



中油燃氣集團有限公司*

CHINA OIL AND GAS GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 603)

SHARE OPTION SCHEME

I, Xu Tie-liang, the Chairman and an executive director of China Oil And Gas Group Limited, hereby certify that pursuant to Rule 2.4 of the Rules of the Share Option Scheme hereto attached, that the condition contained in Rule 2.1(2) was satisfied on the date set out below and that such date is the “Adoption Date” as defined in such Rules:

Adoption Date: 15 June 2023

Name : Xu Tie-liang
Position : Executive Director

1. **Definitions**

1.1 In these Rules, unless the context otherwise requires:

“**Adoption Date**” means the date on which this Scheme is adopted, being the date of fulfillment of the condition contained in Rule 2.1(2);

“**associate**” has the meaning as defined in the Listing Rules;

“**Auditor**” means the auditor for the time being of the Company;

“**Award**” means an award granted under share award scheme of the Company by the Board to an Eligible Participant, which may vest in the form of award Shares or the actual selling price of the award Shares in cash in accordance with the rules of the share award scheme and the terms of the award

“**Board**” means board of Directors;

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

“**Calculation Agent**” means the independent financial advisers appointed by the Company for the purposes of certifying certain adjustments under Rule 9;

“**Companies Law**” means the Companies Act 1981 of Bermuda (as amended);

“**Company**” means China Oil And Gas Group Limited (中油燃氣集團有限公司), a company incorporated in Bermuda under the Companies Law as an exempted company;

“**Directors**” means the directors of the Company for the time being or a duly authorised committee thereof;

“**Eligible Employee**” means any employee (whether full time or part time) of the Company or any subsidiary of the Company;

“**Eligible Participant(s)**” means (1) any Eligible Employee; and (2) any director of the Company or any subsidiary of the Company;

“**Grantee**” means any Eligible Participant who accepts an Offer in accordance with these Rules or (where the context so permits and as referred to in Rule 6.6(1)) his Personal Representative;

“**Group**” means the Company and the Subsidiaries and “**member(s) of the Group**” shall be construed accordingly;

“**HK\$**” denotes Hong Kong dollars, the lawful currency of Hong Kong for the time being;

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

“**INED**” means an INED of the Company;

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

“**Offer**” means an offer for the grant of an Option made in accordance with Rule 4.4;

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

“**Option**” means an option to subscribe for the Share(s) granted under this Scheme;

“**Option Period**” means, in relation to an Option, a period (which may not be later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under Rule 7; and (ii) 10 years from the Offer Date of that Option;

“**Other Scheme(s)**” means other share option scheme or share award scheme adopted by the Company pursuant to Chapter 17 of the Listing Rules;

“**Personal Representative**” means the person who, in accordance with the laws of succession applicable upon the death of a Grantee (being an individual), is entitled to exercise the Option granted to such Grantee (to the extent not already exercised);

“**Rules**” means these rules and regulations, in their present terms or as may be amended from time to time in accordance with Rule 13 and “**Rule**” refers to the relative numbered paragraph of these Rules;

“**Scheme**” means this share option scheme constituted and regulated by these Rules;

“**Scheme Limit**” has the meaning defined in Rule 8.2;

“**Shareholder**” means a holder of Share(s);

“**Shares**” means shares of HK\$0.01 each in the share capital 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;

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

“**Subscription Price**” means the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option, as determined in accordance with Rule 5.1;

“**Subsidiaries**” has the meaning ascribed to it under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“**substantial shareholder**” has the meaning as defined in the Listing Rules; and

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

1.2 In these Rules:

- (1) headings are inserted for ease of reference only and shall be ignored in construing this Scheme;
- (2) words importing the singular include the plural and vice versa;
- (3) words importing one gender include both genders and the neuter and vice versa;
- (4) references to persons include bodies corporate and unincorporated;
- (5) 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
- (6) 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:

- (1) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares to be allotted and issued by the Company pursuant to the exercise of Options in accordance with this Scheme; and
- (2) the passing of an ordinary resolution to approve and adopt this Scheme by the Shareholders in general meeting.

2.2 If the conditions contained in Rule 2.1 are not satisfied on or before the date falling 30 days after the date of the general meeting of the Company convened for the purposes of approving the adoption of this Scheme, this Scheme shall forthwith terminate 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 Rule 2.1(1) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

2.4 A certificate of a Director that the conditions contained in Rule 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.

3. Purpose, Duration and Administration

- 3.1 The purpose of this Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group. R17.03(1)
- 3.2 This Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options regulated by Rule 4.2 which shall be approved in the manner therein stated and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.
- 3.3 Subject to Rules 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued 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.
- 3.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are and will be valid and will comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant to produce such evidence as they may reasonably require for such purpose.

4. Grant of Options

- 4.1 Subject to Rule 4.2, the Directors may in their discretion make an Offer to any person belonging to the following classes of participants to subscribe for Shares at such Subscription Price as the Directors shall, subject to Rule 9, determine:
- (1) any Eligible Employee; and
 - (2) any director of the Company or any Subsidiary.
- 4.2 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the contribution an Eligible Participant to the development and growth of the Group, in particular, the ability of an Eligible Participant to enhance the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.
- 4.3 In assessing the eligibility of the Eligible Participant(s), the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought to the Group's business and development and whether granting Options to such Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group. The factors will include, among others:
- (a) his/her skills, knowledge, experience, expertise and other relevant personal

qualities;

- (b) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made to the growth of the Group; and
- (d) his/her educational and professional qualifications, and knowledge in the industry.

4.4 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors 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 these Rules and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.

4.5 An Offer shall state, in addition to the matters specified in Rule 4.4, the following:

- (1) the name, address and position of the Eligible Participant;
- (2) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
- (3) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
- (4) the last date by which the Offer must be accepted (which may not be later than 21 days from the Offer Date);
- (5) the procedure for acceptance;
- (6) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
- (7) such other terms and conditions of the Offer as may be imposed by the Directors as are not inconsistent with this Scheme; and
- (8) a statement 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 these Rules.

4.6 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant 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 within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.

- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that 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 such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with Rules 4.6 or 4.7, 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 Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in Rules 4.6 or 4.7, it will be deemed to have been irrevocably declined.
- 4.9 The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.
- 4.10 Options will not be listed or dealt in on the Stock Exchange.
- 4.11 For so long as the Shares are listed on the Stock Exchange:
- (1) the Company may not grant any Options after inside information has come to its knowledge until (and including) the trading days after it has announced the information. In particular, it may not grant any Option during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement; and
 - (2) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

5. Subscription Price

- 5.1 The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to Rule 9, be at the discretion of the Directors, provided that it shall not be less than the highest of:
- (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day;

- (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant.

6. Exercise of Options

- 6.1 An Option 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 otherwise dispose of 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 granted to such Grantee to the extent not already exercised.
- 6.2 Unless otherwise determined by the Directors and stated in the Offer to an Eligible Participant who accepts an Offer, there is not prescribed any performance targets that need to be achieved by the Eligible Participant before an Option can be exercised. The Directors consider that it is not practicable to expressly set out a generic set of performance targets as each Eligible Participant will play different roles and contribute in different ways to the Group.
- 6.3 The Group will utilize its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will consider the past contributions of an Eligible Participant with reference to the factors set out above and form an internal assessment as regards the future value that such Eligible Participant may bring to the growth and development of the Group. The assessment involves the consideration and appraisal of the Eligible Participant's expected contribution with reference to such Eligible Participant's nature of duties, position within the Group and other features including geographical location, corporate culture and business strategy focus. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participants before the grant of Options, such that the grants will be on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole. The Board may, however, at its absolute discretion, fix any minimum period for which an Option must be held which shall not be less than twelve (12) months from the date on which the option is accepted, any performance targets that must be achieved and any other conditions that must be fulfilled before the Option can be exercised upon the grant of an Option to an Eligible Participant.
- 6.4 The Board considers that imposing a standard minimum period for holding the Options is not necessary as this would then provide the Company with more flexibility to take into consideration the particular circumstance of each grant and the appropriate terms and conditions that should govern the grant and/or exercise of the Options. Any terms of the grant and/or exercise of the Options is a strategic decision that the Company would have to make on a case-by-case basis, such that the Company is able to provide meaningful incentive and motivation to attract and retain quality personnel that are valuable to the development and expansion of the Group's business and for the benefit of the Company and the Shareholders as a whole.
- 6.5 Subject to Rules 3.4 and 16.5 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in Rules 6.6 and 6.7 by giving notice in writing to the Company

stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (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 Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to Rule 6.6(3)) after receipt of the notice and, where appropriate, receipt of the certificate of the Calculation Agent pursuant to Rule 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to Rule 6.6(1), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.

6.6 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:

- (1) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of Rule 6.5 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in Rule 6.6(3) or 6.6(4) occur during such period, exercise the Option pursuant to Rule 6.6(3) or 6.6(4) respectively;
- (2) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in Rule 7.1(3) 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 unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of Rule 6.5 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in sub-Rule 6.6(3) or 6.6(4) occur during such period, exercise the Option pursuant to Rule 6.6(3) or 6.6(4) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not;
- (3) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the 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 with the offeror, the Company shall use all 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 Shareholders, by the exercise in full of the Options granted to them. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, 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 Rule 6.5 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be;

- (4) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of Rule 6.5 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up; and
- (5) if the Grantee is a company wholly owned by one or more Eligible Participants:
 - (a) the provisions of Rules 6.6(1), 6.6(2), 7.1(3) and 7.1(4) shall apply to the Grantee and to the Options granted to such Grantee, *mutatis mutandis*, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in Rules 6.6(1), 6.6(2), 7.1(3) and 7.1(4) shall occur with respect to the relevant Eligible Participant; and
 - (b) the Options granted to the Grantee shall lapse and terminate on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

6.7 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank pari passu in all respects with the then 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. Any Share allotted and issued upon the exercise of an Option shall not carry voting rights, or rights to participate in any dividends or distributions of the Company, or any rights arising on a liquidation of the Company, or any rights as to transfer, in respect of the Shares to be issued upon the exercise of the Options, until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

6A. Clawback Mechanism

Subject to the discretion of the Board, if an Eligible Participant’s employment has been terminated summarily, or has been convicted of any criminal offence involving his or her integrity or honesty, or any wrongdoing involving misstatement in the Group’s financial statements, any outstanding Options shall immediately lapse. The clawback mechanism would enable the Company to recover or withhold the Options granted to any Eligible Participant, so that the equity incentives granted to Grantees culpable of misconduct and is in line with the purpose of this Scheme and the interests of Shareholders.

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 lapse on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of any of the periods referred to in Rule 6.6;
- (3) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of the Group into disrepute);
- (4) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that:
 - (a) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or

- (b) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or
 - (c) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
 - (d) the Option shall lapse as a result of any event specified in sub-paragraph (a), (b) or (c) above; and
- (5) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of Rule 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 Rule 7.1(3) or that any event referred to in Rule 7.1(4)(a) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- 7.3 Transfer of employment of a Grantee who is an Eligible Employee from one member of the Group to another member of the Group shall not be considered cessation of employment. It shall not be considered cessation of employment if a Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

8. Maximum Number of Shares Available for Subscription

- 8.1 The total number of Shares which may be issued in respect of all Options and Awards to be granted under this Scheme and the Other Schemes must not in aggregate exceed 10% of the Shares in issue as at the date of passing of resolution by the Shareholders in general meeting approving and adopting this Scheme (the "**Scheme Limit**"). Options or Awards lapsed in accordance with the terms of the New Share Option Scheme and any Other Scheme will not be regarded as utilized for the purpose of calculating the Scheme Limit. With the approval of the Shareholders, the Board may "refresh" the Scheme Limit after three years from Adoption Date or the date of Shareholders' approval for the last refreshment provided that the total number of Shares which may be issued in respect of all Options and Awards to be granted under all of the schemes of the Company under the limit as "refreshed" shall not exceed 10% of the Shares of the Company in issue at the date on which the Shareholders approve the "refreshed" limit. Options previously granted under this Scheme and any Other Schemes (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". A circular regarding the proposed refreshing of the Scheme Mandate must be despatched to the Shareholders containing the number of Options and Awards that were already granted under the existing Scheme Limit and the reason for the refreshment.
- 8.2 Any refreshment to the Scheme Limit within any three-year period must be approved by the Shareholders, where any controlling shareholders of the Company and their

associates (or if there is no controlling shareholder, Directors (excluding INEDs) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules. Such requirements do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.

8.3 The Board shall not grant any Options (the “**Relevant Options**”) to any Eligible Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options or options or Awards granted to him (excluding any Options and Awards lapsed in accordance with the terms of this Scheme or Other Schemes) in the 12-month period up to and including the Date of Grant of the Relevant Options, exceed 1% of the Shares in issue at such date (including cancelled, exercised and outstanding Options) unless:

1. such grant has been duly approved by the Shareholders in general meeting, at which the relevant Eligible Participant and his close associates (or associates if the relevant Eligible Participant is a connected person of the Company) abstained from voting;
2. a circular regarding the grant has been despatched to the Shareholders disclosing the identity of the relevant Eligible Participant, the number and terms of the Options to be granted (and Options or options or Awards previously granted to such relevant Eligible Participant in the 12-month period), the purpose of granting the Options to the relevant Eligible Participant and an explanation as to how the terms of the Options serve such purpose; and
3. the number and terms of such Options are fixed before the Shareholders’ approval in general meeting of the Company at which the same are approved. In respect of any Options to be granted, the date of the 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 The Company may seek separate approval from the Shareholders in the general meeting for granting Options under the New Share Option Scheme which will result in the Scheme Limit or, if applicable, the extended limits, being exceeded, provided that:

- (a) the grant is to Eligible Participants specifically identified by the Company before the approval is sought;
- (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and 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

- (c) the number and terms of Options to be granted to such Participant be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.
- 8.5 Each grant of Options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the INEDs of the Company (excluding any INED who is the proposed Grantee of the Options).
- 8.6 Where any grant of Options to an INED or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and awards already granted or to be granted under the New Share Option Scheme or Other Schemes (excluding any Options and awards lapsed in accordance with the terms of the New Share Option Scheme or Other Schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options by the Board shall not be valid unless:
- (a) a circular containing the details of the grant has been despatched to the Shareholders;
 - (b) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which the Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company have abstained from voting in favour at such meeting, and in accordance with the Listing Rules; and
 - (c) the number and terms of such Options are fixed before the general meeting of the Company at which the same are approved.

The circular to be issued by the Company to its Shareholders 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;
- (B) the views of the INEDs (excluding any INED who is the Grantee of the Options) 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;
- (C) the information required under Rule 17.02(2)(c) of the Listing Rules; and
- (D) the information required under Rule 2.17 of the Listing Rules.

9. Adjustments to the Subscription Price

- 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 capitalization issue, rights issue, consolidation or sub-division of the Shares, or reduction of the capital of the Company, then, in any such case the Company shall instruct the Calculation Agent to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (1) 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
- (2) the Subscription Price of any Option; and/or
- (3) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the Calculation Agent shall be made, provided that:

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (b) 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;
- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this Rule 9.1, other than any adjustment made on a capitalisation issue, the Calculation Agent must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

9.2 If there has been any alteration in the capital structure of the Company as referred to in Rule 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with Rule 6.5, 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 Calculation Agent 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 Calculation Agent as soon as practicable thereafter to issue a certificate in that regard in accordance with Rule 9.1.

9.3 In giving any certificate under this Rule 9, the Calculation Agent appointed under Rule 9.1 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

- 10.1 Subject to Rule 6.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2 Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the Scheme Limit or the limits approved by the Shareholders pursuant to Rule 8.2(1) or 8.2(2).

11. Share Capital

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

12. Disputes

- 12.1 Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under Rule 9.1 shall be referred to the decision of the Auditor 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 Any alterations to the terms and conditions of the Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in this Rule 17.03 of the Listing Rules to the advantage of Eligible Participants must be approved by the Shareholders in general meeting.
- 13.2 Any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the INEDs and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme.
- 13.3 The amended terms of the scheme or the options or awards must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- 13.4 Any change to the authority of the directors or scheme administrators to alter the terms of the Scheme must be approved by Shareholders in general meeting.

14. Termination

- 14.1 The Company by 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 (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

15. Notices

- 15.1 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.
- 15.2 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.3 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (1) one (1) day after the date of posting, if sent by mail; and
 - (2) when delivered, if delivered by hand.

16. Miscellaneous

- 16.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary and any Eligible Employee and the rights and obligations of any Eligible Employee 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 Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 16.2 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.
- 16.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Calculation Agent in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.
- 16.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.
- 16.5 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents 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. Compliance with this Rule shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.

- 16.6 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.
- 16.7 By accepting an Offer, an Eligible Participant 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.
- 16.8 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

****** End of this Scheme ******