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date. Such remittance shall in no circumstances be refundable and shall be deemed as part payment of the Exercise Price.

4.5 Any Offer 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 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 An Option and an Offer 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 create any interest (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any Offer made to him 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 For so long as the Shares are listed on the Stock Exchange, the Board shall not make any Offer after inside information has come to its knowledge until the Board has announced such

information pursuant to the requirements of the Listing Rules. In particular, no Options shall be granted during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's annual results, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for (i) any year or half-year period under the Listing Rules, and (ii) where the Company has elected to publish them, any quarterly or any other interim period,

and ending on the actual date of publication of the results for such year, half year, quarterly or interim period (as the case may be), The period which no option may be granted will cover any period of delay in the publication of results announcement. Where the grant of Options is to a Director:

- (a) no Options shall be granted 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
- (b) 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.

5. OPTIONS TO CONNECTED PERSONS

5.1 Subject to paragraphs 4.2, 5.2, 9.2 and 9.3, if the Board determines to make an Offer to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive Directors (and in the event that the Board makes an Offer to an independent non-executive Director, the vote of such independent non-executive Director shall not be counted for the purposes of approving such grant).

5.2 If the Board determines to make an Offer to a substantial shareholder or an independent non-executive Director (or any of their respective associates) and that grant 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 under this Scheme and the other schemes in the 12-month period up to and including the Offer Date:

- (a) representing in aggregate over 0.1 per cent, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue on the Offer Date; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date, in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules;

such grant shall be subject to, in addition to the approval of the independent non-executive Directors as referred to under paragraph 5.1, the issue of a circular by the Company to the Shareholders and the approval of the Shareholders in general meeting by way of a poll convened and held in accordance with the Articles at which all Connected Persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the Listing

Rules from time to time. 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 Person shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

- 5.3 Any change in the terms of any Option granted to a substantial shareholder of the Company or an independent non-executive Director which would result in the number and value of the shares exceeding that set out in paragraph 5.2 shall be subject to:
- (a) a circular regarding the change has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of the Listing Rules; and
 - (b) the change has been approved by the Shareholders in general meeting at which all Connected Persons abstained from voting in favour at such meeting.
- 5.4 The circular to be issued by the Company to the Shareholders pursuant to paragraph 5.2 shall contain the following information:
- (a) the details of the number and terms (including the Exercise Price) of the Options to be granted to each Eligible Person which must be fixed before the Shareholders' meeting and the Offer Date (which shall be the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Person);
 - (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Grantee) to the independent Shareholders as to voting;
 - (c) the information required under Rules 17.02(2)(c) and 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
 - (d) the information required under Rule 2.17 of the Listing Rules.

6. EXERCISE PRICE

The Exercise Price in relation to each Option offered to an Eligible Person shall, subject to the adjustments referred to in paragraph 10, be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date;
- (b) the average of the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five 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 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 7.2, 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 one 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 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 and, where appropriate, receipt of the certificate by the Auditors or the approved independent financial adviser as the case may be pursuant to paragraph 10, the Company shall allot and issue 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 and to the extent as allowed by the relevant laws and regulations, as determinate otherwise by the Board, 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 ceasing to be an Eligible Person for any reason other than on his death, permanent disability or the termination of his relationship with the Group on one or more of the grounds specified in paragraph 8.1(e), the Option may be exercised within one month after the date of such cessation (which date shall be, (i) in relation to a Grantee who is an Eligible Person by reason of his employment with the Group or any related entities, the last actual working day with the Group or the related entity whether salary is paid in lieu of notice or not; or (ii) in relation to a Grantee who is not an employee of the Company or any subsidiary, the date on which the relationship constituting him an Eligible Person ceases);
 - (b) in the case of the Grantee ceasing to be an Eligible Person by reason of death, permanent or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Group under paragraph 8.1(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 Person or death to exercise the Option in full (to the extent not already exercised);
 - (c) if a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), 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). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise, by notice in writing to the Company, his option in full (to the extent not already exercised) at any time within 21 days after the date on which such general offer becomes or is declared unconditional;

- (d) if, pursuant to the Companies Ordinance 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 thereupon each Grantee (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his options whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full 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 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 Personal Representative(s)) shall be entitled to exercise all or any of his Options at any time not later than four Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate 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 one 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 procure that such Grantee be registered as a member of the Company with respect to the relevant Shares in time for him to be able to attend and vote at such general meeting.

7.3 No dividends shall be payable in relation to Shares that are the subject of Options that have not been exercised. The Shares to be allotted upon the exercise of an Option shall not carry voting rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof subject as aforesaid, the Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles and the laws of the Cayman Islands and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. Shares issued on the exercise of an Option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment and issue.

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), 7.2(b), 7.2(c), 7.2(d) or 7.2(e);
- (c) the date on which the compromise or arrangement of the Company referred to in paragraph 7.3(d) becomes effective;
- (d) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Ordinance);
- (e) the date on which the Grantee ceases to be an Eligible Person by reason of the termination of his relationship with the Group on any one or more of the following grounds:
 - (i) that he has been guilty of serious misconduct warranting summary dismissal;
 - (ii) that he has been breached of the terms of his employment or other contract constituting him an Eligible Person;
 - (iii) that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Group; or
 - (iv) that he has been unable to pay or to have no reasonable prospect of being able to pay his debts, or has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally;
- (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 16; and
- (g) the non-fulfillment of any condition referred to in paragraph 2 on or before the date specified therein.

8.2 The Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph 8.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.1 Unless further approval has been obtained pursuant to paragraphs 9.2 and/or 9.3 and subject to paragraphs 9.4 and 9.5, the maximum number of Shares in respect of which Options or options under the other schemes may be granted and yet to be exercised is ten per cent (the "**Scheme Limit**") of the Shares in issue as at the Listing Date. As at the Offer Date of any proposed grant of Options, the maximum number of Shares in respect of which Options may be granted is such number of Shares less the aggregate of the following Shares as at that Offer Date:

- (a) the number of Shares which would be issued on the exercise in full of the Options or options under the other schemes but not cancelled, lapsed or exercised;

- (b) the number of Shares which have been issued and allotted pursuant to the exercise of any Options or options under the other schemes; and
 - (c) the number of Cancelled Shares.
- 9.2 Subject to paragraph 9.4, the issue of a circular by the Company which complies with Rules 17.03(3) and 17.06 of the Listing Rules and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Scheme Limit may be increased from time to time to ten per cent of the Shares in issue (the “**New Scheme Limit**”) as at the date of such Shareholders’ approval (the “**New Approval Date**”). Thereafter, as at the Offer Date of any proposed grant of Options, the maximum number of Shares in respect of which Options may be granted is the New Scheme Limit less the aggregate of the following Shares as at that Offer Date:
- (a) the number of Shares which would be issued on the exercise in full of the Options and options under the other schemes granted on or after the New Approval Date but not cancelled, lapsed or exercised;
 - (b) the number of Shares which have been issued and allotted pursuant to the exercise of any Options or options under the other schemes granted on or after the New Approval Date; and
 - (c) the number of Cancelled Shares, the subject of Options or options under the other schemes granted on or after the New Approval Date.
- 9.3 Subject to paragraph 9.4, the issue of a circular by the Company to the Shareholders and the approval of the Shareholders in general meeting in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may grant Options exceeding the Scheme Limit to Eligible Persons specifically identified by the Board.
- 9.4 Any increase in the Scheme Limit pursuant to paragraphs 9.2 or 9.3 shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme and the other schemes exceeding 30 per cent of the Shares in issue from time to time.
- 9.5 The Scheme Limit referred to in paragraph 9.1 (or as increased 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 adviser 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 capitalisation of profits, rights issue, sub-division or consolidation of shares or reduction of share capital of the Company but in any event shall not exceed the limit prescribed in paragraph 9.4.

10. CAPITAL RESTRUCTURING

- 10.1 In the event of any capitalisation of profits or reserves, rights issue, open offer (if there is a price dilutive element), sub-division, consolidation or redenomination of shares, or reduction of capital of the Company in accordance with applicable laws and regulatory requirements or requirements of the Stock Exchange, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

- (a) the number or nominal amount of Shares subject to any outstanding Options;
- (b) the Exercise Price;
- (c) the Shares to which the Option relates;
- (d) the method of exercise of the Option; and/or
- (e) any combination thereof,

as the Auditors or the approved independent financial adviser shall at the request of the Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

The capacity of the Auditors or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and the Grantees. Any adjustment to be made in accordance with this paragraph shall comply with the Listing Rules and any applicable guidance and/or interpretation of the Listing Rules issued by the Stock Exchange from time to time. The costs of the Auditors or the approved independent financial adviser to the Company shall be borne by the Company. Notice of such adjustment shall be given to the Grantees by the Company.

- 10.2 In respect of any adjustments required by paragraph 10.1, other than any made on a capitalisation of profits, the Auditors or the approved independent financial adviser, 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 dated 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time.

11. VALUE OF OPTIONS

The information on value of the Options granted in any financial period will be provided to the Shareholders based on Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology as at the end of relevant financial period for any annual or interim reports of the Company.

12. SUFFICIENT SHARE CAPITAL

Subject to paragraph 7.2, the Board shall at all times to procure 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.

13. 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 or the approved independent financial advisor to the Company 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. The costs of the Auditors or the approved independent financial advisor to the Company shall be borne equally by the Company and the relevant Grantee.

14. ALTERATION OF THIS SCHEME

14.1 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 alteration to the advantage of the Grantees or the Eligible Persons (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules, including without limitation, the definitions of “Eligible Person”, “Expiry Date”, “Grantee” and “Option Period” in paragraph 1.1 and the provisions in paragraphs 3 - 10, 15, 16 and this paragraph 14; or
- (b) any material alteration to the terms and conditions of this Scheme or any change to the terms of Options granted (except any alterations which take effect automatically under the terms of this Scheme),

must be made with the prior approval of the Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under this Scheme and their respective associates shall abstain from voting PROVIDED THAT the amended terms of this Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules and no alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration except with:

- (a) the consent in writing of Grantees holding in aggregate Options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all Options outstanding on that date; or
- (b) the sanction of a Special Resolution.

Written notice of any alterations made in accordance with this paragraph 14.1 shall be given to all Grantees.

14.2 In respect of any meeting of Grantees referred to in paragraph 14.1, all the provisions of the Articles 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 would be entitled upon exercise in full of his Options then outstanding;
- (d) any Grantee present in person or by proxy may demand a poll; and
- (e) 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.

14.3 Any change to the authority of the Board in relation to any alterations to the terms of this Scheme must be approved by the Shareholders in general meeting.

15. TERMINATION

15.1 The Company by resolution in general meeting or the Board may at any time resolve to terminate the operation of this Scheme and in such event no further Offers shall be made 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 and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

15.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme shall be disclosed in the circular to Shareholders seeking approval of the new scheme established after the termination of this Scheme.

16. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised can be cancelled by the Board but 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.

17. DISCLOSURE IN ANNUAL AND INTERIM REPORTS

The Board shall procure that details of this Scheme and other schemes of the Group including such details as required under the Listing Rules are disclosed in the annual reports and interim reports of the Company in compliance 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 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, 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 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 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 Group and any Eligible Person who is an employee of the Group and the rights and obligations of any Eligible Person under the terms of his office or employment shall not be affected by his participation in it and this Scheme shall afford such an Eligible Person 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 the Scheme.
- 18.9 This Scheme shall in all respects be administered by the Board which (a) shall administer the 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 the 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, notwithstanding his interest, vote on any Board resolution concerning the Scheme (other than in respect of his own participation therein) and may retain any benefit under the 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.