

**JST GROUP CORPORATION LIMITED**

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**PRE-IPO SHARE OPTION SCHEME**

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# JST GROUP CORPORATION LIMITED

## Pre-IPO Share Option Scheme

### Section 1. *Definitions and Interpretation.*

(a) In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:

**“Adoption Date”** being the date on which the Scheme is approved and adopted by the Company by way of a decision of the Chairman, as authorized by a resolution of the shareholders of the Company dated June 8, 2023.

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

**“Board”** means the board of directors of the Company, a duly authorized committee thereof or an authorized Director thereof.

**“Business Day(s)”** means a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong and the PRC.

**“Chairman”** means the chairman of the board of directors of the Company.

**“Company”** means JST Group Corporation Limited 聚水潭集團股份有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on August 2, 2021.

**“Director”** means any director (including executive director, non-executive director and independent non-executive director) of any member of the Group from time to time.

**“Employee”** means any individual(s) being an employee or officer of any member of the Group.

**“Exercise Period”** means, for any Option, the period of three (3) days from the date on which the Option becomes exercisable.

**“Exercise Price”** means the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as described in Section 6.

**“Grantee”** means any Participant who accepts an Offer in accordance with the terms of this Scheme, or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee.

**“Group”** means the Company and its Subsidiaries from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time.

**“HK\$”** means Hong Kong dollars.

**“Hong Kong”** means the Hong Kong Special Administrative Region of the PRC.

**“HoldCo”** means JST Incentive Plan Limited, a limited liability company incorporated under the laws of the British Virgin Islands, as established by the Trustee to hold the trust fund.

**“Listing Rules”** The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time).

**“Offer”** means the offer of the grant of an Option made in accordance with Section 5.

**“Offer Date”** means the date on which an Offer is made to a Participant and which must be a Business Day.

**“Option(s)”** means a right granted to subscribe for the Shares pursuant to this Scheme.

**“Option Period”** means a period to be notified by the Chairman to each Grantee in the adoption of a decision of the Chairman or in any other form as the Chairman may from time to time determine in which an Option granted must be exercised. The Chairman may also impose restrictions on the exercise of an Option during the Option Period.

**“Participant(s)”** means employees, officers, consultants and partners who the Chairman considers, in his sole discretion, has contributed or will contribute to the Group, or any entities controlled by any above-mentioned persons, or any trusts with any above-mentioned persons or their relatives as beneficiaries.

**“PRC”** means the People’s Republic of China, for the purposes of this Scheme and for geographical reference only, excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan Region.

**“RMB”** means Renminbi, the lawful currency of the PRC.

**“Scheme”** means this pre-IPO share option scheme in its present form or as amended from time to time in accordance with the provisions hereof.

**“Share Registrar”** means the Hong Kong share registrar of the Company from time to time.

**“Shares”** means ordinary shares of a par value of US\$0.0001 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time).

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

**“Subsidiary(ies)”** means a company which is for the time being and from time to time a subsidiary (as ascribed to it under the Listing Rules) of the Company.

**“Trust”** means the trust constituted by the Trust Deed.

**“Trust Deed”** means a trust deed entered into or to be entered into between the Company and the Trustee in relation to this Scheme (as restated, supplemented and amended from time to time).

**“Trustee”** or **“Trident”** means Trident Trust Company (HK) Limited (including its subsidiaries), or any other trustee (including its subsidiaries) appointed by the Chairman or his authorized persons to hold Shares for the purpose of this Scheme.

**“US\$”** means United States dollars, the lawful currency of the United States of America.

(b) In this Scheme, save where the context otherwise requires:

(i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;

(ii) references to paragraphs are references to paragraphs of this Scheme;

(iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;

(iv) expressions in the singular shall include the plural and vice versa;

(v) expressions in any gender shall include other genders; and

(vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises and branches.

**Section 2. Purpose of the Scheme.** The purpose of this Scheme is to improve the Company's incentive mechanism, further enhance the motivation and creativity of employees, promote the continuous growth of the Company's performance, bring value-added benefits to employees while enhancing the value of the Company, and realize the joint development of the employees and the Company, which is manifested in the following specific ways: (a) to establish a medium and long-term incentive and discipline mechanism for the Company's core employees, to closely link the interests of the Participants to those of Company shareholders, and, by providing such individuals with an incentive for outstanding performance in generating superior returns to Company shareholders, incentivize them for their future contribution to the continual operation and sustainable development of the Company; (b) to further improve the Company's performance appraisal system and remuneration system to attract, retain and motivate talents upon whose judgment, interest, and special effort the successful conduct of the

Company's operation is largely dependent on; and (c) to establish the concept and Company culture that employees and the Company can grow together in a sustainable manner.

**Section 3. Condition.** This Scheme shall take effect subject to the passing of a decision of the Chairman to approve and adopt this Scheme, given that pursuant to written resolutions dated June 8, 2023, the shareholders of the Company have approved and authorized the Chairman to adopt a pre-IPO employee incentive plan.

**Section 4. Duration, Termination and Administration.**

(a) Subject to Section 3, this Scheme shall be valid and effective for the period of time commencing on the Adoption Date and expiring on the day immediately prior to the earlier of (i) the date on which the Shares first commence trading on a Stock Exchange; (ii) the date which is ten (10) years after the Adoption Date; or (iii) any decision of the Chairman to terminate the operation of this Scheme, after which period no further Options will be granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options which are granted during the life of the Scheme or otherwise as may be required in accordance with the provisions of this Scheme.

(b) This Scheme shall be subject to the administration of the Chairman in accordance with the rules of this Scheme. The Chairman will make all determinations in relation to the Scheme, and any decision of the Chairman with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding on all parties. The Chairman shall have the right (i) to interpret and construe the provisions of the Scheme; (ii) to determine the persons who will be awarded Options under the Scheme, and the number of Options awarded thereto; (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Scheme as it deems necessary; and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme. Notwithstanding the foregoing, the Chairman may delegate the authority to administer this Scheme to any officer of the Company or any third party duly appointed thereby, including without limitation third party service providers and professional trustees (collectively, the "**Authorized Administrators**"), on such terms and subject to such conditions as the Chairman may think fit and the Chairman may at any time remove any Authorized Administrator so appointed, or may annul or vary any such delegation.

(c) The Chairman shall not be personally liable by reason of any contract or other instrument executed by him or on his behalf in his capacity as the Chairman, nor shall the Chairman be personally liable for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Scheme may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Chairman (or any person authorized by the Chairman)) arising out of any act or omission to act in connection with the Scheme unless arising out of such person's own fraud or bad faith.

## **Section 5. Offer and Grant of Options.**

(a) On and subject to the terms of this Scheme, the Chairman (or any person authorized by the Chairman from time to time) shall be entitled at any time during the life of the Scheme to make an Offer to any Participant, as the Chairman may in his absolute discretion select, to take up Options in respect of such number of Shares as the Chairman may determine at the Exercise Price. Subject to the terms and conditions of this Scheme, Options may be granted on such terms and conditions in relation to their exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by any member of the Group, the Grantee or any group of Participants, or by imposing restrictions on the disposal of the Shares subscribed for by the Grantee upon the exercise of Options) as the Chairman (or any person authorized by the Chairman from time to time) may determine. For the avoidance of doubt, subject to such terms and conditions as the Chairman (or any person authorized by the Chairman from time to time) may determine as aforesaid (including such terms and conditions in relation to their exercise or otherwise), there is no performance target that needs to be achieved by the Grantee before the Options can be exercised.

(b) Subject to Section 7, the Options to be granted under this Scheme shall become exercisable after vesting in accordance with the vesting schedule as set out in a decision of the Chairman or his authorized person(s).

(c) Subject to Section 7, Options shall entitle the Grantee to subscribe for the Shares on the terms set out in this Scheme save that if, at the time the Grantee wishes to exercise an Option, such exercise of the Option, the issue of the Shares to the Grantee pursuant to the Scheme, the registration of the Grantee as the holder of such Shares, the exercise and enjoyment of the rights attaching to such Shares or the performance of the obligations of the Company or the Grantee under this Scheme, is not permitted by any applicable laws or regulations, the Options shall not entitle the Grantee to subscribe for the Shares.

(d) An Offer shall be made to a Participant through adoption of a decision of the Chairman or in any other form as the Chairman (or any person authorized by the Chairman from time to time) may from time to time determine, requiring the Participant to undertake to hold the Options on the terms to be granted and to be bound by the provisions of this Scheme and shall be deemed to have been accepted by the Participant to whom an Offer is made with effect from three (3) Business Days of the relevant decision of the Chairman or any other form of Offer adopted, unless any written document is received from a Participant to decline the Offer within such period.

**Section 6. Exercise Price.** Subject to Section 10, the Exercise Price shall be determined by the Chairman (or any person authorized by the Chairman) based on the Grantee's job function, position, length of service and the extent to which the Grantee has contributed to the Group's operating performance and development, and specified in a decision of the Chairman or his authorized person(s). Subject to the Chairman's sole discretion, the Exercise Price for a Grantee shall be paid with self-owned funds from legitimate sources, which may either (i) be paid by way of a "net exercise arrangement", pursuant to which the Trustee will transfer the remaining

number of Shares underlying the Options granted and exercised after deducting the number of Shares sold on-market at the prevailing market price by the Trustee to cover the Exercise Price, and the proceeds in cash arising from such sale shall be held by the Trustee on behalf of the Company or transferred by the Trustee back to the Company upon request or (ii) be paid by "sale proceeds" pursuant to which, after a Grantee decides to dispose of the Shares he or she received after the exercise of the Options, the Trustee will deduct the Exercise Price from the proceeds from the sale of the relevant Shares on-market at the prevailing market price by the Trustee (after satisfaction of any applicable tax withholding obligations).

### **Section 7. *Exercise of Options.***

(a) An Option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or enter into any agreement so to do, except for (A) the transmission of an Option on the death of the Grantee to his personal representatives(s) according to the terms of this Scheme, (B) the transfer of any Option to any trustee, acting in its capacity as such trustee, of any trust of which the Grantee or his/her relatives is a beneficiary or (C) any entities controlled by the Grantee. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

(b) Immediately upon the expiry of the Exercise Period, a Grantee shall be deemed to have exercised his Option in whole unless he has given a non-exercise notice in accordance with such instructions from the Company pursuant to the decision of the Chairman regarding the grant of such Option, stating that the Option is thereby not exercised in whole or in part and specifying the number of Shares which are not to be subscribed. Any whole or part of an Option which is the subject of a non-exercise notice shall lapse automatically. Upon the deemed exercise of an Option, the Trustee shall hold the Shares underlying such an Option on behalf of the Grantee until the Grantee gives an instruction to sell or otherwise dispose of the Shares, unless where upon the request of a Grantee who holds a personal securities account, the relevant Shares may be transferred by the Trustee to the Grantee. Where the relevant Shares are transferred by the Trustee to the Grantee, within five days after receipt of remittance, if appropriate, the Trustee shall transfer, and shall instruct the Share Registrar to make entries in the register of members of the Company to record and give effect to the issue of, the relevant Shares to the Grantee (or his personal representatives) credited as fully paid and issue to the Grantee (or his personal representatives) a share certificate in respect of the Shares so allotted.

(c) Except as provided otherwise and subject to the terms and conditions upon which such Option was granted, the vesting period for any Option granted to a Grantee under this Scheme will be stated in the decision of the Chairman regarding the grant of such Option.

(d) Subject to (A) the condition specified in Section 3 being fully satisfied, and (B) the terms and conditions on which such Option was granted (including but not limited to those terms and conditions specified in this Scheme, and the decisions of the Chairman or his authorized persons(s)



being fully satisfied), Options vested may be exercised by the Grantee at any time during the Option Period, provided that dealings in Shares on the Stock Exchange have commenced.

(e) The Shares to be allotted and issued or otherwise transferred to the Grantee upon the exercise of an Option will be subject to the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of entering of entries in the register of members of the Company and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Option, *provided* always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the next available Business Day on which the register of members of the Company is re-opened.

(f) The Chairman (or any person authorized by the Chairman) may at any time, cancel Options previously granted to, but not yet exercised by a Grantee, and such Options shall lapse automatically. The Chairman may also at any time, approve any earlier date upon which Options vested may be exercised by the Grantee, notwithstanding the provisions of Section 7(d).

#### **Section 8. *Lapse of Options and Repurchase Right.***

##### **Lapse of Options**

An Option shall lapse automatically (to the extent not already vested in accordance with Section 7(c)) on the earliest of:

(a) the expiry of the Option Period (subject to the provisions of Section 4(a);

(b) upon the occurrence of any of the following events in relation to a Grantee:

(i) termination of employment and departure from the Group with or without any cause;

(ii) in the event of death;

(iii) loss of labor capacity (except for those Grantees who are incapacitated as a result of injuries sustained in the performance of their duties as employees of the Company are not subject to any change in the options granted to them and may still exercise their options in accordance with the provisions);

(iv) violation of any applicable laws and regulations, Articles of Association or internal management rules and regulations of the Company, or occurrence of dereliction of duty or malfeasance of duty as stipulated in the employment contract, which may seriously damage the Company's interests or reputation, or cause direct or indirect economic losses to the Company;

(v) committing unlawful and disciplinary acts such as accepting bribes, soliciting bribes, corruption, theft, disclosure of business and technical secrets, etc., which are detrimental to the Company's interests and reputation, and which have directly or indirectly harmed the Company's interests;

(vi) being held criminally liable in accordance with the applicable law for criminal offence; or

(vii) any other event to be determined by the Chairman (or any person authorized by the Chairman).

#### Repurchase Right

For the avoidance of doubt:

(x) prior to the listing of the Company on the Stock Exchange, any Option vested but not already exercised may be repurchased by the Company upon any event specified in Section 8(b)(i)-(vii) at the repurchase price calculated with the formula below; and any shares which have been issued or transferred to the relevant Grantee (whether held by Grantee or by the Trustee on behalf of the Grantee) upon his exercise of vested options may be repurchased by the Company upon any event specified in Section 8(b)(i)-(vii) at the repurchase price calculated with the formula below; and

(y) upon or after the listing of the Company on the Stock Exchange, any Option vested but not already exercised may be repurchased by the Company upon any event specified in Section 8(b)(i)-(vii) at the repurchase price calculated with the formula below; and any shares which have been issued or transferred to the relevant Grantee (whether held by himself or by the Grantee or by the Trustee on behalf of the Grantee) shall remain valid even after any event specified in Section 8(b)(i)-(vii).

The repurchase price shall be calculated using the following formula: Exercise Price which has been actually paid by the relevant Grantee ("**Actual Payment Amount**") + an annual simple interest rate of 6% on the Exercise Price incurred from the date of payment of the Actual Payment Amount - any dividends received by such Grantee in respect of the shares issued or transferred to the relevant Grantee (whether held by himself or by the Trustee on his behalf) upon exercise of the Option and only for the period starting from the date of exercise of the Option.

#### **Section 9. *Maximum Number of Shares Subject to Options.***

(a) The total number of Shares which may be issued upon the exercise of all Options to be granted under this Scheme shall not exceed in aggregate 311,780 Shares (which shall be proportionally adjusted to reflect any share dividends, share splits, or similar transactions that may be conducted by the Company), representing 8.17% of the total share capital of the Company of 3,814,351 Shares immediately at the time when the Trust is incorporated.

(b) The maximum number of Shares referred to in Section 9(a) may be adjusted upon the occurrence of such events and in such manner as described in Section 10.

(c) The Shares underlying the Options which may be granted under this Scheme shall be issued by the Company to, and held by, the Trustee on trust through the HoldCo in accordance with the Trust Deed. The Options do not carry any right to vote at general meetings of the Company. The Trustee shall procure the HoldCo not to exercise the voting rights attached to the Shares subject to the unvested and/or unexercised Options.

#### **Section 10. *Reorganization of Capital Structure.***

(a) In the event of any alteration in the capital structure of the Company by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of share capital of the Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of the Company as a result of an issue of Shares or other securities of the Group as consideration in a transaction to which the Company is a party, the Chairman shall determine what adjustment is required to be made to:

- (i) the number of Shares subject to any unexercised Option; and/or
- (ii) the Exercise Price; and/or
- (iii) the method of exercise of the Options.

Any such adjustments shall give each Participant the same proportion of the equity capital of the Company for which such Participant was entitled to subscribe for prior to such adjustments and any adjustments to the advantage of the Participants to the Exercise Price or to the number of Shares subject to the Options must be approved by the shareholders of the Company in general meeting. No adjustment may be made to the extent that Shares would be issued at less than their nominal value.

(b) If there has been any alteration in the capital structure of the Company as referred to in Section 10(a), the Company shall, upon receipt of a notice from a Grantee in accordance with Section 7(b), inform the Grantee of such alteration.

**Section 11. *Voting Rights of Underlying Shares.*** For the avoidance of doubt, (a) a Participant shall not have the voting rights or any interest or rights (including the right to receive dividends or other distributions) in respect of the Options until such Options have been exercised; and (b) the Trustee shall not exercise the voting rights in respect of any Shares held by it corresponding to outstanding Options (which have not been exercised) or the HoldCo under the Trust (if any), unless pursuant to the terms in Trust Deed.

**Section 12. *Disputes.*** Any dispute arising in connection with this Scheme (whether as to the number of Shares the subject of an Option, the amount of the Exercise Price or otherwise) may be determined by the Chairman (or any person authorized by the Chairman), the decision of which shall be final and binding on all parties who may be affected thereby.

#### **Section 13. *Alteration of this Scheme.***

(a) Subject to the terms set out in the paragraph below, the Chairman may amend any of the provisions of this Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and in order to waive any restrictions, imposed by the provisions of this Scheme) at any time.

(b) Any change to the authority of the Chairman in relation to any alteration to the terms of this Scheme must be approved by shareholders of the Company in general meeting.

#### **Section 14. *Miscellaneous.***

(a) This Scheme shall not form part of any contract of employment or engagement of services between the Group and any Participant and the rights and obligations of any Participant under the terms of his office, employment or engagement in services shall not be affected by the participation of the Participants in this Scheme or any right which he may have to participate in it and this Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office, employment or engagement for any reason.

(b) This Scheme shall not confer on any person any legal or equitable right (other than those rights 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.

(c) The Company shall bear the costs of establishing and administering this Scheme.

(d) Any notice or other communication between the Company and a Grantee may be sent by prepaid post, by electronic means, or by personal delivery to, in the case of the Company, its principal place of business in the PRC or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his address in the PRC or such other address as notified to the Company from time to time.

(e) Any notice or other communication served by post:

(i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and

(ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

(f) Any notice or other communication served by electronic means by the Company or the Grantee shall be deemed to have been served if the sender did not receive a failure of receipt notification.

(g) All allotments and issues of the Shares will be subject to all necessary consents under any relevant legislation for the time being in force in the PRC, Hong Kong and the Cayman Islands, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax

or other liability to which a Grantee may become subject as a result of his or her participation in this Scheme.

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