

**CHINA PRIMARY ENERGY HOLDINGS LIMITED**  
**中國基礎能源控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*

**NEW SHARE OPTION SCHEME**

**Adoption Date:            2022**

## 1. **DEFINITIONS**

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

**“Adoption Date”**

the date on which this Scheme becomes unconditional upon fulfillment of the conditions set out in sub-paragraph 2.1;

**“Articles of Association”**

the articles of association of the Company, as amended from time to time;

**“associates”**

has the same meaning as defined in the GEM Listing Rules;

**“Auditors”**

the auditors for the time being of the Company;

**“Board”**

the board of Directors or a duly authorised committee thereof;

**“Business Day”**

any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;

**“Company”**

China Primary Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability;

**“Directors”**

the directors of the Company for the time being;

**“Eligible Participant(s)”**

full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) and any suppliers, consultants, agents and advisers or any person who, in the reasonable discretion of the Board, has contributed or may contribute to the Group eligible for Options under the New Share Option Scheme;

**“Exercise Date”**

has the meaning ascribed to it in sub-paragraph 6.4;

**“GEM”**

the GEM operated by the Stock Exchange;

**“GEM Listing Rules”**

the Rules Governing the Listing of Securities on the GEM;

- “Grantee”**  
any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in sub-paragraph 6.3(a)) his Personal Representative(s);
- “Group”**  
the Company and its Subsidiaries;
- “HK\$”**  
Hong Kong dollars, the lawful currency of Hong Kong for the time being;
- “Hong Kong”**  
the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Offer”**  
an offer for the grant of an Option made in accordance with this Scheme;
- “Offer Date”**  
the date on which an Offer is made to an Eligible Participant;
- “Option”**  
an option to subscribe for Shares granted pursuant to this Scheme;
- “Option Period”**  
in respect of any particular Option, a period (which may not expire later than ten years from the date of grant of the particular Option) to be determined and notified by the Directors to the Grantee thereof and in any event shall not exceed 10 years from the date of grant;
- “Personal Representative(s)”**  
the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
- “Scheme”**  
this Share Option Scheme in its present form or as may be amended in accordance with paragraph 13;
- “Scheme Mandate Limit”**  
has the meaning ascribed to it in sub-paragraph 8.1(a);
- “Share Registrar”**  
branch share registrar of the Company in Hong Kong for the time being;
- “Share(s)”**  
share(s) of HK\$0.0625 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

**“Shareholder(s)”**

holder(s) of the issued Share(s) from time to time

**“Stock Exchange”**

The Stock Exchange of Hong Kong Limited or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which Shares are for the time being listed or traded;

**“Subscription Price”**

the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 6;

**“Subsidiary”**

has the meaning ascribed to this term under the GEM Listing Rules;

**“Takeovers Code”**

the Hong Kong Codes on Takeovers and Mergers; and

**“Termination Date”**

close of business of the Company on the date which falls ten years after the Adoption Date.

1.2 In this Scheme, save where the context otherwise requires:

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

## **2. CONDITIONS**

2.1 This Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of ordinary resolutions to adopt this Scheme by the Shareholders.

2.2 If the conditions referred to in sub-paragraph 2.1 are not satisfied on or before the date falling 60 days after the date of the circular of the Company to be despatched to the Shareholders in connection with the adoption of this Scheme, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

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

2.4 A certificate of a Director that the conditions set out in sub-paragraph 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

2.5 The Company must publish an announcement on the outcome of the Shareholders meeting as referred to in sub-paragraph 2.1(b) for the adoption of this Scheme as soon as possible.

## **3. PURPOSE, DURATION AND ADMINISTRATION**

3.1 The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group., which shall be subject to the administration of a committee of the Directors which comprises the independent non-executive Directors from time to time whose decision on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

3.2 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options will be granted but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

3.3 An Eligible Participant shall ensure that any exercise of his Option under paragraph 6 is valid and complies with all laws, legislations and regulations to which he is subject. The Directors may, as a condition precedent of issuing Shares upon an exercise of an Option, require the relevant Grantee to produce such evidence as it may reasonably require for such purpose.

3.4 The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the Offer of the grant of the relevant Option, there is no specified minimum period under this Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of this Scheme.

#### **4. GRANT OF OPTIONS**

4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph 10, determine at the Subscription Price provided that no Option shall be granted by the Board:

- (a) after inside information has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules; and
- (b) during the period commencing from one (1) month immediately preceding the earlier of:
  - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
  - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules)

and ending on the date of the results announcements.

For the avoidance of doubt, in compliance with the GEM Listing Rules, a Director must not deal in any securities of the Company (and no Options may be granted to a Director) on any day on which its financial results 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 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,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in Rule 5.67 of the GEM Listing Rules.

- 4.2 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period of twenty-eight (28) days inclusive of, and from the Offer Date, provided that no such Offer shall be open for acceptance after the 10th anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof or after the Eligible Participant to whom such Offer is made ceased to be an Eligible Participant.
- 4.3 An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.
- 4.4 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within 28 days from the Offer Date (or such shorter period referred to in sub-paragraph 4.2). To the extent that the Offer is not accepted within the stated period, it will be deemed to have been irrevocably declined.
- 4.5 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with sub-paragraphs 4.3 or 4.4, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance provided that if such date of acceptance shall fall on a non-Business Day, the Business Day immediately following such date of acceptance shall be taken to be the date of acceptance for the grant of such Option. The Company shall thereafter issue under the seal of the Company an option certificate specifying details of the grant to the Grantee as confirmation of the grant. To the extent that the Offer is not accepted within twenty-eight (28) days from the Offer Date (or such shorter period referred to in sub-paragraph 4.2) in the manner indicated in sub-paragraphs 4.3 or 4.4 it will be deemed to have been irrevocably declined.

## **5. SUBSCRIPTION PRICE**

5.1 The Subscription Price shall, subject to any adjustments made pursuant to paragraph 10, be determined at the discretion of the Board at its absolute discretion, provided that it shall be not less than the highest of:

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

## **6. EXERCISE OF OPTIONS**

6.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

6.2 Subject to sub-paragraph 15.8, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this sub-paragraph 6.2 or sub-paragraph 6.3 (as the case may be) by the Grantee (or, as the case may be, his Personal Representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the GEM or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within 28 days (7 days in the case of exercise pursuant to sub-paragraph 6.3(d)) after receipt of the notice and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to paragraph 10, the Company shall accordingly allot the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to sub-paragraph 6.3(a), to the estate of the Grantee) credited as fully paid and instruct the Share Registrar to issue to the Grantee (or his estate in the event of an exercise by his Personal Representative(s) as aforesaid) a share certificate for every board lot of Shares so allotted and a share certificate for the balance (if any) of the Shares so allotted which do not constitute a board lot.

6.3 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Participant by reason of his death before exercising the Option in full and where the Grantee is any



employee of the Group none of the events which would be a ground for termination of his employment under sub-paragraph 7.1(c) arises, his Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of sub-paragraph 6.2 within a period of 12 months following the date of death, or such longer period as the Directors may determine or, if any of the events referred to in sub-paragraph 6.3(d), 6.3(e) or 6.3(f) occur during such period, exercise the Option pursuant to sub-paragraphs 6.3(d), 6.3(e) or 6.3(f) respectively;

- (b) in the event of the Grantee who is an employee of the Group ceasing to be an Eligible Participant for any reason other than his death, ill-health or retirement in accordance with his contract of employment or by reason of the termination of his employment on one or more of the grounds specified in sub-paragraph 7.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable;
- (c) in the event of the Grantee who is an employee of the Group ceasing to be an Eligible Participant by resignation, retirement, expiry of employment contract or termination of employment for any reason other than any of the events specified in sub-paragraphs 6.3(a) or 6.3(b) before exercising the Option in full, the Grantee or as appropriate, his Personal Representative(s), may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of sub-paragraph 6.2 up to his/her entitlement at the date of such cessation or termination or, if any of the events referred to in sub-paragraph 6.3(d) or 6.3(e) occurs during such period, exercise the Option pursuant to sub-paragraphs 6.3(d) or 6.3(e) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee is actually at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not;
- (d) if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeover's Code) with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of sub-paragraph 6.2 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under the scheme of arrangement, as the case may be;

- (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 it despatches such notice to each member of the Company give notice thereof to all Grantees (containing an extract of the provisions of this sub-paragraph) and thereupon, each Grantee or his Personal Representative(s) shall be entitled to exercise all or any of his Options (to the extent not already exercised) 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 Subscription 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 to the Grantee credited as fully paid; and
- (f) in the event of a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any Grantee or his Personal Representative(s) may by notice in writing to the Company accompanied by a remittance of the full amount of the Subscription Price in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof.

6.4 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

7. **EARLY TERMINATION OF OPTION PERIOD**

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

- (a) subject to sub-paragraph 6.3(a), the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in sub-paragraph 6.1, 6.2 and/or 6.3; and
- (c) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of sub-paragraph 6.1 by the Grantee in respect of that or any other Option.

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

8. **MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

8.1 (a) The maximum number of Shares which may be issued upon exercise of all Options may be granted at any time under this Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of Shares as equals 10 per cent. of the issued share capital of the Company as at the date of approval of the Scheme (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(b) The Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit under this Scheme. However, the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other schemes of the Company under the limit as "refreshed" must not exceed 10 per cent. of the Shares in issue as at the date of such approval of the Shareholders. Options previously granted under this Scheme (including those outstanding, cancelled, lapsed in accordance with this Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". The Company must send a circular to the Shareholders containing such information as may be required by the Stock Exchange from time to time.

(c) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Option Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, and such information as may

be required by the Stock Exchange from time to time.

- 8.2 The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under this Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- 8.3 Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participants (including both exercised and outstanding Options) in any 12-month period must not exceed 1 per cent. of the Shares in issue. Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant), and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Subscription Price) of Options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.
- 8.4 Any grant of Options to a Director, a chief executive or substantial shareholder of the Company (as defined under the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option). Where Options are proposed to be granted to a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any twelve (12) month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The Grantee, his/her/its associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting.

The Company must send a circular to the Shareholders. All connected persons (as defined in the GEM Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options

must be taken on a poll and comply with the requirements under the GEM Listing Rules. The circular must contain:

- (1) details of the number and terms (including, inter alia, the Subscription Price) of the Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price;
- (2) a recommendation from the independent non-executive Directors (excluding an independent non-executive Directors who is the proposed Grantee) to the independent shareholders as to voting; and
- (3) the information as may required by the Stock Exchange from time to time.

8.5 Shareholders' approval as required under sub-paragraph 8.4 is also required for any change in the terms of Options granted to an Eligible Participant who is a managing Shareholder or a substantial Shareholder (as defined in the GEM Listing Rules) of the Company, the Grantee or any of his close associates.

## **9. REORGANISATION OF CAPITAL STRUCTURE**

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of the Company, but excluding Options under this Scheme and options under any other similar employee share option schemes of the Company), consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) the Company shall instruct the Auditors or independent financial adviser to certify in writing:

- (a) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
  - (i) the number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
  - (ii) the Subscription Price; and/or
  - (iii) the maximum number of Shares referred to in paragraph 8; and/or
  - (iv) the method of the exercise of the Option(s);

and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:

- (1) any such adjustment shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

- (2) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
  - (3) no such adjustment shall be made to the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
  - (4) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (b) in respect of any such adjustment, other than any made on a capitalisation issue, the Auditors or the independent financial adviser must confirm to the Directors in writing that the adjustment so made satisfy the requirement set out in the above.

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

9.3 In giving any certificate under this paragraph 9 the Auditors and independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

## **10. CANCELLATION OF OPTIONS**

Subject to sub-paragraph 6.1, any cancellation of Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and issues new ones to the same holder of the Option, the issue of such new Options may only be made under a scheme with available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit.

## **11. SHARE CAPITAL**

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the share capital of the Company. Subject thereto, the Directors shall make available sufficient of the then authorised but unissued share capital of the Company to allot the Shares on the exercise of any Option.

## **12. DISPUTES**

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

## **13. ALTERATION OF THIS SCHEME**

13.1 Subject to the GEM Listing Rules, this Scheme may be altered from time to time in any respect by a resolution of the Directors except that the following alterations shall require the prior sanction of an ordinary resolution of the Shareholders in general meeting (with all Grantees, prospective Grantees and their associates abstaining from voting and the votes taken by poll):

- (a) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of the Shareholders in general meeting;
- (b) any alterations to the terms and conditions of the provisions of this Scheme which are of a material nature or any change to the terms of Options granted, except where the alterations take effect automatically under the existing terms of this Scheme; and
- (c) any change to the authority of the Directors or administrator(s) of this Scheme in relation to any alteration to the terms of this Scheme.

13.2 No alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association for the time being for a variation of the rights attached to the Shares.

13.3 The amended terms of this Scheme or the Options must still comply with the relevant requirements of the GEM Listing Rules.

## **14. TERMINATION**

14.1 The Company by an ordinary resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this scheme.

14.2 Details of the Options granted, including Options exercised or outstanding, under the scheme and (if applicable) Options that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new scheme to be established after such termination.

**15. MISCELLANEOUS**

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

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

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

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

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

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

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

(a) one (1) day after the date of posting, if sent by mail; and

(b) when delivered, if delivered by hand.

15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents and approvals that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he



has obtained all such consents and approvals. Compliance with this sub-paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.

- 15.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 15.10 By accepting an Offer a Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.