

Conditionally adopted on 28 December 2022 pursuant to
the resolutions of the Shareholders of the Company

Crypto Flow Technology Limited
加冪科技有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OPTION SCHEME

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Crypto Flow Technology Limited

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(Incorporated in the Cayman Islands with limited liability)

RULES OF THE SHARE OPTION SCHEME

1. DEFINITIONS

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

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

“**Adoption Date**” means 28 December 2022, the date on which this Scheme was conditionally adopted by an ordinary resolution of the Shareholders;

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

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

“**associate(s)**” shall have the meaning ascribed to it in the GEM Listing Rules;

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

“**Board**” means the board of Directors from time to time or a duly authorised committee thereof;

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

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

“**close associate(s)**” shall have the meaning ascribed to it in the GEM Listing Rules;

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

“**Company**” means Crypto Flow Technology Limited 加 冪 科 技 有 限 公 司 (formerly known as Loto Interactive Limited 樂 透 互 娛 有 限 公 司) (stock code: 8198), a company incorporated in the Cayman Islands with limited liability on 26 November 1998 and the Shares of which are listed on GEM of the Stock Exchange since 17 May 2002;

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

“**connected person**” has the meaning ascribed to it in the GEM Listing Rules;

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

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

“**EGM**” means the extraordinary general meeting (or any adjournment thereof) of the Company to be convened to consider, and if thought fit, approving this Scheme;

“**Eligible Participant**” means the following persons:

- (a) Directors and employees of the Group (including persons who are granted Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries and part-time employees of the Company (“**Employee Participants**”));
- (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (c) Service Providers;

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

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

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

“**GEM**” means the Growth Enterprise Market operated by the Stock Exchange;

“**GEM Listing Rules**” means the Rules Governing the Listing of Securities on GEM;

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

“Group” means the Company and its Subsidiaries;

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

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

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

“New Approval Date” has the meaning given in paragraph 9.3;

“New Scheme Limit” has the meaning given in paragraph 9.3;

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

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

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

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

“other schemes” means other than this Scheme, all the schemes involving the grant by the Company of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or any arrangement involving the grant of options to participants over Shares or other securities of the Company which, in the opinion of the Stock Exchange, is analogous to a share option scheme as described in Chapter 23 of the GEM Listing Rules;

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

“Remuneration Committee” means the remuneration committee of the Board;

“**Service Providers**” means any consultant, independent contractor or advisor who provides advisory services, consultancy services and/or other professional services to the Company on areas relating to its provision of data analysis and storage services in Hong Kong (the “**Big Data Centre Services**”), for example, developing comprehensive management software and/or providing hardware support, power supply, ancillary supervision and management services in relation to its Big Data Centre Services;

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

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

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

“**Shares**” means ordinary shares of HK\$0.1 each in the capital of the Company 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;

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

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**Subsidiary**” means an entity, including but not limited to such associate(s) as set forth in the accountants’ report of the Company from time to time, which is a subsidiary for the time being of the Company within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) whether incorporated in Hong Kong, the British Virgin Islands, the People’s Republic of China or elsewhere and “**Subsidiaries**” shall be construed accordingly;

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

“**Vesting Period**” means the vesting period of Options which shall be not less than 12 months (save where applicable under the GEM Listing Rules when the Remuneration Committee has approved the Offer to a specifically identified Participant who is an Employee Participant of the Company or any Subsidiary with a shorter vesting period, and has clearly explained the reason for so doing in the grant announcement published by the Company as required under the GEM Listing Rules).

1.2 In this Scheme, unless the context otherwise requires:

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

2. CONDITIONS

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

- (a) the passing of an ordinary resolution to approve the adoption of this Scheme by the Shareholders at the EGM and authorising the Board to grant Options to subscribe for Shares hereunder and to allot and issue 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, any Shares to be issued pursuant to the exercise of any Options granted under this Scheme.

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

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

3. PURPOSE, DURATION AND CONTROL OF SCHEME

- 3.1 This Scheme is established to recognize and acknowledge the contributions the Eligible Participants have had or may have made to our Group, and will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:
- (a) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
 - (b) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.
- 3.2 Subject to paragraph 14 and fulfilment of the conditions in paragraph 2.1, Scheme shall be valid and effective for the Scheme Period after which no further Options shall be offered but the provisions of this Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.
- 3.3 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

4. GRANT OF OPTIONS

- 4.1 Subject to paragraphs 4.2 and 5, the Board shall be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period, make an Offer to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, any Vesting Period for which an Option must be held before it can be exercised) as it may think fit by letter (the “**Share Option Offer Letter**”) in such form as the Board deemed appropriate, provided that the maximum number of Shares in respect of which Options may be granted under this Scheme to any Eligible Participant, shall not, when aggregated with:
- (a) any Shares issued upon exercise of Options or options under the other schemes which have been granted to that Eligible Participant;
 - (b) any Shares which would be issued upon the exercise of outstanding Options or options under the other schemes granted to that Eligible Participant; and

- (c) any Cancelled Shares which were the subject of Options or options under the other schemes which had been granted to and accepted by that Eligible Participant,

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

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

- (a) such grant must be separately approved by the Shareholders in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting; and
- (b) the Company must send a circular to the Shareholders which must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose.

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

- (a) the Eligible Participant's name, address and occupation/position;
- (b) the Offer Date;
- (c) the Acceptance Date;
- (d) the Commencement Date or, if the Option Period does not commence on the Commencement Date, the date of commencement of the Option Period;
- (e) the number of Shares in respect of which the Option is offered;
- (f) the Exercise Price and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
- (g) the Expiry Date in relation to that Option;
- (h) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph 4.4; and

- (i) such other terms and conditions (without limitation, any Vesting Period for which an Option must be held before it can be exercised) relating to the Offer which in the opinion of the Board are fair and reasonable but not being inconsistent with this Scheme and the GEM Listing Rules.
- 4.4 An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the document constituting acceptance of the Option duly signed by the Grantee, 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 on or before the relevant Acceptance Date. Such remittance shall in no circumstances be refundable.
- 4.5 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the document constituting acceptance of the Option in the manner as set out in paragraph 4.4. To the extent that the Offer is not accepted by the Acceptance Date, it shall be deemed to have been irrevocably declined.
- 4.6 The Options shall not be listed or dealt in on the Stock Exchange or any other stock exchange.
- 4.7 An Option and an Offer shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any Offer made to him or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to this Scheme may be registered), except and unless a waiver has been granted by the Stock Exchange to the Grantee to transfer his Option to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of this Scheme and comply with other requirements under the GEM Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.
- 4.8 An offer of the grant of an Option may not be made after inside information has come to the knowledge of the Company until the information has been announced in accordance with the GEM Listing Rules. In particular, no Options shall be granted during the period commencing one month immediately before the earlier of:
- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the 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 announce its results for (i) any year or half-year period under the GEM Listing Rules, and (ii) where the Company has elected to publish them, any quarterly or any other interim period,

and ending on the actual date of publication of the results announcement for such year, half year, quarterly or interim period (as the case may be), and where the grant of Options is to a Director:

- (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.

5. OPTIONS TO CONNECTED PERSONS

- 5.1 Subject to paragraphs 4, 5.2 and 9, if the Board determines to make an Offer to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive Directors (and in the event that the Board makes an Offer to an independent non-executive Director, the vote of such independent non-executive Director shall not be counted for the purposes of approving such grant).
- 5.2 If the Board determines to make an Offer to a substantial shareholder or an independent non-executive Director (or any of their respective associates) and that grant would result in the Shares issued and to be issued in respect of all options granted (excluding any Options lapsed in accordance with the terms of this Scheme) to such person under this Scheme and the other schemes in the 12-month period up to and including the Offer Date represents in aggregate over 0.1 per cent of the relevant class of shares in issue, such grant shall be subject to, in addition to the approval of the independent non-executive Directors as referred to under paragraph 5.1, the issue of a circular by the Company to the Shareholders and the approval of the Shareholders in general meeting by way of a poll convened and held in accordance with the Articles at which such proposed Grantees, their associates and all core connected persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the GEM Listing Rules from time to time. Unless provided otherwise in the GEM Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

- 5.3 Any change in the terms of any Option granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set out in rule 23.04(4) of the GEM Listing Rules if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of this scheme).
- 5.4 The circular to be issued by the Company to the Shareholders pursuant to paragraph 5.2 shall contain the following information:
- (a) the details of the number and terms of the Options to be granted to each Eligible Participant which must be fixed before the Shareholders' meeting. The date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price;
 - (b) the views of the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and
 - (c) the information required under rules 23.02(2)(c) and 2.17 of the GEM Listing Rules.

6. EXERCISE PRICE

- 6.1 The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 10, be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:
- (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date; and
 - (b) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the Offer Date,

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

7. EXERCISE OF OPTIONS

- 7.1 Subject to paragraph 7.3 and 8.1(e), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the Auditors or the approved independent financial adviser as the case may be pursuant to paragraph 10, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.
- 7.2 The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company.
- 7.3 Unless otherwise imposed by the Directors and stated in the relevant Share Option Offer Letter, there is neither any performance targets required to be achieved by any Grantee of before an Option is capable of being exercised by the Grantee nor any clawback mechanism under the New Share Option Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Grantee in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.
- 7.4 Subject as hereinafter provided and to the extent as allowed by the relevant laws and regulations, as determinate otherwise by the Board, an Option may be exercised by a Grantee at any time or times during the Option Period provided that:
- (a) in the event of the Grantee ceasing to be an Eligible Participant (including the termination of his employment) for any reason other than on his death, ill-health, injury, disability or the grounds specified in paragraph 8.1(d), the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of three months following the date of such cessation, (if applicable) which date shall be the last actual working day with the relevant member(s) of the Group whether salary is paid in lieu of notice or not or the last date of office or appointment as adviser or business consultant to the relevant member(s) of the Group, as the case may be, or such longer period as the Board may determine, failing which the option will lapse;

- (b) in the case of the Grantee ceasing to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Group under paragraph 8.1 (d) has occurred, the Grantee or the Personal Representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised);
- (c) if a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms *mutatis mutandis*, and assuming that they shall become, by the exercise in full of the options granted to them, Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional;
- (d) if a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his Options in whole or in part at any time prior to 12:00 noon (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the

rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full (but only upon the extent not already exercised) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension; and

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

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

8. LAPSE OF OPTION

- 8.1 An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:
- (a) the Expiry Date relevant to that Option;
 - (b) the expiry of any of the periods referred to in paragraph 7.3(a), (b), (c), (d) or (e);

- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 7.3(d) becomes effective;
- (d) subject to paragraph 7.3(e), the date of commencement of the winding-up of the Company (as determined in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong));
- (e) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Group on any one or more of the following grounds:
 - (i) that he has been guilty of serious misconduct;
 - (ii) that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Group; or
 - (iii) that he has become insolvent, bankrupt or has made arrangements or compromises with his creditors generally;

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

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

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

8.3 For the avoidance of doubt, the Company's change of control shall not result in a lapse of an Option.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

9.1 Unless further approval has been obtained pursuant to paragraphs 9.2 and/or 9.3 and subject to paragraphs 9.4 and 9.5, the maximum number of Shares in respect of which Options or options under the other schemes may be granted and yet to be exercised is ten per cent (“**Scheme Limit**”) of the Shares in issue on the Adoption Date, excluding for this purpose Shares which would have been issuable pursuant to Options which have lapsed in accordance with the terms of this Scheme or any other schemes. As at the Offer Date of any proposed grant of Options, the maximum number of Shares in respect of which Options may be granted is such number of Shares less the aggregate of the following Shares as at that Offer Date:

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

9.2 Subject to above paragraph 9.1, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to Service Providers shall not exceed 5% of the total number of Shares in issue on the Adoption Date (the “**Service Provider Sublimit**”).

9.3 The issue of a circular by the Company which complies with rules 23.03(3) and 23.06 of the GEM Listing Rules and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Scheme Limit may be increased from time to time to ten per cent of the Shares in issue (“**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 on the exercise in full of the Options and options under the other schemes granted on or after the New Approval Date but not cancelled, lapsed or exercised;
- (b) the number of Shares which have been issued and allotted pursuant to the exercise of any Options or options under the other schemes granted on or after the New Approval Date; and
- (c) the number of Cancelled Shares, the subject of Options or options under the other schemes granted on or after the New Approval Date.

9.4 The issue of a circular by the Company to the Shareholders and the approval of the Shareholders in general meeting in compliance with Rules 23.03(3) and 23.06 of the GEM Listing Rules and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may grant Options exceeding the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain:

- (a) the provisions described under Rule 23.03 of the GEM Listing Rules;
- (b) an explanation as to how the terms of this Scheme, in particular, how the provisions described in Rules 23.03(2), (6), (7), (9) and (19), will align with the purpose of this Scheme;
- (c) information relating to any directors of the listed issuer who are trustees of the scheme or have a direct or indirect interest in the trustees;
- (d) a statement in the form set out in paragraph 2 of Appendix 1, Part B of the GEM Listing Rules; and
- (e) any additional information requested by the Stock Exchange.

9.5 The Scheme Limit referred to in paragraph 9 (or as increased in accordance with this paragraph, as the case may be) shall be adjusted, in such manner as the Auditors or the approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 10 whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company.

10. CAPITAL RESTRUCTURING

10.1 In the event of any capitalisation issue, rights issue, open offer (if there is a price dilutive element), sub-division, consolidation or redenomination of shares, or reduction of capital of the Company in accordance with applicable laws and regulatory requirements, 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;
- (c) the Shares to which the Option relates;
- (d) the method of exercise of the Option; and/or

(e) any combination thereof,

as the Auditors or the approved independent financial adviser shall at the request of the Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of the Company, rounded to the nearest whole share, as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustments and the aggregate Exercise Price payable by a Grantee 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 a Share to be issued at less than its nominal value. The capacity of the Auditors or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees. Any adjustment to be made in accordance with this paragraph shall comply with the GEM Listing Rules and any future guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time. The costs of the Auditors or the approved independent financial advisor to the Company shall be borne by the Company. Notice of such adjustment shall be given to the Grantees by the Company.

10.2 In respect of any adjustments required by paragraph 10.1, other than any made on a capitalisation issue, the Auditors or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 23.03(13) of the GEM Listing Rules and the note thereto and/or such other requirement prescribed under the GEM Listing Rules from time to time.

10.3 Subject to other provisions in this paragraph 10, if there is any conversion of capital reserve into new shares, issue of bonus shares, share subdivision, share consolidation or rights issue prior to the exercise of the Options, an adjustment to the number of Shares subject to any outstanding Options and/or the Shares to which the Option relates shall be made accordingly. The methods of adjustment are set out as below:

(a) Conversion of capital reserve into new shares, issue of bonus shares or share subdivision

$$Q = Q_0 \times (1 + n)$$

Where: “Q₀” represents the number of Shares subject to any outstanding Options and/or the Shares to which the Option relates before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new shares, issue of bonus shares or share subdivision; “Q” represents the number of Shares subject to any outstanding Options and/or the Shares to which the Option relates after the adjustment.

(b) Share consolidation

$$Q = Q_0 \times n$$

Where: “Q₀” represents the number of Shares subject to any outstanding Options and/or the Shares to which the Option relates before the adjustment; “n” represents the ratio of consolidation; “Q” represents the number of Shares subject to any outstanding Options and/ or the Shares to which the Option relates after the adjustment.

(c) Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: “Q₀” represents the number of Shares subject to any outstanding Options and/or the Shares to which the Option relates before the adjustment; “P₁” represent the closing price as at the record date; “P₂” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Shares subject to any outstanding Options and/or the Shares to which the Option relates after the adjustment.

Subject to other provisions in this paragraph 10, if there is any conversion of capital reserve into new shares, issue of bonus shares, share subdivision, share consolidation or rights issue prior to the exercise of the Options, an adjustment to the Exercise Price shall be made accordingly. The method of adjustment is set out as below:

(a) Conversion of capital reserve into new shares, issue of bonus shares or share subdivision

$$P = P_0 \div (1 + n)$$

Where: “P₀” represents the Exercise Price before the adjustment; “n” represents the ratio per Share of the conversion of capital reserve into new shares, issue of bonus shares or share subdivision; “P” represents the Exercise Price after the adjustment.

(b) Share consolidation

$$P = P_0 \div n$$

Where: “P₀” represents the Exercise Price before the adjustment; “n” represents the ratio of consolidation; “P” represents the Exercise Price after the adjustment.

(c) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div (P_1 \times (1 + n))$$

Where: “P₀” represents the Exercise Price before the adjustment; “P₁” represents the closing price as at the record date; “P₂” represents the subscription price of the rights issue; “n” represents the ratio of allotment; “P” represents the Exercise Price after the adjustment.

11. SUFFICIENT SHARE CAPITAL

11.1 Subject to paragraph 7.2, 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

12.1 Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the Auditors or the approved independent financial advisor to the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby. The costs of the Auditors or the approved independent financial advisor to the Company shall be borne equally by the Company and the relevant Grantee.

13. ALTERATION OF THIS SCHEME

13.1 The terms and conditions of this Scheme and the regulations for the administration and operation of this Scheme (provided that the same are not inconsistent with this Scheme and the GEM Listing Rules) may be altered in any respect by resolution of the Board except that:

- (a) any alterations to the terms and conditions of this scheme which are of a material nature or any alterations to the provisions relating to the matters set out in rule 23.03 of the GEM Listing Rules to the advantage of participants must be approved by shareholders of the listed issuer in general meeting;

- (b) any change to the terms of Options granted to a participant must be approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (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 of the listed issuer, (as the case may be), unless such alterations take effect automatically under the existing terms of this Scheme; and
- (c) any change to the authority of the directors or scheme administrators to alter the terms of this Scheme must be approved by shareholders of the listed issuer in general meeting.

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

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

14. TERMINATION

- 14.1 The Company by resolution in general meeting or the Board may at any time resolve to terminate the operation of this Scheme and in such event no further Offers shall be made but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.
- 14.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme shall be disclosed in the circular to Shareholders seeking approval of the new scheme established after the termination of this Scheme.

15. CANCELLATION OF OPTIONS

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

16. DISCLOSURE IN ANNUAL, INTERIM AND QUARTERLY REPORTS

- 16.1 The Board shall procure that details of this Scheme and other schemes of the Group including such details as required under the GEM Listing Rules are disclosed in the annual reports, interim reports and quarterly reports of the Company 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 Auditors or the approved independent financial advisor, as the case may be, in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme).
- 17.2 A Grantee shall be entitled to inspect copies of all notices and other documents sent by the Company to Shareholders at the same time or within a reasonable time of any such notices or documents being sent, which shall be made available to him, during normal office hours at the Company's principal place of business in Hong Kong.

- 17.3 Any notices, documents or other communication between the Company and a Grantee shall be in writing and may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time.
- 17.4 Any notice or other communication served:
- (a) by the Company shall be deemed to have been served 48 hours after the same was put in the post or if delivered by hand, when delivered; and
 - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 17.5 All allotments and issues of Shares pursuant to this Scheme shall be subject to any necessary consents under the relevant laws, enactments or regulations for the time being to which the Company is subject. A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction for, or in connection with the grant or exercise of an Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme.
- 17.6 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 17.7 This Scheme shall not form part of any contract of employment between the Group and any Eligible Participant who is an employee of the Group and the rights and obligations of any Eligible Participant under the terms of his office or employment shall not be affected by his participation in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 17.8 The Company shall maintain all necessary books of account and records relating to this Scheme.
- 17.9 This Scheme shall in all respects be administered by the Board which (a) shall administer this Scheme in accordance with the provisions hereof and all applicable requirements of the 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.

17.10 A Grantee who is a member of the Board may, subject to and in accordance with the Articles, notwithstanding his interest, vote on any Board resolution concerning this Scheme (other than in respect of his own participation therein) and may retain any benefit under this Scheme.

18. GOVERNING LAW

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