

TIMELESS SOFTWARE LIMITED

天時軟件有限公司

(Incorporated in Hong Kong with limited liability)

SHARE OPTION SCHEME

CONDITIONALLY ADOPTED BY THE SHAREHOLDERS

AT THE EXTRAORDINARY GENERAL MEETING

HELD ON 25 SEPTEMBER 2023

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1. DEFINITIONS

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

“Adoption Date”	[*] 2023, being the date on which this Scheme becomes unconditional;
“Allotment Date”	the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised hereunder;
“Articles”	the articles of association of the Company as amended and adopted from time to time;
“associates”	has the same meaning as defined in the GEM Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of Directors for the time being or a duly authorised committee thereof;
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities;
“close associate(s)”	has the same meaning as defined in the GEM Listing Rules;
“Company”	TIMELESS SOFTWARE LIMITED, a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Shares of which are listed on GEM;
“connected person”	has the same meaning as defined in the GEM Listing Rules;
“core connected person”	has the same meaning as defined in the GEM Listing Rules;
“Director(s)”	the director(s) of the Company for the time being;
“Eligible Participant(s)”	any Employee Participant and any Related Entity Participant, provided that the Board may have absolute discretion to determine whether or not one falls within the above category;

“Employee Participant(s)”	any Director (including an independent non-executive Director) and employee (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of the Company or any of its subsidiaries (including persons who are granted Options or awards under this Scheme as inducement to enter into employment contracts with any member of the Group) who in the sole discretion of the Board has contributed or will contribute to the Group;
“Exercise Price”	the price per Share as determined in accordance with paragraph 5 at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 6;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Committee”	has the meaning as defined in the GEM Listing Rules;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 6.3(c)) his Personal Representative;
“Group”	the Company and all of its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“inside information”	has the same meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Offer”	an offer for the grant of an Option made in accordance with this Scheme;
“Offer Date”	the date on which an Offer is made to Eligible Participant(s);

“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for Shares granted pursuant to the terms of this Scheme;
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained herein;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
“Related Entity Participant(s)”	directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the associated companies of the Company;
“Scheme”	this share option scheme in its present form or as may be amended in accordance with paragraph 13;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 8.1;
“Share Registrar”	Share registrar of the Company in Hong Kong for the time being;
“Share(s)”	ordinary share(s) 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 as shall result from any such sub-division, consolidation, re-classification or re-construction;
“Shareholder(s)”	holder(s) of the issued Share(s) from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which Shares are for the time being listed or traded;

“Takeovers Code” The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission; and

“Termination Date” close of business of the Company on the date which falls ten (10) years after the Adoption Date.

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

2. CONDITIONS

2.1 The adoption of this Scheme is conditional upon:

- (a) the passing of an ordinary resolution at a general meeting of the Company approving the adoption of this Scheme and authorising the Directors to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Options granted under this Scheme; and
- (b) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any new Shares which may fall to be allotted and issued by the Company pursuant to the exercise of Options that may be granted under this Scheme in accordance with the terms and conditions of this Scheme.

2.2 Reference in paragraph 2.1 to the GEM Listing Committee of the Stock Exchange formally granting the approvals, listing and permission referred to therein shall include any such approvals, listing and permission which are granted subject to conditions.

2.3 A certificate of a Director that the conditions set out in paragraph 2.1 have been satisfied and the date on which such conditions were satisfied 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.

- 2.4 The Company must publish an announcement on the outcome of the general meeting as referred to in paragraph 2.1(a) for the adoption of this Scheme as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day after such general meeting, in accordance with the publication requirements set out in Chapter 16 of the GEM Listing Rules.

3. PURPOSE, DURATION AND ADMINISTRATION

- 3.1 The purposes of this Scheme are (i) to enable the Company to grant Options to selected Eligible Participants as incentives and/or rewards for their contribution or potential contribution to the Company; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the Grantees with those of the Shareholders to promote the long term financial and business performance of the Company. This Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. In particular, the eligibility of each of the Eligible Participant shall be determined by the Board or a committee of the Board from time to time and on a case-by-case basis. Generally:

- i. with respect to Employee Participants, the Board will consider, among others, their general working performance, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard and their individual contributions or potential contributions towards the development and growth of the Group; and
- ii. with respect to Related Entity Participants, which include non-employees of the Company, being the directors and employees of the associated companies of the Company, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group, which may include the degree of involvement in and/or cooperation with the Group, the length of collaborative relationship the Related Entity Participant has established with the Group, the extent of positive impact provided by or expected from business development activities in terms of the actual or expected change in the Group's revenue or profits attributable to the Related Entity Participant, whether the Related Entity Participant has assisted the Group to tap into new markets or increase its existing market share, whether the Related Entity Participant has provided measurable assistance to improve any aspect of the Group's operations, the amount of actual or potential support, assistance, guidance, advice, effort or contribution the Related Entity Participant give or is likely to be able to give or make towards the success of the Group.

- 3.2 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options will be granted 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.
- 3.3 An Eligible Participant shall ensure that any exercise of his Option under paragraph 6 is valid and complies with all laws, legislations and regulations to which he is subject. The Directors may, as a condition precedent of issuing Shares upon an exercise of an Option, require the relevant Grantee to produce such evidence as it may reasonably require for such purpose.
- 3.4 Unless otherwise imposed by the Board at its sole discretion and stated in the relevant offer letter and save for the clawback mechanisms as set out in paragraph 7 below, there is neither any performance targets required to be achieved by any Grantee before an Option is capable of being exercised by the Grantee nor any clawback mechanism under this Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Eligible Participants.

Where performance targets are to be imposed upon Grantees in the relevant offer letter of the grant of Options, the Board will have regard to the purpose of the this Scheme in assessing such performance targets with reference to factors including but not limited to, key performance indicators in respect of the Group as a whole, its principal businesses and operations, performance of Eligible Participant(s), which may include cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total Shareholder return; reviews; and such other goals the Board may determine from time to time.

4. GRANT OF OPTIONS

- 4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant(s) as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph 8, determine at the Exercise Price provided that no Option shall be granted by the Board:
- (1) after inside information has come to its knowledge until (and including) the trading day after it has been announced by the Company pursuant to the requirements of the GEM Listing Rules; and
 - (2) during the period commencing from one (1) month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
- (b) the deadline for the Company to publish its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

- 4.2 An Offer shall be made to an Eligible Participant 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 and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of this Scheme or the Eligible Participant to whom such Offer is made has ceased to be an Eligible Participant.
- 4.3 An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.
- 4.4 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is 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 letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within twenty-one (21) days from the Offer Date (or such shorter period referred to in paragraph 4.2). To the extent that the Offer is not accepted within the stated period, it will be deemed to have been irrevocably declined.

- 4.5 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.3 or 4.4, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance provided that if such date of acceptance shall fall on a non-Business Day, the Business Day immediately following such date of acceptance shall be taken to be the date of acceptance for the grant of such Option. To the extent that the Offer is not accepted within twenty-one (21) days from the Offer Date (or such shorter period referred to in paragraph 4.2) and in the manner indicated in paragraph 4.3 or 4.4, it will be deemed to have been irrevocably declined.
- 4.6 Any grant of Options or awards to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee).
- 4.7 Save for the circumstances set out below, the vesting period for Options shall not be less than 12 months. A shorter vesting period may be granted to the Employee Participants at the discretion of the Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:
- (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
 - (d) grants of Options with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of twelve (12) months; or
 - (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant,

each of which are considered appropriate to provide flexibility to grant Options (i) as part of the competitive terms and conditions to induce valuable talent to join the Group (paragraphs (a) and (d)); (ii) reward past contribution which may otherwise be neglected due to administrative or technical reasons (paragraphs (b) and (c)); (iii) reward exceptional performers with accelerated vesting (paragraph (d)); and (iv) to motivate exceptional performers based on performance metrics rather than time (paragraph (e)).

5. EXERCISE PRICE

The Exercise Price shall, subject to any adjustments made pursuant to paragraph 9, be determined at the discretion of the Board at its absolute discretion, provided that it must be at least the higher of:

- (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; and
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date.

6. EXERCISE OF OPTIONS

- 6.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.
- 6.2 Subject to paragraph 15.8, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this paragraph 6.2 or paragraph 6.3 (as the case may be) by the Grantee (or, as the case may be, his Personal Representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to paragraph 9, the Company shall accordingly allot the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 6.3(c), to the estate of the Grantee) credited as fully paid and instruct the Share Registrar to issue to the Grantee (or his estate in the event of an exercise by his Personal Representative(s) as aforesaid) a share certificate for the Shares so allotted.
- 6.3 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) subject to paragraph 7.1(e) of this Scheme, where the Grantee ceases to be an Eligible Participant for any reason except for paragraph 6.3(b) or 6.3(c) of this Scheme, Options shall lapse on the date of cessation and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of such cessation shall be (i) if he is an employee of the Company, any subsidiary or any related entity, his last actual working day at his work place with the Company, any subsidiary or any related entity whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Company, any subsidiary or any related entity, the date on which his relationship with the Group which has constituted him an Eligible Participant ceases;
 - (b) where the Grantee is re-employed after retirement or has changed in position(s) but still be an Eligible Participant before exercising the Option in full or at all, the Option may continue to be exercised by the Grantee;

- (c) where the Grantee dies before exercising the Option in full or at all, the Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made pursuant to paragraph 6.3(d), 6.3(e), 6.3(f) or 6.3(g) of this Scheme by his Personal Representatives within 6 months of the date of death;
- (d) if a general offer by way of a take-over is made to all the Shareholders (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) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or his Personal Representatives) may exercise the Option to its full extent or to the extent specified in such notice;
- (e) if a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his Personal Representatives) may, by delivering a notice in writing to the Company within five (5) Business Days of such Shareholders' approval, exercise the Option to its full extent or to the extent specified in such notice;
- (f) 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 dispatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his Personal Representatives) shall be entitled to exercise all or any of his Options at any time not later than seven (7) 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 the Business Day immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid;

- (g) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 6.3(e) of this Scheme, between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his Personal Representatives) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his Options, and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, issue, allot and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Options. In the event that the Grantees do not exercise all or any of his Options before the specified timing, and provided that the then market price of the Option is higher than the Exercise Price of the Option, the Board may in its sole discretion, sell the Option on behalf of the Grantee, whereby the Grantee will be entitled to receive the cash equivalent from such sale (less any costs incurred by the Company (if any)). In the event that the market price of the Option is lower than the Exercise Price of the Option or the Board in its sole discretion decides not to sell the Option on the market, the Option will automatically lapse; and
- (h) the Board retains its absolute discretion to decide the final settlement of Options.

6.4 Grantee is not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the Articles in effect from time to time. Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Articles for the time being in force as at the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised thereunder (the “**Allotment Date**”) and shall rank pari passu in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment 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 Allotment Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered in to the register of members of the Company as the holder thereof.

7. EARLY TERMINATION OF OPTION PERIOD

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

- (a) subject to paragraph 6.3, the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraph 6.3;
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 6.3(e) of this Scheme;

- (d) subject to paragraph 6.3(f) or 6.3(g) of this Scheme, the date of the commencement of the winding-up of the Company;
- (e) the date on which the Grantee ceases to be an Eligible Participant by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his employment contract or other contract constituting him an Eligible Participant (including, among others, causing material misstatement of the financial statements of the Company), or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty. The Board or any person delegated by the Board shall determine whether the employment or other relevant contract of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 7.1(e) of this Scheme, and such determination shall be final, binding and conclusive; or
- (f) the date on which the Grantee commits a breach of paragraph 6.1 of this Scheme.

7.2 A resolution of the Directors to the effect that the employment or directorship of a Grantee has or has not been terminated on one or more of the grounds specified in paragraph 7.1(e) shall be conclusive and binding on the Grantee.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.1 The total number of Shares which may be issued upon the exercise of all Options to be granted under this Scheme together with all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company (the “**Scheme Mandate Limit**”) must not in aggregate exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Scheme Mandate Limit in accordance with this paragraph 8 of this Scheme.

8.2 For the purposes of calculating the Scheme Mandate Limit under paragraph 8.1 of this Scheme, Shares which are the subject matter of any Options or awards that have already lapsed in accordance with the terms of the relevant share scheme(s) of the Company will not be regarded as utilised.

8.3 The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the date of the Shareholders’ approval for the last refreshment (or the Adoption Date), provided that:

- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% (or such other percentage as may from time to time be specified by the Hong Kong Stock Exchange) of the total issued Shares as at the date of such Shareholders’ approval of the refreshment of the Scheme Mandate Limit;
- (b) for the purpose of calculating the Scheme Mandate Limit, Options or awards lapsed will not be regarded as utilised and Options or awards cancelled will be regarded as utilised; and

- (c) a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with the relevant provisions of Chapter 23 of the GEM Listing Rules and any other applicable laws and rules, and containing, among others, the number of Options and awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment.

8.4 Further to the requirements set out under paragraph 8.3 above, any refreshment of the Scheme Mandate Limit within three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date) must be approved by the Shareholders in general meeting subject to the following provisions:

- (a) any controlling Shareholder and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive(s) of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
- (b) the Company must comply 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; and
- (c) the requirements under paragraphs 8.4(a) and 8.4(b) of this Scheme do not apply if the refreshment is made immediately after an issue of Shares by the Company to its 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 the Shares, rounded to the nearest whole Share.

8.5 The Company may seek separate approval from the Shareholders in general meeting for granting Options which will result in the Scheme Mandate Limit being exceeded, provided that:

- (a) the grant is only to Eligible Participants specifically identified by the Company before the approval is sought; and
- (b) circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules and any other applicable laws and rules.

8.6 If the Company conducts any share consolidation or subdivision after the Scheme Mandate Limit has been approved in the general meeting, the maximum number of Shares that may be issued by the Company pursuant to this Scheme and all other share schemes of the Company under the unutilised Scheme Mandate Limit as a percentage of the total issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

- 8.7 Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options, but excluding any options and awards lapsed in accordance with the terms of the relevant share option scheme(s) or share award scheme(s)) in any 12-month period must not exceed 1% of the total issued Shares. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options and awards granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options, but excluding any options and awards lapsed in accordance with the terms of the relevant share option scheme(s) or share award scheme(s)) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total issued Shares, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting.

The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options or awards to be granted (and Options previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options and awards to the Eligible Participant, an explanation as to how the terms of the Options or awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Exercise Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval 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.

Where any grant of Options to an independent non-executive Director or a substantial Shareholder (as defined in the GEM Listing Rules), or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and awards granted or to be granted (excluding any Options and awards lapsed in accordance with the terms of this Scheme and the relevant share award scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of the total issued Shares, such further grant of Options or awards must be approved by Shareholders in general meeting in the manner set out in rule 23.04(4) of the GEM Listing Rules. The Company must send a circular to the Shareholders in a manner complying with relevant provisions of Chapter 23 of the GEM Listing Rules, and containing, among others, (i) details of the number and terms of the Options or awards to be granted to each Grantee, which must be fixed before the Shareholders' meeting, in respect of any Options to be granted; (ii) the date of the Board meeting for proposing such further grant which is to be taken as the date of grant for the purpose of calculating the Exercise Price; (iii) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options or awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent shareholders as to voting; and (iv) the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules to the Shareholders. The Grantee, his associates and all core connected persons must abstain from voting in favour at such general meeting. The Company must comply with the requirements set out in Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

- 8.8 Shareholders' approval as required under paragraph 8.7 is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director, or any of his associates.

9. REORGANISATION OF CAPITAL STRUCTURE

- 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, sub-division or reduction of the share capital of the Company, then the Company shall instruct the Auditors or independent financial adviser to certify in writing:
- (a) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
 - (i) the number of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
 - (ii) the Exercise Price,and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:
 - (1) any such adjustment shall be made on the basis that the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same, rounded to the nearest whole share, (but shall not be greater than) as it was before such event;

- (2) no such adjustment shall be made to the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
 - (3) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (b) in respect of any such adjustments, other than that made on a capitalisation issue, the Auditors or the independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 23.03(13) of the GEM Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005, any relevant provisions of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange and the note thereto from time to time.

9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or an independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.

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

10. CANCELLATION OF OPTIONS

Subject to paragraph 6.1, any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options or awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under a scheme with available Scheme Mandate Limit. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

11. SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the share capital of the Company.

12. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares of an Option, the Exercise Price or any adjustment under paragraph 9.1) shall be referred to the decision of the Auditors or independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

13. ALTERATION OF THIS SCHEME

This Scheme may be altered in any respect by a resolution of the Board except:

- (a) any alterations to the terms and conditions of this Scheme which are of 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 the Eligible Participants must be approved by Shareholders in general meeting;
- (b) any change to the terms of Options or awards granted to a Grantee, except alterations which take effect automatically under the existing terms of this Scheme, must be approved by the Board, the remuneration committee, the independent non-executive directors and/or the Shareholders (as the case may be) if the initial grant of the Options or awards was approved by the Board, the remuneration committee, the independent non-executive directors and/or the Shareholders (as the case may be);
- (c) any change to the authority of the Directors to alter to the terms of this Scheme must be approved by Shareholders in general meeting; and
- (d) the provisions of this Scheme as to the definitions of “Eligible Participant”, “Grantee”, “Option Period” and “Termination Date” in paragraph 1.1; and the provisions of paragraphs 3.1, 4.1, 4.3, 4.4 (other than the time period referred to), 4.5 (other than the time period referred to) and 7.1 and paragraphs 5, 6, 8, 9, 10 and 11 and this paragraph 13, which shall only be altered with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles for the time being of the Company for a variation of the rights attached to Shares.

Any alterations to the terms and conditions of this Scheme shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.

14. TERMINATION

- 14.1 The Company by an ordinary resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior thereto 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.

14.2 Details of the Options or awards granted, including Options exercised or outstanding, or shares issued and to be issued in respect of the awards granted) under this Scheme and (if applicable) Options or awards that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

15. MISCELLANEOUS

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

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

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

15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders at the same time or within a reasonable time of any such notices or documents being sent to Shareholders.

15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.

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

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

- (a) one (1) day after the date of posting, if sent by mail;
- (b) seven (7) days after the date of posing to an address in a different territory;
- (c) upon completion of transmission if sent by facsimile or other form of electric transmissions; and
- (d) when delivered, if delivered by hand.

- 15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents and approvals 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 and approvals. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.
- 15.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 15.10 By accepting an Offer, a Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.11 This Scheme shall comply with the GEM Listing Rules as amended from time to time. In the event that there are differences between the terms of this Scheme and the GEM Listing Rules, the GEM Listing Rules shall prevail.
- 15.12 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.