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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Nature Energy Technology Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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China Nature Energy Technology Holdings Limited

中國納泉能源科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1597)

**PROPOSED ADOPTION OF THE SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 4 to 8 of this circular.

A notice convening the EGM of China Nature Energy Technology Holdings Limited to be held at the conference room of Jiangyin Hong yuan New Energy at 2/F, 95 Yueshan Road, Yuecheng Town, Jiangyin City, Jiangsu Province, China on Friday, 16 July 2021 at 10:30 a.m. is set out on pages 22 to 24 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jyhyne.com), respectively. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish.

28 June 2021

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Adoption Date”	16 July 2021, being the date on which the Share Option Scheme is to be considered and, if thought fit, to be adopted by the Shareholders at the EGM
“associate(s)”, “subsidiary” and “substantial shareholder”	each shall have the meaning as ascribed to it under the Listing Rules
“Auditors”	the auditors of the Company for the time being
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which banks in Hong Kong generally are open for business and the Stock Exchange is open for the business of dealing in securities
“close associate(s)”	has the meaning described under Rule 1.01 of the Listing Rules
“Company”	China Nature Energy Technology Holdings Limited 中國納泉能源科技控股有限公司, a company incorporated in the Cayman Islands as an exempted company with limited liability on 28 November 2019
“connected person”	has the meaning as described under Rule 14A.06(7) of the Listing Rules
“core connected person(s)”	has the meaning described under Rule 1.01 of the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened and held at the conference room of Jiangyin Hong yuan New Energy at 2/F, 95 Yueshan Road, Yuecheng Town, Jiangyin City, Jiangsu Province, China on 16 July 2021 at 10:30 a.m. for the Shareholders to consider the proposed adoption of the Share Option Scheme
“Eligible Employee”	any full-time employee (including any executive director but excluding any non-executive director and independent non-executive director) of the Company, any Subsidiary or any Invested Entity
“Eligible Participants”	has the meaning ascribed to it under paragraph 2(i) of “Appendix — Summary of the principal terms of the Share Option Scheme”

DEFINITIONS

“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) his Personal Representative(s) who is entitled to any Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Latest Practicable Date”	21 June 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Main Board”	the Main Board of the Stock Exchange
“Offer”	an offer for the grant of an Option
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant
“Option”	an option to subscribe for the Shares granted pursuant to the Share Option Scheme
“Option Period”	in respect of any particular Option, a period (which may not be later than ten (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 of such Option to the earlier of (i) the date on which such Option lapses; and (ii) ten (10) years from the Offer Date of that Option
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)

DEFINITIONS

“Shareholder(s)”	holders of the Share(s)
“Shares”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification, reduction or re-construction of the share capital of the Company, shares being the ordinary shares of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction
“Share Option Scheme”	the share option scheme in its present form or as may be amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option
“Subsidiaries”	the companies which are for the time being and from time to time the subsidiaries (within the meaning given to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, and “Subsidiary” shall be construed accordingly
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“%”	percentage



China Nature Energy Technology Holdings Limited

中國納泉能源科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1597)

Executive Directors:

Mr. Cheng Liquan Richard (*Chairman*)

Mr. Cheng Li Fu Cliff (*Chief Executive Officer*)

Non-executive Directors:

Mr. Wang Lubin

Mr. Li Hao

Independent non-executive Directors:

Mr. Yip Chun On

Mr. Kang Jian

Mr. Li Shusheng

Registered office:

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Cayman Islands

Place of business in Hong Kong:

Room 2104, 21st Floor

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21 Wong Chuk Hang Road

Wong Chuk Hang, Hong Kong

28 June 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF THE SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the proposed adoption of the Share Option Scheme; and (ii) a notice convening the EGM.

LETTER FROM THE BOARD

2. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

The Company proposes to seek approval of the Shareholders to adopt the Share Option Scheme at the EGM, the provisions of which will comply with the requirements of Chapter 17 of the Listing Rules.

The Share Option Scheme will enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution to the Group.

The Board considers that the Share Option Scheme will incentivise more persons to contribute positively to the Group, and facilitate the retention and the recruitment of high-calibre staff of the Group.

The Board believes that the inclusion of persons other than the employees, shareholders and directors of the Group as Eligible Participants is appropriate given that the success of the Group requires the cooperation and contribution not only from the employees, shareholders and directors of the Group but also from persons who play a role in the business of the Group, such as advisers and consultants of the Group. For the better development of the Group, it is important that the Group is able to maintain good relationship with its business partners. Having a share option scheme in place is one of the means to attract and retain those persons who contribute to the continuous development of the Group, so that they have an incentive to render improved services and/or patronage to the Group on a long-term basis. The Board also believes it is in the interest of the Group by giving incentive to a broader category of Eligible Participants (other than the employees, shareholders and directors) such as consultants and advisers to participate in the growth of, and contribute to the Group in the form of Options, as the Eligible Participants will share common interests and objectives with the Group upon their exercise of the Options.

The eligibility of those parties other than employees, shareholders and directors of the Group will be determined by the Board according to their potential and/or actual contribution to the business affairs of and benefits to the Group. In addition, the adoption of the Share Option Scheme is in line with modern commercial practice that full-time or part-time employees, directors, management, consultants and advisers be given incentives to work towards enhancing the value and attaining the long-term objectives of the Company and for the benefit of the Group as a whole. As such, the Directors consider that the adoption of the Share Option Scheme is in the interest of the Company and its Shareholders as a whole.

There were no other share option schemes put in place by the Company as at the Latest Practicable Date. The Share Option Scheme shall take effect on the date of its adoption at the EGM and is conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the Share Option Scheme; and (ii) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting of the Company.

LETTER FROM THE BOARD

Under the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme shall not exceed 10% of the total issued share capital of the Company as at the Adoption Date. As at the Latest Practicable Date, the issued share capital of the Company comprised a total of 250,000,000 Shares. Assuming that there is no change to the issued share capital of the Company between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme would be 25,000,000 Shares. During the 12-month period after obtaining the Shareholders' approval, the Company will propose to grant the first tranche of the Options, mainly to the existing senior management, mid-level management, independent non-executive Directors, chief executives of the Group and other employees of the Group who have made significant contributions to the Group. However, as at the Latest Practicable Date, the Company has not determined the details of the grantees, number of shares to be granted, price and validity period, and the Company will disclose the details of the grant in strict compliance with the requirements under Chapter 17 of the Listing Rules.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of the Options granted under the Share Option Scheme.

The Share Option Scheme provides that in granting Options under the Share Option Scheme, the Company may specify a minimum holding period and performance conditions or targets which must be achieved before Options can be exercised by the Grantees. In addition, the basis for the determination of the exercise price of the Options has been set out in the Share Option Scheme. The Board considers that the aforesaid criteria and the terms of the Share Option Scheme will serve to preserve the value of the Company and encourage Grantees to acquire proprietary interests in the Company.

The Directors consider that it is not appropriate to state the value of the Options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date, as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the exercise price, exercise period, lock-up period (if any), performance target (if any) and other relevant variables such as the lapse or cancellation of Options prior to the expiry of their respective exercise periods on the happening of certain events as specified in the Share Option Scheme which are not predictable or controllable by the Directors. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date would be based on a great number of speculative assumptions and would therefore not be meaningful and could be misleading to the Shareholders.

There is no trustee regime under the Share Option Scheme. As such, none of the Directors are trustees of the Share Option Scheme or have any direct or indirect interest in the trustees.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolution in respect of the adoption of the Share Option Scheme under the Listing Rules.

A summary of the principal terms of the Share Option Scheme is set out in the Appendix to this circular. A copy of the Share Option Scheme will be available for inspection at the Company's principal office and principal place of business in Hong Kong at Room 2104, 21st Floor, Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong at normal business hours from the date of this circular and up to the date of the EGM and at the EGM.

3. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Tuesday, 13 July 2021 to Friday, 16 July 2021, both days inclusive, during which period, no transfers of Shares can be registered. In order to qualify for attending and voting at the EGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 12 July 2021.

4. NOTICE OF EGM

A notice of the EGM is set out on pages 22 to 24 of this circular. At the EGM, ordinary resolutions will be proposed to the Shareholders to consider and approve the proposed adoption of the Share Option Scheme.

5. FORM OF PROXY

A form of proxy is enclosed with this circular for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jyhyne.com), respectively. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude the Shareholders from attending and voting at the EGM or any adjournment thereof if they so wish.

LETTER FROM THE BOARD

6. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66(1) of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same way.

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

8. RECOMMENDATION

The Directors are of the view that the adoption of the Share Option Scheme is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of relevant resolutions at the EGM.

9. ADDITIONAL INFORMATION

Your attention is drawn to the summary of the principal terms of the Share Option Scheme as set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
China Nature Energy Technology Holdings Limited
Cheng Liquan Richard
Chairman and Executive Director

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved and adopted by an ordinary resolution of the Shareholders at the EGM.

1. PURPOSE, DURATION AND ADMINISTRATION

- (i) The purpose of the Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group.
- (ii) The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Option Scheme or their interpretation or effect shall save as otherwise provided in the Share Option Scheme) be final and binding on all persons who may be affected thereby. The Board shall have the right (i) to interpret and construe the provisions of the Share Option Scheme, (ii) to determine the persons who will be awarded Options under the Share Option Scheme, and the number and Subscription Price of Options awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Share Option Scheme.

For the purpose of the Share Option Scheme, the “Board” means the board of Directors or a duly authorized committee or person(s) delegated with the power and authority by the board of Directors of the Company to administer the Share Option Scheme.

- (iii) Subject to the fulfillment of the effective conditions and the termination provisions, the Share Option Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to give effect to the exercise of any Options granted but not exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

2. GRANT OF OPTIONS

- (i) Save as otherwise provided, the Board shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer as the Board may in their absolute discretion impose any conditions, restrictions or limitations in relation to the Options (which shall be stated in the letter containing the Offer) to any person belonging to the following classes of participants (the “**Eligible Participant(s)**”) to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such

number of Shares at such Subscription Price as the Board shall, subject to paragraph 9, determine (provided the same shall be a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof):

- (a) any Eligible Employee;
- (b) any independent non-executive director and chief executive (as defined in the Listing Rules) of the Company or any Subsidiary;
- (c) any director (including independent non-executive director) and chief executive (as defined in the Listing Rules) of any Invested Entity;
- (d) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;
- (e) any supplier of goods or services to any member of the Group or any Invested Entity;
- (f) any customer of any member of the Group or any Invested Entity;
- (g) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; and
- (h) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity,

and, for the purposes of the Share Option Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by linking their exercise to the attainment or performance of milestones by the Company, any Subsidiary, Invested Entity, the Grantee or any group of Eligible Participant) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

- (ii) the making of an Offer to any Director, chief executive or substantial shareholder of the Company, 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 the Option).
- (iii) The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution to the development and growth of the Group.

- (iv) 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 the Share Option Scheme 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, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the Share Option Scheme has been terminated in accordance with the provisions hereof.
- (v) 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 RMB1.00 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.

3. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange:

- (i) the Company may not make any Offer after inside information has come to the knowledge of the Company until the Company has announced the information. In particular, the Company may not make any Offer during the period commencing one month immediately before the earlier of:
 - (a) the date of the meeting of the Board of the Company (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to announce its results for any year, half-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No Option may be granted during any period of delay in publishing a results announcement; and

- (ii) the Board 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.

4. VESTING

(i) Vesting Condition(s)

The Options granted to Eligible Employees is subject to the fulfillment of a vesting condition that the Grantee is under a full-time employment at the time. If a Grantee cease to be an Eligible Employee by reason of termination of his employment, notwithstanding the grounds of such termination, any Options not yet vested shall be immediately forfeited.

(ii) Vesting period

The letter containing the Offer may specify the vesting schedule of the Options. Subject to the satisfaction of the vesting conditions and upon the issuance of the Vesting Notice (as defined below), the Options shall vest according to the vesting schedule specified in the letter containing the Offer to each Grantee.

(iii) Vesting notice

Within a reasonable time after the conditions and time schedule have been reached, fulfilled, satisfied or waived, our Board will send a vesting notice (the “**Vesting Notice**”) to each of the relevant Eligible Participants. The Vesting Notice will confirm the extent to which the conditions and time schedule have been reached, fulfilled, satisfied or waived, the number of Shares involved, and the duration within which the Eligible Participants shall exercise the Options.

5. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9, be determined at the absolute discretion of the Board, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) 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 Offer Date; and
- (c) the nominal value of the Shares.

6. EXERCISE OF OPTIONS

- (i) Besides otherwise determined by the Board and stated in the Offer to a Grantee, the exercise of any Option is subject to the achievement of the performance targets as described in the Share Option Scheme.

- (ii) Options that are vested as evidenced by the Vesting Notice shall be exercisable in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) 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 notice exercising an Option must be accompanied by a remittance for the full amount of the aggregate Subscription Price multiplied by the number of for Shares in respect of which the notice is given.
- (iii) Subject as hereinafter provided and subject to the terms and conditions upon which such Option was granted, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period.

7. RANKING OF SHARES

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and will entitle the holders thereof to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of the allotment. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly registered on the register of members of the Company as the holder thereof.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (i) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group shall not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph 8(i) being exceeded.
- (ii) The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in

issue on the Adoption Date (i.e. not exceeding 25,000,000 Shares, assuming that there is no change to the number of issued Shares from the Latest Practicable Date to the Adoption Date) (“**General Scheme Limit**”), provided that:

- (a) subject to paragraph 8(i) and without prejudice to paragraph 8(ii)(b), the Company may issue a circular to its shareholders and seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit, and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules;
 - (b) subject to paragraph 8(i) and without prejudice to paragraph 8(ii)(a), the Company may seek separate shareholders’ approval in general meeting to grant Options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in paragraph 8(ii)(a) to Eligible Participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
 - (c) where the Company conducts a share consolidation or subdivision after the General Scheme Limit or the refreshed General Scheme Limit (as the case may be) has been approved by the Shareholders in general meeting, the maximum number of Shares in respect of which options under the Share Option Scheme and any other share option scheme of the Company may be granted under the General Scheme Limit or the refreshed General Scheme Limit (as the case may be) as a percentage of the total number of Shares in issue at the date immediately before and after such consolidation or subdivision shall be the same.
- (iii) Subject to paragraph 8(iv), the total number of Shares issued and to be issued upon exercise of the Options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to

each Grantee in any 12-month period shall not exceed 1% of the Shares (i.e. not exceeding 2,500,000 Shares, assuming that there is no change to the number of issued Shares from the Latest Practicable Date to the Adoption Date) from time to time. Where any further grant of Options to a Grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding Options) under the Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Grantee, the number and terms of the options to be granted (and options previously granted to such Grantee), the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the exercise 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 exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

- (iv) Without prejudice to paragraph 2(ii), where any grant of Options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of HK\$5 million;

such further grant of Options must be approved by the shareholders of the Company in general meeting.

- (v) Without prejudice to paragraph 8(iv), any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates (each as defined under the Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of the Option).

- (vi) Any change in the terms of Options granted to any Grantee who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates must be approved by the shareholders of the Company in general meeting.
- (vii) For the purpose of seeking the approval of the shareholders of the Company under paragraphs 8(ii), 8(iii), 8(iv), 8(v) and 8(vi), the Company must send a circular to its shareholders containing the information required under the Listing Rules and the Grantee, his associates and all core connected persons of the Company under the Listing Rules shall abstain from voting in favour in general meeting.

9. ADJUSTMENTS TO THE SUBSCRIPTION PRICE

- (i) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or subdivision of the Shares, or an issue of securities with a price-dilutive element (such as an open offer), or reduction of the share capital of the Company or otherwise howsoever but shall not in any event exceed the limits imposed by the Listing Rules, then, in any such case the Company shall instruct the Auditors or an independent financial adviser 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:
 - (a) the number or nominal amount of Shares to which the Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
 - (b) the Subscription Price of any Option; and/or
 - (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares consisted in an Option or which remains consisted in an Option,and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:
 - (a) any such adjustment shall give the Grantee the same proportion of the issued Shares 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 guidance and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.
- (ii) In respect of any adjustment referred to in paragraph 9(i), other than any made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange.

10. TRANSFERABILITY OF OPTIONS

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 (legal or beneficial) whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do, except with the prior written consent of the Board of the Company from time to time. 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.

11. LAPSE OF OPTION

- (i) An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:
 - (a) the expiry of the Option Period;
 - (b) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee on the grounds that he has been guilty of 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 Board does not bring the Grantee or any member of the Group or the Invested Entity into disrepute);
 - (c) in respect of a Grantee other than an Eligible Employee, the date on which the Board shall at its absolute discretion determine that (aa) the Grantee or his close associate (or his associate if the Grantee is a connected person) has committed any breach of any contract entered into between the Grantee or his close associate on the one part and any member of the Group or any Invested Entity on the other part; or (bb) 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 (cc) 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, then the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above;

- (d) the date on which the Board shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 10 by the Grantee in respect of that or any other Option;
 - (e) the date of the commencement of winding-up of the Company; and
 - (f) the date on which the Board shall at its absolute discretion determine that the Eligible Participant is no longer qualified as an Eligible Participant by any other reason not stated above.
- (ii) A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in paragraph (i)(b), paragraph (i)(f) or that any event referred to in paragraph (i)(c)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- (iii) 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.

12. CANCELLATION OF OPTIONS

- (i) Subject to paragraph 10 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 Board.
- (ii) 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 General Scheme Limit or the limits approved by the shareholders of the Company pursuant to paragraphs 8(ii)(a) or 8(ii)(b).

13. SHARES

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised shares of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital to meet subsisting requirements on the exercise of any Option.

14. DISPUTES

Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under paragraph 9(i) shall be referred to the decision of the Auditors 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.

15. ALTERATION TO THE SHARE OPTION SCHEME

- (i) Subject to paragraphs 15(ii) and 15(iv), the Share Option Scheme may be altered in any respect by a resolution of the Board except that:
 - (a) the provisions of the Share Option Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date”;
 - (b) the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the shareholders of the Company in general meeting, provided that no such 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 holders of the Shares under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

- (ii) Subject to paragraph 15(iii), any alterations to the terms and conditions of the Share Option Scheme which are of a material nature shall be approved by the shareholders of the Company in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) The amended terms of the Share Option Scheme or the Options shall comply with the relevant requirements of Chapter 17 of the Listing Rules, the “Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule” set out in the letter from the Stock Exchange to all listed issuers dated 5 September 2005 and other relevant guidance of the Stock Exchange.
- (iv) Any change to the authority of the Board or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting.
- (v) The terms of the Share Option Scheme and/or any Options amended pursuant to this paragraph 15 must comply with the applicable requirements of the Listing Rules and the relevant guidance of the Stock Exchange.

16. TERMINATION

The Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option 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 the Share Option Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

17. MISCELLANEOUS

- (i) The Share Option Scheme shall not form part of any contract of employment between the Company, any Subsidiary or any Invested Entity 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 the Share Option Scheme or any right which he may have to participate in it and the Share Option 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.
- (ii) The Share Option 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.
- (iii) The Company shall bear the costs of establishing and administering the Share Option Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to the Share Option Scheme.
- (iv) 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.
- (v) 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.
- (vi) Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.

- (vii) 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.
- (viii) All allotments and issues of Shares pursuant to the Share Option Scheme shall be subject to any necessary consents under the relevant laws, enactments or regulations for the time being in force in the Cayman Islands or elsewhere and 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 the Share Option 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 paragraph 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.
- (ix) A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in the Share Option Scheme or the exercise of any Option.
- (x) 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 the Share Option Scheme.
- (xi) The Share Option Scheme and all Options granted shall be subject to the requirements of all applicable laws and the Listing Rules.
- (xii) The Share Option Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.



China Nature Energy Technology Holdings Limited

中國納泉能源科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1597)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of China Nature Energy Technology Holdings Limited (the “**Company**”) will be held at the conference room of Jiangyin Hong yuan New Energy at 2/F, 95 Yueshan Road, Yuecheng Town, Jiangyin City, Jiangsu Province, China on Friday, 16 July 2021 at 10:30 a.m. (the “**Meeting**”) for the purposes of considering and, if thought fit, passing the following matters. Terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 28 June 2021 (the “**Circular**”) unless otherwise defined.

ORDINARY RESOLUTIONS

- (1) To consider and, if thought fit, to approve:

“THAT:

Subject to the conditions of the share option scheme to be adopted (the “**Share Option Scheme**”) by the Company becoming fulfilled, the rules of the Share Option Scheme are hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme including without limitation:

- (a) administering the Share Option Scheme and granting options under the Share Option Scheme;
- (b) modifying and/or amending the rules of the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”);

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- (c) allotting and issuing from time to time such number of shares in the capital of the Company (the “**Shares**”) as may be required to be issued pursuant to the exercise of the options granted under the Share Option Scheme; and
- (d) making application at appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme.”

By order of the Board
China Nature Energy Technology Holdings Limited
Cheng Liqun Richard
Chairman and Executive Director

Hong Kong, 28 June 2021

Registered office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Place of business in Hong Kong:
Room 2104, 21st Floor
Global Trade Square
21 Wong Chuk Hang Road
Wong Chuk Hang, Hong Kong

Notes:

- (i) Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (ii) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person if he is subsequently able to be present.
- (iii) A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorized to sign the same.
- (iv) In the case of joint holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant

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joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

- (v) On a poll, every shareholder present at the EGM shall be entitled to one vote for every fully paid-up share of which he is the holder. The result of such poll shall be deemed to be the resolution of the EGM at which the poll was so required or demanded.
- (vi) For determining the entitlement to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Tuesday, 13 July 2021 to Friday, 16 July 2021, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the EGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 July 2021.

As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Cheng Liquan Richard and Mr. Cheng Li Fu Cliff, two non-executive Directors, namely, Mr. Wang Lubin and Mr. Li Hao and three independent non-executive Directors, namely, Mr. Yip Chun On, Mr. Kang Jian and Mr. Li Shusheng.