

ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED

沛然環保顧問有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8320)

SHARE OPTION SCHEME

Adopted at the annual general meeting held on [14 September 2026]

ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED
沛然環保顧問有限公司

(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 on which the offer to grant an Option is accepted by the relevant Eligible Participant in accordance with the provisions of this Scheme, which date shall be not later than 14 days after the Offer Date provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of this Scheme;

"Adoption Date" means the date on which this Scheme is adopted upon fulfilment of the conditions of this Scheme;

"approved independent financial adviser" means such independent financial adviser as approved by the Board;

"Articles" means the memorandum of association and articles of association of the Company as amended from time to time;

"associate" shall have the meaning ascribed to it in the GEM Listing Rules, as amended and varied from time to time;

"Auditors" means the auditors for the time being of the Company,

"Board" means the board of directors of the Company for the time being or a duly authorised committee thereof;

"Board Lot" means the board lot in which the Shares are traded on the Stock Exchange from time to time;

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

"Cancelled Shares" means, unless expressly stated otherwise in this Scheme, 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;

"close associate" shall have the meaning ascribed to it in the GEM Listing Rules, as amended or varied from time to time;

"Commencement Date" means, in respect of an Option, the date upon which the Vesting Period commences;

"Companies Act" means the Companies Act of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in effect;

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

"Company" means Allied Sustainability and Environmental Consultants Group Limited 沛然環保顧問有限公司, a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on GEM of the Stock Exchange;

"Connected Person" has the meaning ascribed to it in the GEM Listing Rules, as amended or varied from time to time;

"Core Connected Person" has the meaning ascribed to it in the GEM Listing Rules, as amended or varied from time to time;

"Eligible Employee" full time employee or staff of the Company or any subsidiary;

"Eligible Participant" means (i) a Director (including executive Director, non-executive Director and INED) or Eligible Employee (including persons who are granted Options under this Scheme as an inducement to enter into employment contracts with these companies); and (ii) a director or employee of the Related Entities.

"Exercise Date" means the date of the notice given by the Option Holder in respect of the exercise of the Option in accordance with paragraph 7.1;

"Exercise Price" means the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors, provided always that it shall comply with the provisions of this Scheme and the GEM Listing Rules;

"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;

"GEM Listing Rules" means the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;

"General Scheme Limit" has the meaning ascribed to it in paragraph 9.1;

"Group" means the Company and its subsidiaries and a "Group Company" means any of the aforesaid companies;

"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;

"INED" means independent non-executive Directors;

"New Approval Date" has the meaning given in paragraph 9.2;

"New Scheme Limit" has the meaning given in paragraph 9.2;

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

"Offer Document" means a document by which an offer of Options is made to an Eligible Participant, in such form as the Board may from time to time determine;

"Option" means share option(s) to subscribe for Share(s) to be granted under this Scheme;

"Option Holder" means the holder(s) of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder;

"Option Period" means in respect of an Option, the period commencing on the Acceptance Date of an Option and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with this Scheme;

"Other Schemes" means other than this Scheme:

- (a) share schemes of the Company involving the grant by the Company (i) new Shares; or (ii) options over new Shares, to, or for the benefit of, specified participants under such schemes (which includes a grant of any such Shares or options to a trust or similar arrangement for the benefit of a specified participant);
- (b) share schemes of the Company that are funded by existing Shares;
- (c) share schemes of a principal subsidiary of the Company; or
- (d) any arrangement involving the grant of shares or other securities of the Company or a principal subsidiary of the Company (including options over any such shares or securities) which, in the opinion of the Stock Exchange, is analogous to a share scheme as described in Rule 23.01 of the GEM Listing Rules;

"Performance Targets" means any one or more performance measures, or derivations of such performance measures that may be related to the individual Option Holder or the Group as a whole or to a subsidiary, division, department, region, function or business unit of the Company, and assessed either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Directors (or, as the case may be, the Remuneration Committee) in their sole discretion, including, without limitation, one or more of the criteria as specified in this Scheme;

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

"Related Entity(ies)" means the holding companies, fellow subsidiaries or associated companies of the Company;

"Remuneration Committee" means the remuneration committee of the Company;

"this Scheme" means the Share Option Scheme, the rules of which are set out in this document in its present or any amended form;

"Scheme Period" means a period of ten years commencing from the Adoption Date (both dates inclusive);

"Senior Manager" refers to a member of senior management disclosed in the annual report of the Company;

"Shares" means ordinary shares of in the share capital of the Company with par value of HK\$0.02 or, if there has been a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company;

"Stock Exchange" means The Stock Exchange of Hong Kong Limited or (if applicable) such other stock exchange on which the issued share capital of the Company is primarily listed;

"Subsidiary" has the meaning ascribed to it in the GEM Listing Rules and the Companies Ordinance;

"substantial shareholder" has the meaning ascribed to it in the GEM Listing Rules;

"Treasury Shares" has the meaning ascribed to it under the GEM Listing Rules which came into effect on 11 June 2024, as amended and supplemented from time to time; and

"Vesting Period" means the vesting period as described in the respective Offer Document of the Option Holder.

In this Scheme, save as specifically mentioned, all references to the definitions and rules on connected transactions shall be references to those definitions and rules contained in Chapter 1 and Chapter 20 of the GEM Listing Rules in effect from time to time.

1.2 In this Scheme, unless the context otherwise requires:

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

2. CONDITIONS

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

- (a) the passing of an ordinary resolution by the shareholders in a general meeting of the Company to approve and adopt this Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares or to transfer Treasury Shares pursuant to the exercise of any Options granted under this Scheme; and

- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be allotted and issued or Treasury Shares to be transferred pursuant to the exercise of any Options which may be granted under this Scheme.

3. PURPOSE, DURATION AND CONTROL OF THIS SCHEME

- 3.1 The purpose of this Scheme is to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, as well as to motivate Eligible Participants to contribute to the success of the Group's operations. This Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.
- 3.2 Subject to paragraph 14 and fulfilment of the conditions in paragraph 2, this Scheme will remain in force for the Scheme Period, after which period, no further Options shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options granted during the Scheme Period but not yet exercised shall continue to be valid in accordance with their terms of grant after the end of the Scheme Period.
- 3.3 This Scheme shall be subject to the administration of the Board (or any committee as may be authorised by 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. The Board shall have the right to (i) interpret and construe the provisions of this Scheme, (ii) determine the persons who will be granted Options under this Scheme, and the number and Exercise Price of Options granted thereto, (iii) make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

4. OPTIONS

- 4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the GEM Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period to offer to grant an Option to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, 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 total number of Shares and Treasury Shares issued/ transferred and to be issued/ transferred upon exercise of the Options under this Scheme, and the options, awards or securities granted under Other Schemes to each Eligible Participants shall not, when aggregated with:
 - (a) any Shares issued or any Treasury Shares transferred upon exercise of Options or options, awards or securities under any Other Schemes which have been granted to that Eligible Participant;
 - (b) any Shares which would be issued and any Treasury Shares which would be transferred upon the exercise of outstanding Options or options, awards or other securities under any Other Schemes granted to that Eligible Participant; and
 - (c) any Cancelled Shares which were the subject of Options or options, awards or securities under any Other Schemes which had been granted to and accepted by that Eligible Participant,

in any twelve (12)-month period up to the Offer Date, exceed 1% of the number of total issued Shares on the Offer Date (excluding Treasury Shares). For the avoidance of doubt, unless expressly stated otherwise, the date (which must be a Business Day) on which the Company formally makes an offer in writing to the Eligible Participant, but not the date on which the date of the meetings of the Board or the Remuneration Committee approving such grant, shall be taken as the Offer Date.

- 4.2 If the Board determines to offer Options to an Eligible Participant which exceed the limit set out in paragraph 4.1:
- (a) that grant shall be subject to (i) the issue of a circular by the Company to its shareholders which shall comply with Rules 23.03D(2) and 23.06 of the GEM Listing Rules and/or such other requirements as prescribed under the GEM Listing Rules from time to time; and (ii) the approval of the shareholders of the Company in general meeting at which that Eligible Participant and his close associates (or his associates if the Eligible Participant is a Connected Person) shall abstain from voting; and
 - (b) unless provided otherwise in the GEM Listing Rules, the date of the Board meeting at which the Board resolves to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.
- 4.3 If the Board determines to offer an Option to an Eligible Participant in accordance with paragraph 4.1, the Board shall forward to the relevant Eligible Participant an Offer Document or, alternatively, documents accompanying the offer document which state among others:-
- (a) the Eligible Participant's name, address and occupation;
 - (b) the Offer Date;
 - (c) the Acceptance Date;
 - (d) the Commencement Date or, if the Option Period does not commence on the Commencement Date, the date of commencement of the Option Period;
 - (e) the number of Shares in respect of which the Option is offered;
 - (f) the Exercise Price and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
 - (g) the Expiry Date in relation to that Option;
 - (h) the method of acceptance of the Option which, unless the Board otherwise determines, shall be as set out in paragraph 4.4;
 - (i) any minimum period for which an Option must be held before it can be exercised;
 - (j) the vesting schedule, which shall not be shorter than 12 months from the date upon which an offer of Options is accepted (subject to exceptions);
 - (k) the performance targets which must be achieved before the Option can be exercised (if any); and

- (l) such other terms and conditions relating to the offer of the Option which in the opinion of the Board are fair and reasonable but not being inconsistent with this Scheme and the GEM Listing Rules.

- 4.4 Offers to grant an Option shall be open for acceptance in writing. Such acceptance must be received by the Company within such time as may be specified in the offer (which shall not be later than fourteen (14) days from the date of offer). An offer shall be deemed to have been accepted on the date when the duplicate offer document comprising acceptance of the offer is duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof. Such consideration shall not be refundable. Upon acceptance, the Option is granted as from the Offer Date.
- 4.5 Any offer to grant an Option may be accepted in respect of less than the number of Shares for which it is offered, provided that it must be accepted in respect of a Board Lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate Offer Document constituting acceptance of the Option in the manner as set out in paragraph 4.4. To the extent that the offer to grant an Option is not accepted by the Acceptance Date, it shall be deemed to have been irrevocably declined.
- 4.6 The Options shall not be listed or dealt in on the Stock Exchange.
- 4.7 An Option shall be personal to the Option Holder and shall not be transferable or assignable and no Option Holder 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, unless a waiver is granted by the Stock Exchange, provided that where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by an Option Holder may be allowed to be transferred to a vehicle for the benefit of the Option Holder and any family members of such Option Holder (for the purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of this Scheme and comply with the requirements of Chapter 23 of the GEM Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder. The Options cancelled will be regarded as utilised for the purpose of calculating the General Scheme Limit.
- 4.8 No offer of an Option shall be made and no Option shall be granted to any Eligible Participant after inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information or during any period of time which is prohibited from any such offer and/or grant under the GEM Listing Rules or any applicable law. In particular, no Option shall be granted during the period commencing 30 days immediately preceding the earlier of (i) the date of the Board meeting (such date as 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 (ii) the deadline for the Company to announce its results for any year, half- year, quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.
- 4.9 For so long as the Shares are listed on the Stock Exchange, no Option may be granted to a Director on any day on which financial results of the Company are published and:

- (a) 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,

or such other periods or times (if any) during which the Directors are prohibited from dealing in Shares pursuant to the GEM Listing Rules or any code or securities dealing restrictions adopted by the Company.

4.10 Unless the Directors otherwise determined, an Option Holder is not required to achieve any performance targets before the exercise of an Option granted to him or be subject to the clawback mechanism referred to in paragraph 4.11 below. Where any grant of Options to the Directors and/ or Senior Managers is without performance target and/ or clawback mechanism, the Remuneration Committee shall form a view as to why performance target and/ or clawback mechanism is not necessary and how the grants align with the purpose of this Scheme.

4.11 In respect of any Option which is performance linked, if any of the following events (“Clawback Event”) shall occur during an Option Period:

- (a) an Option Holder is involved in (i) falsification of performance results, (ii) acceptance or solicitation of bribery, (iii) corruption, (iv) theft, (v) intentional leakage of trade and technical secrets, (vi) material misstatement in the Company’s financial statements, (vii) other unlawful acts or misconducts which prejudiced the interest or reputation of the Company, or result in the sanction by the Stock Exchange and/ or other regulatory authorities or conviction by any court of competent jurisdiction of any criminal offence against the Group and/ or the Option Holder; or
- (b) the failure of the Option Holder to comply with the Company’s internal policy and/ or his employment agreement which result in serious loss in the assets or business of the Company and other serious and adverse consequence,

the Board and the Remuneration Committee may resolve the clawback and recover the Options granted to the Option Holder, provided that the Option Holder should be offered an opportunity to be heard by the Board and the Remuneration Committee before the decision to clawback the Options is made. The Company may also recover or withhold other remuneration to the relevant Option Holder, provided the same is feasible and permitted under the applicable laws.

4.12 The Vesting Period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that a shorter vesting period may be granted to the Eligible Employees at the discretion of the Board or the Remuneration Committee in any of the following circumstances:

- (i) grants of “make-whole” Option(s) to new joiners to replace the share awards or share options they forfeited when leaving the previous employers;
- (ii) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (iii) 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; and

- (iv) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; and

each of which are considered appropriate to provide flexibility to grant Options and cater for special circumstances. Factors to be taken into consideration include but not limited to the experience and seniority of the relevant Eligible Employee, the number of Shares held by such Eligible Employee, the number of Shares being the subject of Options or share awards granted to him (or, where relevant, by his former employer), his remuneration package, his contributions to the Group and his performance level, any performance-based vesting conditions prescribed under the Offer and such other factors as the Remuneration Committee (or, as the case may be, the Directors) considers to be relevant or appropriate.

5. OPTIONS TO CONNECTED PERSONS

- 5.1 Subject to other requirements of this Scheme, any grant of Options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or their respective associates under this Scheme must be approved by the INEDs (excluding any INED who is a proposed grantee of the relevant Options) and shall comply with the requirements of Rule 23.04 of the GEM Listing Rules.
- 5.2 Where Options are proposed to be granted to an INED or a substantial Shareholder, or any of their respective associates, would result in the total number of Shares and Treasury Shares issued/ transferred and to be issued/ transferred in respect of the Options granted under this Scheme, the Awards granted under the New Share Award Scheme and all options, awards or securities granted under Other Schemes (excluding any options, awards or securities lapsed in accordance with the terms of such schemes) to such person in the twelve (12)-month period up to and including the date of such grant to such person representing in aggregate over 0.1% of the relevant class of Shares in issue (excluding Treasury Shares), the proposed grant must be subject to the approval of the Shareholders in a general meeting. In respect of any Options to be granted, the date of Board meeting for proposing such grant which triggers the requirements of Shareholders' approval should be taken as the date of grant for the purpose of calculating the Exercise Price.
- 5.3 The circular to be issued by the Company to its shareholders pursuant to paragraph 5.2 shall contain the following information:
 - (a) details of the number and terms of the Options to be granted to each Eligible Participant which must be fixed before the shareholders' meeting. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant of Options is to be taken as the date of grant for the purpose of calculating the Exercise Price;
 - (b) the views of the INED (excluding any INED who is also a grantee of the proposed Options) as to whether such grant of Options are fair and reasonable and whether such grant of Options is in the interests of the Company and its shareholders as a whole, and their recommendation to the independent shareholders of the Company as to voting;
 - (c) the information required under Rule 23.02(2)(c) of the GEM Listing Rules; and
 - (d) the information required under Rule 2.28 of the GEM Listing Rules.

The relevant Option Holder, his or her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements set out Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

6. EXERCISE PRICE

The Exercise Price shall be determined on the date of offer at the discretion of the Directors and it must be at least the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
- (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the date of grant,

provided that the Exercise Price shall be subject to adjustment in accordance with the provisions of paragraph 10 below. For the avoidance of doubt, unless expressly stated otherwise, the date (which must be a Business Day) on which the Company formally makes an offer in writing to the Eligible Participant, but not the date on which the date of the meetings of the Board or the Remuneration Committee approving such grant, shall be taken as the date of offer.

7. EXERCISE OF OPTIONS

- 7.1 Subject to paragraphs 7.2, 7.3 and 7.4, 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 Option Holder 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 aggregate Exercise Price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by 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 or transfer the relevant number of Treasury Shares to the Option Holder credited as fully paid and issue to the Option Holder certificates in respect of the Shares so allotted/ the Treasury Shares so transferred.
- 7.2 The manner in which the Option Holders is entitled to exercise their Option shall be set out in the respective Offer Document of the Option Holder.
- 7.3 The exercise of any Option shall be subject to the approval of shareholders of the Company in general meeting of any necessary increase in the authorised share capital of the Company.
- 7.4 Unless otherwise provided in the respective Offer Document of the Option Holder, subject as hereinafter provided and only to the extent to which the Option is exercisable pursuant to paragraph 7.2 hereof but is not exercised, an Option may be exercised by an Option Holder at any time or times during the Option Period provided that:
 - (a) in the event that the Eligible Participant ceases to be an Eligible Participant by reason of the termination of his or her employment, directorship, office, appointment or engagement on the grounds that he or she has been guilty of persistent or serious misconduct, or has been in breach of material term of the relevant employment contract or service contract, or has become bankrupt or insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, then all his outstanding Options shall lapse and determine on the date of cessation or termination, provided always that in each case the Directors in their absolute

discretion may decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

- (b) in the event the Eligible Participant ceases to be an Eligible Participant by reason of death, ill-health, resignation or retirement before exercising the Options in full and none of the events which would be a ground for termination of the Eligible Participant's employment, directorship, office, appointment or engagement, the Eligible Participant or his or her legal personal representative(s) shall be entitled, within a period of thirty (30) days from the date of cessation of being an Eligible Participant, to exercise, in whole or in part, the outstanding Options to the extent which has already become exercisable. For the avoidance of doubt, those outstanding Options which are still within the vesting period (regardless of whether such vesting period is 12 months or not) and not yet become exercisable on the date of cessation, shall lapse and determine.
- (c) if, in consequence of any general offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner) is made to all Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), each Option Holder shall be entitled to exercise, in whole or in part, his outstanding Options to the extent which has already become exercisable, at any time within 14 days after the date on which such general offer becomes or is declared unconditional. For the avoidance of doubt, those outstanding Options which are still within the vesting period (regardless of whether such vesting period is 12 months or not) and not yet become exercisable on the date on which such general offer becomes or is declared unconditional, shall lapse and determine;
- (d) if a compromise or arrangement between the Company and its Shareholders 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 pursuant to the Companies Act, each Option Holder shall be entitled, at any time prior to 12 noon (Hong Kong time) on the Business Day immediately preceding the date of the general meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement, to exercise his outstanding Options, to the extent which has already become exercisable, in whole or in part. The Board shall endeavour to procure that the Shares issued upon exercise of the 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 Option Holders 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 or damage sustained by any Option Holder as a result of the aforesaid suspension. For the avoidance of doubt, those outstanding Options which are still within the vesting period (regardless of whether such vesting period is 12 months or not) and not yet become exercisable, shall lapse and determine. Subject to thereto, all Options then outstanding shall lapse and determine with effect from the date of such meeting; and
- (e) If notice is given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall give notice thereof to all the Option Holders on the same day as it despatches to the Shareholders the notice convening the meeting. Each Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution is to be considered and/or passed, to exercise, in whole

or in part, his outstanding Options to the extent which has already become exercisable, 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, allot and issue the relevant Shares or transfer the relevant Treasury Shares to the Option Holder credited as fully paid. For the avoidance of doubt, those outstanding Options which are still within the vesting period (regardless of whether such vesting period is 12 months or not) and not yet become exercisable, shall lapse and determine. Subject to thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

- 7.5 The Shares to be allotted or the Treasury Shares to be transferred upon the exercise of an Option will be subject to all the provisions of the Articles of Association and will 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. An Option Holder shall not have any right to voting, dividend or other rights arising on liquidation of the Company as attached to the fully paid Shares in issue until completion of the registration of the Option Holder (or such other person nominated by the Option Holder) as the holder thereof.
- 7.6 Options granted under this Scheme shall be subject to such vesting conditions as set forth in this Scheme and the respective Offer Document of the Option Holder. In addition to such other performance-based vesting conditions (if any) set forth in the respective Offer Document of the Option Holder and unless otherwise approved by the Board in writing, (i) the vesting schedule requires continued employment of or service by the respective Option Holder through each applicable vesting date as a condition to the vesting of the applicable percentage of the Option and the rights and benefits under this Scheme and the respective Offer Document of the Option Holder, and (ii) employment or service for only a portion of the respective Vesting Period, even if a substantial portion, will not entitle the respective Option Holder to any proportionate vesting of the Option.

8. LAPSE OF OPTION

Options granted during the Scheme Period shall continue to be valid in accordance with their terms of grant after the end of the Scheme Period. Therefore, expiry of the Scheme Period alone will not result in the lapse of the Options. 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 7.4(b), (c), (d) or (e);
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 7.4(d) becomes effective;
- (d) the date on which the Option Holder ceases to be an Eligible Participant by reason of the termination of his relationship with the Group on any one or more of the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employer would be entitled to unilaterally terminate his employment or

service at common law or pursuant to any applicable laws or under the Option Holder's service contract with the Company or the relevant subsidiary of the Group;;

- (e) the date that is thirty (30) days after the date on which the Option Holder is terminated by the Group on a ground other than those set forth in paragraph 8(d) above; and
- (f) the occurrence of such event or expiry of such period as may have been specifically provided for in the offer document of the Option, such as the failure of the Option Holders to achieve the specific performance targets.

The Options lapsed will not be regarded as utilised for the purpose of calculating the General Scheme Limit.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.1 The total number of Shares and Treasury Shares which may be issued/transferred upon the exercise of all Options to be granted under this Scheme and all options, awards or securities to be granted under Other Schemes shall not in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date (excluding any Treasury Shares), i.e. General Scheme Limit unless the Company obtains an approval from the Shareholders pursuant to paragraph 9.2 below. Options, awards or securities lapsed in accordance with the terms of this Scheme or Other Schemes shall not be counted for the purposes of calculating whether the General Scheme Limit have been exceeded. 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 General Scheme Limit less the aggregate of the following Shares as at that Offer Date:

- (a) the number of Shares which would be issued and the number of Treasury Shares which would be transferred on the exercise in full of the Options but not cancelled, lapsed or exercised;
- (b) the number of Shares which have been issued and allotted and the number of Treasury Shares which have been transferred pursuant to the exercise of any Options under this Scheme; and
- (c) the number of Cancelled Shares, which were the subject of Options.

For the avoidance of doubt, Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating towards the General Scheme Limit.

9.2 With the issue of a circular by the Company which complies with the GEM Listing Rules and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the General Scheme Limit may be refreshed from time to time to 10% of the Shares in issue (excluding any Treasury Shares) ("**New Scheme Limit**") as at the date of such shareholders' approval ("**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 and the number of Treasury Shares which would be transferred on the exercise in full of the Options 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 and the number of Treasury Shares which have been transferred pursuant to the exercise of any Options granted on or after the New Approval Date; and

- (c) the number of Cancelled Shares, which were the subject of Options granted on or after the New Approval Date.

For the avoidance of doubt, options previously granted under this Scheme (including these outstanding, cancelled, lapsed in accordance with this Scheme or exercised options) will not be counted for the purpose of calculating the New Scheme Limit.

9.3 Where the refreshment of the General Scheme Limit is sought:

- (a) within three years from the date of shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme): (i) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding INED) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and (ii) the Company shall comply with the requirements under Rules 17.47(6) and (7), 17.47A, 17.47B and 17.47C of the GEM Listing Rules (or the successor provisions then prevailing); and
- (b) after three years from the date of shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme), the requirements under paragraph 9.3(a) shall not be applicable.

The requirements under paragraphs 9.3(a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the General Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the General Scheme Limit immediately before the issue of securities (rounded to the nearest whole Share).

9.4 The Board may grant Options exceeding the General Scheme Limit to Eligible Participants specifically identified by the Board if the following are fulfilled:

- (a) the issue of a circular by the Company to its shareholders containing the name of Eligible Participants who are specifically identified in excess of the General Scheme Limit, number and terms of the Options to be granted, the purpose of granting such Options to the Eligible Participants with an explanation as to how the terms of the Options serve such purpose and the information required under Rule 23.03C(3) of the GEM Listing Rules;
- (b) the approval of the shareholders of the Company in general meeting in compliance with Rules 23.03C(3) and 23.06 of the GEM Listing Rules has been obtained; and/or
- (c) such other requirements prescribed under the GEM Listing Rules from time to time have been complied with.

In respect of any Options to be granted, the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

9.5 The General Scheme Limit referred to in paragraph 9.1 (or as refreshed in accordance with paragraphs 9.2 and/or 9.3, as the case may be) shall be adjusted, in such manner as the 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 whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of share capital of the Company in accordance with paragraph 10.

10. CAPITAL RESTRUCTURING

10.1 In the event of any capitalisation issue, rights issue, open offer (if there is a price dilutive element), subdivision or consolidation of shares, or reduction of capital of the Company in accordance with applicable laws and regulatory requirements, 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 of Shares subject to any outstanding Options;
- (b) the Exercise Price; and/or
- (c) the number of Shares subject to this Scheme,

with reference to the applicable laws, regulations and guidelines (including but not limited to Appendix 1 to the Frequently Asked Question 13 of the Stock Exchange) as the approved independent financial adviser shall at the request of the Company or any Option Holder, certify in writing either generally or as regards any particular Option Holder, to be in their opinion fair and reasonable and at the same time satisfy the requirements of the GEM Listing Rules, provided that any such alterations shall be made on the basis that an Option Holder shall have as near as possible the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all the issuers relating to share option schemes) as that to which the Option Holder was previously entitled to subscribe had he exercised all the Options held by him immediately before such adjustments and the aggregate Exercise Price payable by an Option Holder on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable any Share to be issued to an Option Holder at less than its nominal value, provided that no adjustment to the Exercise Price and number of Shares should be made to the advantage of the Eligible Participants without specific prior approval of the shareholders of the Company. The capacity of the approved independent financial adviser in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holders.

For the avoidance of doubt, no adjustments shall be made in respect of (i) any issue of Shares or securities convertible into Shares for cash other than by way of rights to Shareholders generally then existing (subject to any exclusions permitted under the GEM Listing Rules) or (ii) by way of consideration pursuant to any transaction or (iii) any purchase or repurchase of Shares by the Company or any of its subsidiaries.

10.2 In respect of any adjustments required by paragraph 10.1, the approved independent financial adviser shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 23.03(13) of the GEM Listing Rules and the note thereto, the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes and Appendix I to the Frequently Asked Question 13 issued by the Stock Exchange and/or such other requirement prescribed under the GEM Listing Rules from time to time.

10.3 For the avoidance of doubt, in no circumstances shall the Exercise Price be less than the par value of the Shares.

11. SUFFICIENT SHARE CAPITAL

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

12. **DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the approved 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**

13.1 The Directors may from time to time alter such provisions of this Scheme as they deem appropriate, so far it is not inconsistent with this Scheme and the GEM Listing Rules provided that, except with the prior sanction of the Shareholders in the general meeting, no alteration shall be made to this Scheme:

- (a) any alteration to the advantage of the Option Holders or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules, including without limitation, the definitions of "Eligible Participant", "Option Period" and "Scheme Period" in paragraph 1.1, those terms and conditions of this Scheme which are of a material nature and all such other matters set out in Rule 23.03 of the GEM Listing Rules; or
- (b) any material alteration to the terms and conditions of this Scheme or any change the terms of Options granted (except any alterations which take effect automatically under the terms of this Scheme), or any change to the authority of the Board or scheme administrators in respect of alteration of this Scheme,

must be made with the prior approval of the shareholders of the Company 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 23 of the GEM 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:

- (i) the consent in writing of the majority of the Option Holders as if the Options constituted a separate class of share capital and as if such provisions applied mutatis mutandis thereto; and
- (ii) the approval of the Board, the Remuneration Committee, the INED and/ or the shareholders of the Company (as the case may be) if the initial grant of the Option was approved by the Board, the Remuneration Committee, the INED and/ or the shareholders of the Company (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Scheme.

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

13.2 In respect of any meeting of Option Holders referred to in paragraph 13.1, 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 (7) days' notice of such meeting shall be given;
- (b) a quorum at any such meeting shall be two Option Holders 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 Option Holder holding all Options then outstanding, in which case the quorum shall be one Option Holder;
- (c) every Option Holder 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 Option Holder 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 (7) or more than fourteen (14) days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Option Holders who are then present in person or by proxy shall form a quorum and at least seven (7) 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 Option Holders who are then present in person or by proxy shall form a quorum.

14. **TERMINATION**

14.1 The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of this Scheme before the expiry of the Scheme Period and in such event, no further offer to grant an Option shall be made but in all other respects the provisions of this Scheme shall remain in force. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of this Scheme.

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

15. **CANCELLATION OF OPTIONS**

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder thereof. The Options cancelled will be regarded as utilised for the purpose of calculating the General Scheme Limit. Any new Options (or any other options) issued in replacement of Options cancelled may only be issued under this Scheme (or the Other Schemes) with available General Scheme Limit approved by the Shareholders as mentioned in paragraph 9.1 above. 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 Option Holder may only be made under this Scheme within the limits set out in paragraphs 4.1, 9.1 and 9.2.

16. **DISCLOSURE IN ANNUAL REPORTS, INTERIM REPORTS AND ANNOUNCEMENT**

The Board shall procure that (i) details of this Scheme and other schemes of the Company and its Subsidiaries and other required information under the GEM Listing Rules are disclosed in the annual reports and interim reports of the Company, (ii) a summary of material matters relating to this Scheme and other schemes of the Company reviewed and/ or approved by the Remuneration Committee during each financial year is disclosed in the corporate governance report of the Company and (iii) details of each grant of Options are disclosed by way of announcements in compliance with the GEM Listing Rules in force from time to time.

17. **GENERAL**

- 17.1 The Company shall bear the costs of establishing and administering this Scheme (including the costs of 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).
- 17.2 No person shall, under any circumstances, hold the Board and/or the Company and/or other Eligible Participants liable for any costs, losses, expenses and/or damages whatsoever arising from or in connection with this Scheme or the administration thereof.
- 17.3 An Option Holder shall be entitled to inspect copies of all notices and other documents sent by the Company to its shareholders at the same time or within a reasonable time of any such notices or documents being sent, which shall be made available to him, during normal office hours at the Company's principal place of business in Hong Kong (the "**Company's Headquarters**").
- 17.4 Any notices, documents or other communication between the Company and an Option Holder 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, the Company's Headquarters and, in the case of the Option Holder, his address as notified to the Company from time to time.
- 17.5 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 Option Holder shall not be deemed to have been received until the same shall have been received by the Company.
- 17.6 All allotments and issues of Shares and all transfer of Treasury Shares pursuant to this Scheme shall be subject to any necessary consent under the relevant laws, enactments or regulations for the time being to which the Company is subject. An Option Holder 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 obtaining of such consents shall be a condition precedent to the acceptance of an Offer and exercise of his Option by an Option Holder. By accepting an Offer or exercising his Option, the Option Holder is deemed to have represented to the Company that he has fulfilled such condition. The Company shall not be responsible for any failure by an Option Holder to obtain any such consent or for any tax or other liability to which an Option Holder may become subject to as a result of his participation in this Scheme.
- 17.7 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.

- 17.8 This Scheme shall not form part of any contract of employment/ service between the Company or any of its Subsidiaries and any Eligible Participant who is an employee of the Company and/ or any of its Subsidiaries and the rights and obligations of any Eligible Participant under the terms of his office, employment or service shall not be affected by his participation in it, and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 17.9 The Company shall maintain all necessary books of account and records relating to this Scheme.
- 17.10 This Scheme shall in all respects be administered by the Board which (a) shall administer this Scheme in accordance with the provisions hereof and all applicable requirements of the GEM Listing Rules and (b) may make such rules not being inconsistent with the terms and conditions hereof and the GEM Listing Rules for the conduct of this Scheme and the determination and terms of each entitlement under an Option as the Board thinks fit.
- 17.11 An Option Holder 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 this Scheme (other than in respect of his own participation therein) and may retain any benefit under this Scheme.
- 17.12 All grants of Options and the issue of Shares and transfer of Treasury Shares upon exercise of any Option shall be subject to the requirements and restrictions under, and to the extent permitted by, the applicable laws, the GEM Listing Rules, other regulations and the Articles.

18. **GOVERNING LAW**

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