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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Primary Energy Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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### 中國基礎能源控股有限公司 China Primary Energy Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8117)**

**(1) GENERAL MANDATES TO ISSUE NEW SHARES AND  
REPURCHASE ITS OWN SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;  
(4) PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION;  
AND  
(5) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting (the “**AGM**”) of the Company to be held at Room 518, 5/F, Tower B, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 17 May 2022 at 11:00 a.m. is set out on pages 55 to 60 of this circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s Hong Kong branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

#### **PRECAUTIONARY MEASURES FOR THE AGM**

Please refer to page iii of this circular for the measures to be implemented at the AGM by the Company to safeguard the health and safety of the attendees and to prevent the spreading of COVID-19, including:

- (1) compulsory body temperature check;
- (2) compulsory wearing of surgical face mask; and
- (3) no serving of refreshments or drinks and no distribution of gifts.

Attendees who do not comply with the precautionary measures (1) and (2) above may, at the absolute discretion of the Company, be denied entry into the AGM venue. The Company wishes to advise the Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the relevant resolution at the AGM as an alternative to attend the AGM in person.

The Company will ensure the compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) in holding the AGM. The Shareholders of the Company are strongly recommended to cast their votes through proxy.

*This circular will remain on the website of GEM of the Stock Exchange at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and the Company’s designated website at <http://china-p-energy.etnet.com.hk>.*

1 April 2022

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## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## PRECAUTIONARY MEASURES FOR THE AGM

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In view of the ongoing COVID-19 pandemic and the recent requirements for prevention and control of its spread (as provided in the guidelines issued by the Hong Kong government at [www.chp.gov.hk/en/features/102742.html](http://www.chp.gov.hk/en/features/102742.html)), the Company will implement necessary preventive measures at the AGM to protect the attendees from the risk of infection, including the following measures:

- (1) compulsory body temperature check will be conducted on every attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.6 degrees Celsius, or is exhibiting flu-like symptoms may be denied entry into the AGM venue or required to leave the AGM venue;
- (2) attendees are required to wear surgical face masks inside the AGM venue at all times, and to maintain a safe distance between seats; and
- (3) no refreshments or drinks will be served and no gifts will be distributed.

Attendees who do not comply with the precautionary measures (1) and (2) above may, at the absolute discretion of the Company, be denied entry into the AGM venue, or required to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of the attendees' health and safety, the Company wishes to advise the Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions duly completed, the Shareholders may appoint the Chairman of the AGM as their proxy to vote on the relevant resolution at the AGM instead of attending the AGM in person.

The proxy form is attached to this circular and can be downloaded from the "Corporate Announcement" section of the Company's website <http://china-p-energy.etnet.com.hk/>. If you are not a registered Shareholder (that is, your Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

Due to the evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the arrangements for the AGM. Shareholders should check the websites of the Company and the Stock Exchange for further announcement and update on the arrangements.

The Company will ensure the compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) in holding the AGM. The Shareholders of the Company are strongly recommended to cast their votes through proxy.

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## DEFINITIONS

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

“2021 Annual Report”	the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2021
“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Room 518, 5/F, Tower B, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 17 May 2022 at 11:00 a.m.
“Articles of Association”	the existing articles of association of the Company or the New Articles of Association
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Commission”	Securities and Futures Commission in Hong Kong
“Company”	China Primary Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Directors”	directors of the Company
“Eligible Participant(s)”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary) and any suppliers, consultants, agents and advisers who, in the reasonable discretion of the Board, has contributed or may contribute to the Group eligible for Options under the New Share Option Scheme
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20% of the number of issued Shares as at the date of passing of such resolution
“Latest Practicable Date”	31 March 2022, being the latest practicable date prior to the printing of this circular
“New Articles of Association”	the new articles of association of the Company to be adopted
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Old Share Option Scheme”	the share option scheme adopted by the Company by way of shareholders’ resolution on 8 May 2012 and will expire on 8 May 2022
“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Old Share Option Scheme or, after its expiry, under the New Share Option Scheme
“Optionholder(s)”	the relevant holder(s) of the Option(s)
“Option Period”	has the meaning ascribed to it under the New Share Option Scheme as disclosed in Appendix III set out in this circular
“PRC”	the People’s Republic of China
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the number of the issued Shares as at the date of passing of such resolution
“Scheme Mandate Limit”	has the meaning ascribed to it under the New Share Option Scheme as disclosed in Appendix III set out in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.0625 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the Old Share Option Scheme or the New Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to this term under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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# 中國基礎能源控股有限公司 China Primary Energy Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8117)**

*Executive Directors:*

Ms. MA Zheng (*Chairman*)

Mr. YUAN Geng

*Non-Executive Director:*

Mr. JI Jianguo

*Independent Non-Executive Directors:*

Mr. WAN Tze Fan Terence

Mr. CHUNG Chin Keung

Mr. WANG Xiao Bing

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head Office and Principal Place  
of Business in Hong Kong:*

Room 518, 5/F, Tower B

New Mandarin Plaza

14 Science Museum Road

Tsim Sha Tsui East

Kowloon

Hong Kong

1 April 2022

*To the Shareholders*

Dear Sir or Madam,

**(1) GENERAL MANDATES TO ISSUE NEW SHARES AND  
REPURCHASE ITS OWN SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;  
(4) PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION;  
AND  
(5) NOTICE OF ANNUAL GENERAL MEETING**

### **INTRODUCTION**

The purpose of this circular is to provide you with information regarding certain ordinary resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions.

At the AGM, resolutions will be proposed for the Shareholders to approve, among other things, (i) the grant of Issue Mandate (including the extended Issue Mandate) to the Directors; (ii) the grant of Repurchase Mandate to the Directors; (iii) the re-election of Directors; (iv) the adoption of the New Share Option Scheme; and (v) the adoption of the New Articles of Association.

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## LETTER FROM THE BOARD

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On 12 May 2021, the resolutions were passed by the then Shareholders giving general unconditional mandates to the Directors to:

- (a) allot, issue and deal with Shares not exceeding 20% of the number of Shares in issue at the date of passing such resolution;
- (b) to repurchase Shares not exceeding 10% of the number of Shares in issue at the date of passing such resolution; and
- (c) add to the allotment mandate for issuing Shares set out in (a) above the number of Shares repurchased by the Company pursuant to the repurchase mandate set out in (b) above.

There had not been any refreshment of the 2021 general issue mandate since the annual general meeting of the Company held on 12 May 2021 and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Board proposes to seek an approval from the Shareholders at the AGM for the grant to the Directors of a general mandate to issue new Shares representing up to 20% of the number of Shares in issue as at the date of passing of the resolution in relation thereto. The Issue Mandate will lapse on the earlier of (a) the conclusion of the next annual general meeting of the Company to be held in 2023; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; and (c) the date on which the authority given to the Board is revoked or varied by passing of an ordinary resolution of the Shareholders in a general meeting.

### ISSUE MANDATE

Pursuant to Rule 17.41(2) of the GEM Listing Rules, an ordinary resolution will be proposed at the AGM which, if passed, will give the Directors the Issue Mandate to allot, issue and deal with Shares not exceeding 20%, that is 204,797,487 Shares (based on the number of issued number of Shares of 1,023,987,439 as at the Latest Practicable Date), of the number of Shares in issue at the date of passing such resolution. In addition, conditional upon the proposed resolution to grant to the Directors the Repurchase Mandate being passed, an ordinary resolution will be proposed to authorise the Directors to allot, issue and otherwise deal with new Shares up to an amount equal to the total number of the Shares repurchased by the Company in order to provide flexibility for issuing new Shares when it is in the interests of the Company.

### REPURCHASE MANDATE

Pursuant to Rule 13.09(1) of the GEM Listing Rules, an ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution no. 6B in the notice of AGM. The Shares which may be repurchased pursuant to Repurchase Mandate is limited to a maximum of 10% of the number of issued Shares as at the date of passing of the resolution approving the Repurchase Mandate, i.e. 102,398,743 Shares (based on the number of issued Shares of 1,023,987,439 as at the Latest Practicable Date).

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the GEM Listing Rules, in particular Rules 13.08 and 13.09(1) of the GEM Listing Rules, is set out in Appendix I to this circular. This explanatory statement provides you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

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## LETTER FROM THE BOARD

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The Issue Mandate (including the extended Issue Mandate) and Repurchase Mandate will continue in force until date of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Issue Mandate and Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

Details of the aforesaid ordinary resolutions are set out in ordinary resolution no. 6 in the notice of AGM.

### RE-ELECTION OF DIRECTORS

Article 87 of the Articles of Association has provided that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to one-third) shall retire from office by rotation. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with article 87(1) of the Articles of Association, Mr. Ji Jianghua and Mr. Chung Chin Keung shall retire from office by rotation at the AGM. Mr. Ji Jianghua and Mr. Chung Chin Keung, being eligible, will offer themselves for re-election at the AGM.

Pursuant to the code provision as set out in paragraph B.2.3 of Appendix 15 of the GEM Listing Rules, any further appointment of independent non-executive director serving more than 9 years should be subject to a separate resolution to be approved by the Shareholders. As Mr. Chung Chin Keung is an independent non-executive Director serving the Company for more than 9 years since February 2008, separate resolution will be proposed for his re-election at the AGM. The Board considers that Mr. Wan Tze Fan Terence and Mr. Chung Chin Keung continue to be independent as they satisfied all the criteria for independence set out in Rule 5.09 of the GEM Listing Rules.

It is noted that all three independent non-executive Directors, Mr. Wan Tze Fan Terence (“**Mr. Wan**”), Mr. Chung Chin Keung (“**Mr. Chung**”) and Mr. Wang Xiao Bing (“**Mr. Wang**”) have served the Board for more than nine years. In view of the professional qualifications and extensive experience of each of Mr. Wan, Mr. Chung and Mr. Wang in the accounting, financial management field and legal field respectively, the Board believes that they are capable of providing constructive contributions in relation to the Company’s affairs. As at the Latest Practicable day, Mr. Wan has served the Board for 18 years, Mr. Chung has served the Board for 14 years and Mr. Wang has served the Board for 9 years.

Throughout their respective directorship with the Company, each of Mr. Wan, Mr. Chung and Mr. Wang has participated in Board meetings and Board committees meetings to offer impartial advice and exercise independent judgment, and has attended general meetings of the Company to gain a balanced understanding of the Shareholders’ views. Each of Mr. Wan, Mr. Chung and Mr. Wang has never engaged in any executive management of the Group. Taking into consideration the independent nature of

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## LETTER FROM THE BOARD

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their roles and duties in the past years, the Board considers each of Mr. Wan, Mr. Chung and Mr. Wang to be independent under the GEM Listing Rules despite their years of services with the Company. The Board believes that the continuous appointment of each of them as independent non-executive Director will help to maintain the stability of the Board as each of Mr. Wan, Mr. Chung and Mr. Wang has, over time, gained valuable insight into the business strategy and policies of the Group.

The nomination committee of the Company has assessed their independence and is satisfied, and the Board is of the view that each of Mr. Wan, Mr. Chung and Mr. Wang is independent.

Particulars relating to the Directors who offer themselves for re-election are set out in Appendix II to this circular.

### PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The Old Share Option Scheme will expire on 8 May 2022. As at the Latest Practicable Date, the Company does not have any share option scheme other than the Old Share Option Scheme. As at the Latest Practicable Date, save for 56,870,000 outstanding Options granted under the Old Share Option Scheme on 10 April 2015 with exercise price of HK\$0.87 per Share and exercise period from 1 April 2018 to 7 May 2022 (both dates inclusive), there are no other outstanding Options granted under the Old Share Option Scheme. The Directors confirm that no further Options will be granted under the Old Share Option Scheme prior to the date of the AGM.

There is no material difference in terms between the Old Share Option Scheme and the New Share Option Scheme to be adopted.

The Company proposes to adopt the New Share Option Scheme which complies with Chapter 23 of the GEM Listing Rules. At the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the AGM for a term of 10 years from the adoption date subject to the Stock Exchange granting approval for the listing of and dealing in the Shares to be issued and allotted pursuant to the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentives and/or rewards to Eligible Participants for their contribution to the growth of the Group and continuing efforts to promote the interests of the Group, and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

Whilst the scope of the Eligible Participants does not limit to the employees and directors of the Group, the Company considers that there can be circumstances when the other Eligible Participants would make contribution to the Group. As the purpose of the New Share Option Scheme is to recognize contributions made and to be made to the growth and development of the Group, the Company is of the view that the wide scope of Eligible Participants will allow flexibility to provide incentives to those Eligible Participants who will contribute to the Group. Granting Options to suppliers and agents of the Group will assist the Group to build its business network and consultants and advisers of the Group may provide valuable advices to the Group and they can be eligible to the Options in light of such advices. The Company will not grant Options to persons who would not or may not contribute to the Group.

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## LETTER FROM THE BOARD

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In assessing the eligibility of an Eligible Participant other than directors or employees of the Group, the Board will take into account a wide range of factors, including but not limited to, the scale of their business dealings with the Group (in terms of fees payable to them, if applicable), the length of business relationships between them and the Group, the positive impacts they have brought on the Group's business development and as incentive for the future contributions of the advisors and consultants. The Company will consider the usual fees chargeable by other advisors and consultants in the market and the contribution of the advisors and consultants in considering whether to grant Options to them.

The Company has no other concrete plan to grant Options in the coming 12 months under the New Share Option Scheme as at the Latest Practicable Date.

The Company has sought legal advices in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance is not applicable.

Based on the above, the Board considers that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole, and would enable the purpose of the New Share Option Scheme to be achieved.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company has 1,023,987,439 issued Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 102,398,743 Shares, representing 10% of the existing issued share capital of the Company.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and lock-up period (if any), and predetermined performance target (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

None of the Directors is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 23 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

### CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME

The adoption of the New Share Option Scheme is conditional upon:

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

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and another other schemes must not in aggregate exceed 10 per cent. of the total number of Shares in issue as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10 per cent. Scheme Mandate Limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30 per cent. of the issued share capital of the Company from time to time. Having taken into accounts of the outstanding Options, which are less than 10% of the total number of shares in issue, the Company is of the view that the 30% threshold requirement can be met.

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix III to this circular. A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company at <http://china-p-energy.etnet.com.hk> for a period of not less than 14 days before the date of the AGM and is also made available for inspection at the AGM.

### APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

The Stock Exchange has amended the GEM Listing Rules. In order to bring the Articles of Association in line with the relevant requirements of the applicable laws of the Cayman Islands and the Core Shareholder Protection Standards in Appendix 3 of the GEM Listing Rules and to explicitly allow the Company to hold hybrid and virtual meetings of Shareholders, the Directors propose to seek the approval of the Shareholders by way of special resolution for the adoption to the New Articles of Association, so as to bring the Articles of Association in line with current amendments made to the GEM Listing Rules.

The major proposed amendments in the New Articles of Association in comparison with the existing Articles of Association include the following:

1. to modify the definition of “associate” into that of “close associate”, and making corresponding changes to the relevant provisions (including the provision providing that a Director shall not vote on (nor shall he be counted in the quorum) in relation to any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested and the provision in relation to prohibition of loan to Directors);
2. to update the definition of “the Companies Law” to bring it in line with the latest Companies Act of the Cayman Islands (“Act”);
3. to provide that the Company must hold an annual general meeting in each financial year and such annual general meeting must be held within six months after the end of the Company’s financial year;
4. to specify that the Shareholders shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the GEM Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration;
5. to specify the right of the Shareholders to remove and/or appoint auditors by way of ordinary resolutions;
6. to specify the financial year of the Company be 31 December, unless otherwise determined by the Board; and
7. to explicitly allow the Company to hold hybrid and virtual meetings of Shareholders.

A copy of the New Articles of Association to be adopted at the AGM will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company at <http://china-p-energy.etnet.com.hk> for a period of not less than 14 days before the date of the AGM and is also made available for inspection at the AGM.

The legal advisers to the Company as to Hong Kong laws and Cayman Islands laws have respectively confirmed that the proposed amendments comply with the requirements of the GEM Listing Rules and do not violate the applicable laws of Cayman Islands. The Company confirms that there is nothing unusual about the proposed amendments for a Cayman Islands company listed on the Stock Exchange. The New Articles of Association is consistent with the existing Articles of Association.

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## LETTER FROM THE BOARD

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Shareholders are advised that the Articles of Association are available only in English and the Chinese translation of the New Articles of Association is for reference only. In case of any inconsistency, the English version shall prevail.

### ANNUAL GENERAL MEETING

A notice of the AGM is set out on pages 55 to 60 of this circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

Registered Shareholders are requested to provide a valid email address of himself/herself/itself or his/her/its proxy (except for the appointment of the chairman of the AGM) for the proxy to receive the login access code to participate online in Tricor e-Meeting System.

Registered Shareholders will be able to view and participate in the AGM through a live webcast via the designated URL (<https://spot-emeeting.tricor.hk>) and submit questions online during the AGM, which can be accessed using computers, mobile phones or any browser-enabled electronic or communication devices. The username and password will be provided on the notification letter sent by the Company.

Non-registered holders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to participate in the AGM via the designated URL (<https://spot-emeeting.tricor.hk>) and submit questions online during the AGM. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

For the purpose of the aforesaid paragraph, "Registered Shareholders" mean those Shareholders whose names appear on the register of members of the Company, whereas "Non-registered holders" mean those holders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited and whose names do not appear on the register of members of the Company. Registered Shareholders can submit questions during the AGM.

If any Shareholder has any question on the arrangements of the AGM, please contact Tricor Tengis Limited, the Company's branch share registrar, at the following:

Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong  
Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Telephone: (852) 2980-1333  
From 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

The Company will ensure the compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) in holding the AGM. The Shareholders of the Company are strongly recommended to cast their votes through proxy.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.

### RECOMMENDATION

The Directors are of the opinion that (i) the grant of Issue Mandate (including the extended Issue Mandate) to the Directors; (ii) the grant of Repurchase Mandate to the Directors; (iii) the re-election of Directors; (iv) the adoption of the New Share Option Scheme; and (v) the adoption of the New Articles of Association are in the best interests of the Company and the Shareholders and recommend all Shareholders to vote in favor of all the relevant resolutions to be proposed at the AGM.

### GENERAL

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the New Share Option Scheme and/or the adoption of the New Articles of Association. Accordingly, no Shareholder is required to abstain from voting on the resolutions approving the adoption of the New Share Option Scheme and the adoption of the New Articles of Association at the AGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM. The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
For and on behalf of the Board  
**China Primary Energy Holdings Limited**  
**Ma Zheng**  
*Chairman*

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM authorising the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules and the Stock Exchange.

### **1. REPURCHASE OF SECURITIES FROM CORE CONNECTED PERSON**

The GEM Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective close associates and a core connected person is prohibited from knowingly selling his/her/its securities to the Company.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

### **2. SHARE CAPITAL**

The Repurchases Mandate will authorise the Directors to repurchase Shares on the Stock Exchange or on another exchange recognised for this purpose by the Commission and the Stock Exchange under the Takeovers Code up to a maximum of 10% of the issued share capital of the Company as at the date on which the resolution approving the Repurchase Mandate is passed.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,023,987,439 Shares. Subject to the passing of the ordinary resolution 6B set out in the notice of AGM and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 102,398,743 Shares during the period until the date of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

### **3. REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from Shareholders to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share.

#### 4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available from the Company's distributable profits or proceeds of a fresh issue of shares in accordance with its memorandum and articles of association, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

#### 5. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 December 2021) in the event that the Repurchase Mandate is exercised in full. The repurchased shares under the Repurchase Mandate, which would be automatically cancelled according to rule 13.14 of the GEM Listing Rules. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM in each of the twelve calendar months preceding the date of this circular are as follows:

<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
<b>2021</b>		
March	0.190	0.170
April	0.213	0.160
May	0.380	0.163
June	0.164	0.164
July	–	–
August	–	–
September	–	–
October	–	–
November	0.145	0.130
December	0.150	0.130
<b>2022</b>		
January	0.143	0.050
February	–	–
March (up to the Latest Practicable Date)	0.146	0.130

## 7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum of association of the Company and Articles of Association and the applicable laws of the Cayman Islands.

## 8. TAKEOVERS CODE CONSEQUENCE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name of shareholders	Type of interests	Number of the issued shares held	Percentage over existing issued share capital	Percentage over issued capital on the full exercise of the Repurchase Mandate
Ma Zheng	Beneficial	371,301,632	36.26%	40.29%
Excel Sino Investments Limited	Beneficial	123,867,678	12.10%	13.44%
Ultra Vantage Holdings Limited	Beneficial	110,000,000	10.74%	11.94%
Winmaxi (BVI) Company Limited	Beneficial	93,089,767	9.09%	10.10%

On the basis of the current shareholdings of the above Shareholders, an exercise of the Repurchase Mandate in full will result in Ms. Ma Zheng becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of the above Shareholders, or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates has notified the Company of any present intention, if the Repurchase Mandate is approved by the Shareholders to sell shares to the Company or its subsidiaries.

No core connected person (as defined in the GEM Listing Rules) has notified the Company that it has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

## 9. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on GEM or otherwise) during the period from the six calendar months immediately preceding the date of this circular.

The following are the particulars of the Directors proposed to be re-elected at the AGM:

**Mr. Ji Jianghua**, aged 42, was appointed as a non-executive Director in June 2018. Mr. Ji Jianghua joined China Vanke Co., Ltd.# (“**China Vanke**”) (Shenzhen Stock Exchange: stock code 000002, The Stock Exchange of Hong Kong Limited: stock code 2202) in May 2005 and is now the deputy general manager of the board of directors’ office of China Vanke. Before joining China Vanke, he worked as a researcher at Shanghai Jinxin Securities Research Institute Co., Ltd. from August 2004 to May 2005. Mr. Ji Jianghua graduated from the Tianjin Institute of Finance and Economics (currently Tianjin University of Finance and Economics) in 2001 with a Bachelor’s degree in Management. He graduated from Shanghai University in 2004 with a Master’s degree in Economics.

Mr. Ji Jianghua is appointed by way of letter of appointment with a term of two years. His appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. He is entitled to an annual fee of HK\$165,600 and a discretionary year end bonus which are determined by the Board with reference to his duties and responsibilities with the Company.

Mr. Ji Jianghua did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Mr. Ji Jianghua is nominated by Winmaxi (BVI) Company Limited, a substantial shareholder of the Company. Winmaxi (BVI) Company Limited is a subsidiary of China Vanke. Other than this, Mr. Ji Jianghua is not connected with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. He did not hold any directorships in the last 3 years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no other information relating to Mr. Ji Jianghua that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

Save as disclosed above, there is no other matter concerning Mr. Ji Jianghua that needs to be brought to the attention of the shareholders pursuant to Rule 17.50(2)(w) of the GEM Listing Rules.

**Mr. Chung Chin Keung**, aged 54, joined the Group as an independent non-executive Director in February 2008. Mr. Chung Chin Keung holds a bachelor degree in Business Administration from the Hong Kong Baptist University and a master degree in Business Administration from Manchester Business School. Mr. Chung Chin Keung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Chartered Accountants in England and Wales and a member of The Taxation Institute of Hong Kong. He has more than 29 years of experience in finance, accounting and management. Mr. Chung Chin Keung is currently the financial controller and company secretary of China Financial Services Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Chung Chin Keung is appointed by way of letter of appointment with a term of two years. His appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. He is entitled to an annual fee of HK\$165,600 and a discretionary year end bonus which are determined by the Board with reference to his duties and responsibilities with the Company.

On 10 April 2015, pursuant to the Share Option Scheme of the Company adopted on 8 May 2012, the Company had granted 700,000 Share Options to Mr. Chung Chin Keung, the Share Options granted to Mr. Chung Chin Keung had been conferring the right to subscribe for 700,000 Shares at the exercise price of HK\$0.87 per Share. Other than disclosed above, Mr. Chung Chin Keung did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Chung Chin Keung is not connected with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. He did not hold any directorships in the last 3 years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no other information relating to Mr. Chung Chin Keung that is required to be disclosed pursuant to Rule 17.50(2) (h) to (v) of the GEM Listing Rules.

Save as disclosed above, there is no other matter concerning Mr. Chung Chin Keung that needs to be brought to the attention of the shareholders pursuant to Rule 17.50(2) (w) of the GEM Listing Rules.

**NEW SHARE OPTION SCHEME**

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

**(a) Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

**(b) Administration of the New Share Option Scheme**

The New Share Option Scheme shall be subject to the administration by the Board which may include a duly authorised committee thereof and the decision of the Board shall be final, conclusive and binding on all parties.

**(c) Grant and acceptance of Options**

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below. The Eligible Participants will be any employee of the Company or any of its subsidiaries including any executive and non-executive directors of the Company or any of its subsidiaries, and any suppliers, consultants, agents and advisers or any person who, in the reasonable discretion of the Board, has contributed or may contribute to the Group.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on GEM or an integral multiple thereof.

**(d) Exercise of Options and Price of Shares**

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

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

The exercise price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant.

(e) **Maximum number of Shares available for issue**

- (i) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of such approval of the Shareholders. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the limit. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules.

**(f) Grant of Options to connected persons or any of their associates**

Any grant of Options to a Director, a chief executive or substantial shareholder of the Company (as defined under the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

Where Options are proposed to be granted to a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any twelve (12) month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued Shares and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. The Grantee, his/her/its associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

**(g) Maximum entitlement of each Eligible Participant**

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where appropriate, an existing grantee) which 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) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and the Grantee and his, her or its close associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the GEM Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and 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.

**(h) Time of Exercise of Options**

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the New Share Option Scheme (the “**Option Period**”).

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

**(i) Restrictions on the time of grant of Options**

Grant of Options may not be made:

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

and ending on the date of the results announcements.

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

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

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

In particular, no Option may be granted during the period commencing 30 days immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company's quarterly or interim results (and 60 days in the event of annual results) and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement and ending on the date of such results announcement.

**(j) Rights are personal to grantees**

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

**(k) Rights on cessation of employment by dismissal**

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence or other grounds on which an employer would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

**(l) Rights on death**

If the grantee of an Option is an employee and ceases to be an employee by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (i) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of 12 months following the date of death (or such longer period as the Board may determine), failing which it will lapse.

**(m) Rights on cessation of employment for other reasons**

If the grantee of an Option who is an employee and ceases to be an Eligible Participant for any other reason he or she may exercise the Options (to the extent not already exercised) in whole or in part up to his/her entitlement at the date of such cessation, which date shall be the last actual working with the Group, whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (n) to (p) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (n) to (p) respectively.

**(n) Rights on a general offer**

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

**(o) Rights on winding up**

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than two Business Days prior to the propose general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

**(p) Rights on reconstruction, compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company no later than two Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

**(q) Cancellation of Options**

Any cancellation of Options granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the Directors. Where the Company cancels the Options and issues new ones to the same holder of the Option, the issue of such new Options may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e)(i) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

**(r) Effect of alterations to share capital**

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issue at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

**(s) Ranking of Shares**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

**(t) Duration of the New Share Option Scheme**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the AGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised. The life of the New Share Option Scheme shall be for ten years commencing from the Adoption Date.

**(u) Alterations to the terms of the New Share Option Scheme**

- (i) The provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

**(v) Conditions of the New Share Option Scheme**

The New Share Option Scheme is conditional upon:

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

**(w) Lapse of Options**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (p); and
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option.

**(x) Termination**

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

**(y) Miscellaneous**

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the new requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (r) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.

**APPENDIX IV PROPOSED MAJOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

A summary of details of the proposed major amendments to the Articles of Association as a result of the adoption of the New Articles of Association are as follows:

**SUMMARY OF MAJOR ARTICLES AMENDMENTS**

THAT the existing articles of association of the Company be and are hereby amended as follows:

- (1) By deleting the words “Companies Law (Revised)” wherever they may appear and replacing them with the words “Companies Act (As Revised)”;
- (2) By deleting the words “the Law” wherever they may appear and replacing them with the word “the Act”;
- (3) By deleting the words “rules of the Designated Stock Exchange” wherever they may appear and replacing them with the words “Listing Rules”;

**Article 2(1)**

- (4) By adding the following definitions at the beginning of Article 2(1):

““Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.
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“announcement”	an official publication of a Notice or document of the Company, including a publication, subject to and to such extent permitted by the Listing Rules, by electronic communication or by advertisement published in the newspapers or in such manner or means ascribed and permitted by the Listing Rules and applicable laws.”
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- (5) By deleting the definition of “associate” in its entirety;
- (6) By replacing the definition of “capital” with the following:

““capital”	the share capital of the Company from time to time.”
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- (17) By adding the following definition immediately after “Statutes”:

“substantial shareholder”	a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the Listing Rules from time to time) of the voting power at any general meeting of the Company.
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**Article 2(2)**

- (18) By deleting Article 2(2)(e) in its entirety and replacing it with the following:

“expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or Notice and the Member’s election comply with all applicable Statutes, rules and regulations;”

- (19) By adding the following paragraphs at the end of Article 2(2):

- “(h) references to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic signature or by electronic communication or by any other method and references to a Notice or document include a Notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (i) Section 8 and Section 19 of the Electronic Transactions Act (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles;
- (j) a reference to a meeting: (a) shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Statutes and these Articles, and attend, participate, attending, participating, attendance and participation shall be construed accordingly;

- (k) references to a person's participation in the business of a general meeting include without limitation and as relevant the right (including, in the case of a corporation, through a duly authorised representative) to speak or communicate, vote, be represented by a proxy and have access in hard copy or electronic form to all documents which are required by the Statutes or these Articles to be made available at the meeting, and participate and participating in the business of a general meeting shall be construed accordingly;
- (l) references to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise); and
- (m) where a Member is a corporation, any reference in these Articles to a Member shall, where the context requires, refer to a duly authorised representative of such Member."

**Article 3**

By deleting Article 3 in its entirety and replacing it with the following:

- "3.(1) The share capital of the Company at the date on which these Articles come into effect shall be divided into ordinary shares of Hong Kong dollars 0.0625 each.
- (2) Subject to the Act, the Company's Memorandum and Articles of Association and, where applicable, the Listing Rules and/or the rules of any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the Act. The Company is hereby authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Act.
  - (3) Subject to compliance with the Listing Rules and any other competent regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.
  - (4) The Board may accept the surrender for no consideration of any fully paid share.
  - (5) No share shall be issued to bearer."

**Article 6**

By deleting Article 6 in its entirety and replacing it with the following:

- “6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Act, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.”

**Articles 8 and 9**

By deleting Articles 8 and 9 in its entirety and replacing it with the following:

- “8. Subject to the provisions of the Act and the Company’s Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine.”
- “9. Subject to the provisions of the Act, the Listing Rules and the Memorandum and Articles of Association of the Company, and to any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.”

**Article 9A**

Article 9A is deleted in its entirety

**Article 44**

By deleting Article 44 in its entirety and replacing it with the following:

- “44. The Register and branch register of Members, as the case may be, shall be open to inspection for at least two (2) hours during business hours by Members without charge or by any other person, upon a maximum payment of Hong Kong dollars 2.50 or such lesser sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the Act or, if appropriate, upon a maximum payment of Hong Kong dollar 1.00 or such lesser sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.”

**Article 45**

By deleting Article 45 in its entirety and replacing it with the following:

“45. Subject to the Listing Rules, notwithstanding any other provision of these Articles the Company or the Directors may fix any date as the record date for:

- (a) determining the Members entitled to receive any dividend, distribution, allotment or issue;
- (b) determining the Members entitled to receive Notice of and to vote at any general meeting of the Company.”

**Article 46**

By renumbering Article 46 as 46(1) and adding the following as Article 46(2):

“(2) Notwithstanding the provisions of subparagraph (1) above, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares.”

**Article 51**

By deleting Article 51 in its entirety and replacing it with the following:

“The registration of transfers of shares or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine. The period of thirty (30) days may be extended in respect of any year if approved by the Members by ordinary resolution.”

**Article 55**

By deleting the words “Articles of the Company” and replacing them with the word “Articles” in Article 55(2)(a).

By deleting Article 55(2)(c) in its entirety and replacing it with the following:

- “(c) the Company has given notice of its intention to sell such shares to, and caused advertisement both in daily newspaper and in a newspaper circulating in the area of the last known address of such Member or any person entitled to the share under Article 54 and where applicable, in each case in accordance with the requirements of, the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.”

**Article 56**

By deleting Article 56 in its entirety and replacing it with the following:

- “56. An annual general meeting of the Company shall be held in each financial year other than the financial year of the Company’s adoption of these Articles and such annual general meeting must be held within six (6) months after the end of the Company’s financial year (unless a longer period would not infringe the Listing Rules, if any).”

**Article 57**

By deleting Article 57 in its entirety and replacing it with the following:

- “57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. All general meetings (including an annual general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting in any part of the world and at one or more locations as provided in Article 64A, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion.”

**Article 58**

By deleting Article 58 in its entirety and replacing it with the following:

- “58. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.”

**Article 59**

By deleting Articles 59 its entirety and replacing it with the following:

- “59. (1) An annual general meeting must be called by Notice of not less than twenty-one (21) clear days. All other general meetings (including an extraordinary general meeting) must be called by Notice of not less than fourteen (14) clear days but if permitted by the Listing Rules, a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Members.
- (2) The Notice shall specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to Article 64A, the principal place of the meeting (the “Principal Meeting Place”), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the Notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such Notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.”

**Article 61**

By deleting paragraphs 61(1)(f) in their entirety in Article 61.

By deleting the second sentence of Article 61(2) in its entirety and replacing it with the following:

“Two (2) Members entitled to vote and present in person or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorized representative or proxy shall form a quorum for all purposes.”

**Article 62**

By deleting Article 62 in its entirety and replacing it with the following:

“62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and (where applicable) same place(s) or to such time and (where applicable) such place(s) and in such form and manner referred to in Article 57 as the chairman of the meeting (or in default, the Board) may absolutely determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.”

**Article 63**

By deleting Article 63 in its entirety and replacing it with the following:

“63. The chairman of the Company or if there is more than one chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman at a general meeting. If at any meeting no chairman, is present within fifteen (15) minutes after the time appointed for holding the meeting, or is willing to act as chairman, the deputy chairman of the Company or if there is more than one deputy chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman. If no chairman or deputy chairman is present or is willing to act as chairman of the meeting, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman of the meeting.”

**Article 64**

(54) By deleting Article 64 in its entirety and replacing it with the following:

“Subject to Article 64C, the chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time (or indefinitely) and/or from place to place(s) and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting) as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days’ Notice of the adjourned meeting shall be given specifying details set out in Article 59(2) but it shall not be necessary to specify in such Notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give Notice of an adjournment.”

(55) By adding the followings Articles 64A, 64B, 64C, 64D, 64E, 64F and 64G:

- “64A. (1) The Board may, at its absolute discretion, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities at such location or locations (“**Meeting Location(s)**”) determined by the Board at its absolute discretion. Any Member or any proxy attending and participating in such way or any Member or proxy attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities is deemed to be present at and shall be counted in the quorum of the meeting.
- (2) All general meetings are subject to the following and, where appropriate, all references to a “Member” or “Members” in this sub-paragraph (2) shall include a proxy or proxies respectively:
- (a) where a Member is attending a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;
  - (b) Members present in person or by proxy at a Meeting Location and/or Members attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities shall be counted in the quorum for and entitled to vote at the meeting in question, and that meeting shall be duly constituted and its proceedings valid provided that the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that Members at all Meeting Locations and Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities are able to participate in the business for which the meeting has been convened;
  - (c) where Members attend a meeting by being present at one of the Meeting Locations and/or where Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of an electronic meeting or a hybrid meeting, the inability of one or more Members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting; and

- (d) if any of the Meeting Locations is not in the same jurisdiction as the Principal Meeting Place and/or in the case of a hybrid meeting, the provisions of these Articles concerning the service and giving of Notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Place; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the Notice for the meeting.

64B. The Board and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Member who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any Meeting Location shall be entitled so to attend at one of the other Meeting Locations; and the entitlement of any Member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the Notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.

64C. If it appears to the chairman of the general meeting that:

- (a) the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in Article 64A(1) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the Notice of the meeting; or
- (b) in the case of an electronic meeting or a hybrid meeting, electronic facilities being made available by the Company have become inadequate; or
- (c) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or
- (d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting;

then, without prejudice to any other power which the chairman of the meeting may have under these Articles or at common law, the chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.

64D. The Board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the Board or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this Article shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or ejected (physically or electronically) from the meeting.

64E. If, after the sending of Notice of a general meeting but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not Notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time or place or by means of electronic facilities specified in the Notice calling the meeting, they may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting) without approval from the Members. Without prejudice to the generality of the foregoing, the Directors shall have the power to provide in every Notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force at any time on the day of the meeting. This Article shall be subject to the following:

- (a) when a meeting is so postponed, the Company shall endeavour to post a Notice of such postponement on the Company's website as soon as practicable (provided that failure to post such a Notice shall not affect the automatic postponement of a meeting);
- (b) when only the form of the meeting or electronic facilities specified in the Notice are changed, the Board shall notify the Members of details of such change in such manner as the Board may determine;

- (c) when a meeting is postponed or changed in accordance with this Article, subject to and without prejudice to Article 64, unless already specified in the original Notice of the meeting, the Board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the Members of such details in such manner as the Board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these Articles not less than 48 hours before the time of the postponed meeting; and
- (d) Notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original Notice of general meeting circulated to the Members.

64F. All persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to Article 64C, any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.

64G. Without prejudice to other provisions in Article 64, a physical meeting may also be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.”

**Article 66**

By deleting Articles 66 in its entirety and replacing it with the following:

- “(1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that in the case of a physical meeting, the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.
- (2) In the case of a physical meeting where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or by proxy for the time being entitled to vote at the meeting; or
  - (b) by a Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
  - (c) by a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member shall be deemed to be the same as a demand by the Member.”

**Article 67**

By deleting original Article 68 in its entirety and replacing it with the following:

“67. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the Listing Rules.”

**Renumbering of Articles**

By deleting original Article 67, Article 69 and Article 70 in its entirety and the original Article 71 becoming Article 68 and so forthwith.

**Original Article 76 (New Article 73)**

By deleting Original Article 76 in its entirety and replacing it with the following:

- “73 (1). No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- (2). All members shall have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.
- (3) Where the Company has knowledge that any Member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

**Original Article 80 (New Article 77)**

By deleting original Article 80 in its entirety and replacing it with the following:

- “(1) The Company may, at its absolute discretion, provide an electronic address for the receipt of any document or information relating to proxies for a general meeting (including any instrument of proxy or invitation to appoint a proxy, any document necessary to show the validity of, or otherwise relating to, an appointment of proxy (whether or not required under these Articles) and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information (relating to proxies as aforesaid) may be sent by electronic means to that address, subject as hereafter provided and subject to any other limitations or conditions specified by the Company when providing the address. Without limitation, the Company may from time to time determine that any such electronic address may be used generally for such matters or specifically for particular meetings or purposes and, if so, the Company may provide different electronic addresses for different purposes. The Company may also impose any conditions on the transmission of and its receipt of such electronic communications including, for the avoidance of doubt, imposing any security or encryption arrangements as may be specified by the Company. If any document or information required to be sent to the Company under this Article is sent to the Company by electronic means, such document or information is not treated as validly delivered to or deposited with the Company if the same is not received by the Company at its designated electronic address provided in accordance with this Article or if no electronic address is so designated by the Company for the receipt of such document or information.
- (2) The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the Notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate), or if the Company has provided an electronic address in accordance with the preceding paragraph, shall be received at the electronic address specified, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or postponed meeting at which the person named in the instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or postponed meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.”

**Original Article 81 (New Article 78)**

By deleting original Article 81 in its entirety and replacing it with the following:

“78. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the Notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment or postponement of the meeting as for the meeting to which it relates. The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under these Articles has not been received in accordance with the requirements of these Articles. Subject to aforesaid, if the proxy appointment and any of the information required under these Articles is not received in the manner set out in these Articles, the appointee shall not be entitled to vote in respect of the shares in question.”

**Original Article 84 (New Article 81)**

By deleting original Article 84 in its entirety and replacing it with the following:

- “81. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.
- (3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.”

**Original Article 86 (New Article 83)**

By deleting original Article 86 in its entirety and replacing it with the following:

- “83. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 84 called for such purpose and who shall hold office for such term as the Members may determine or, in the absence of such determination, in accordance with Article 84 or until their successors are elected or appointed or their office is otherwise vacated.
- (2) Subject to the Articles and the Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.
- (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.
- (4) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive Notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- (5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement)..
- (6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed.
- (7) The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).”

**Original Articles 87 and 88 (New Articles 84 and 85)**

By deleting original Articles 87 and 88 in its entirety and replacing it with the following:

- “84. (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.
- (2) A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.
85. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for-election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

**Original Article 103 (New Article 100)**

By deleting Article 103 in its entirety and replacing it with the following as Article 100:

- “100. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) the giving of any security or indemnity either:-
    - (a) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
    - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (iii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
    - (a) the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
    - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
  - (iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

**Original Article 104(4) (New Article 101(4))**

By deleting Article 104(4) in its entirety and replacing it with the following:

“The Company shall not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong. Article 101(4) shall only have effect for so long as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.”

**Original Article 115 (New Article 112)**

By deleting Article 115 in its entirety and replacing it with the following:

“112. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board whenever he shall be required so to do by any Director. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or by electronic means to an electronic address from time to time notified to the Company by such Director or (if the recipient consents to it being made available on a website) by making it available on a website or by telephone or in such other manner as the Board may from time to time determine”

**Original Article 122 (New Article 119)**

By deleting Article 119 in its entirety and replacing it with the following:

“119. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. A notification of consent to such resolution given by a Director in writing to the Board by any means (including by means of electronic communication) shall be deemed to be his/her signature to such resolution in writing for the purpose of this Article. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.”

**Original Article 147 (New Article 144)**

By renumbering the original Article 147 as 144(1) and adding the following after:

“(2) Notwithstanding any provisions in these Articles, the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.”

**Original Article 152 (New Article 149)**

By adding the following after New Article 149:

- “150. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the Listing Rules, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 149 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, summarised financial statements derived from the Company’s annual accounts and the directors’ report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors’ report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company’s annual financial statement and the directors’ report thereon.
151. The requirement to send to a person referred to in Article 149 the documents referred to in that article or a summary financial report in accordance with Article 150 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the Listing Rules, the Company publishes copies of the documents referred to in Article 149 and, if applicable, a summary financial report complying with Article 150, on the Company’s computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company’s obligation to send to him a copy of such documents.”

**Original Articles 153 to 158 (New Articles 152 to 157)**

By deleting the relevant articles according and replacing the followings:

- “152. (1) At the annual general meeting or at a subsequent extraordinary general meeting in each year, the Members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.
- (2) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.
153. Subject to the Act the accounts of the Company shall be audited at least once in every year.
154. The remuneration of the Auditor shall be fixed by the Company by ordinary resolution in general meeting as the Members may determine.

155. The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Board. Subject to Article 152(2), an Auditor appointed under this Article shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Members under Article 152(1) at such remuneration to be determined by the Members under Article 154.
156. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.
157. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

**Original Articles 159 to 160 (New Articles 158 to 159)**

158. (1) Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the Listing Rules), whether or not, to be given or issued under these Articles from the Company shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and any such Notice and document may be given or issued by the following means:
- (a) by serving it personally on the relevant person;
  - (b) by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose;
  - (c) by delivering or leaving it at such address as aforesaid;

- (d) by placing an advertisement in appropriate newspapers or other publication and where applicable, in accordance with the requirements of the Designated Stock Exchange;
  - (e) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under Article 158(5), subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;
  - (f) by publishing it on the Company's website to which the relevant person may have access, subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person stating that the notice, document or publication is available on the Company's computer network website (a "notice of availability"); or
  - (g) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations.
- (2) The notice of availability may be given by any of the means set out above other than by posting it on a website.
  - (3) In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
  - (4) Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the Register as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.
  - (5) Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Articles may register with the Company an electronic address to which notices can be served upon him.
  - (6) Subject to any applicable laws, rules and regulations and the terms of these Articles, any notice, document or publication, including but not limited to the documents referred to in Articles, 149, 150 and 158 may be given in the English language only or in both the English language and the Chinese language.

159. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the Notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website or the website of the Designated Stock Exchange, is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
- (c) if published on the Company's website, shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under these Articles, whichever is later;
- (d) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and
- (e) if published as an advertisement in a newspaper or other publication permitted under these Articles, shall be deemed to have been served on the day on which the advertisement first so appears."

**New Article 165**

By adding the following new Article 165 after new Article 164:

"165. Unless otherwise determined by the Directors, the financial year end of the Company shall be 31 December in each year."

Housekeeping amendments to the New Articles of Association are also proposed, including making consequential amendments in connection with the above amendments to the New Articles of Association and for clarity and consistency with the other provisions of the New Articles of Association where it is considered desirable and to better align the wording with the corresponding wording of the GEM Listing Rules and the applicable laws of the Cayman Islands.

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## NOTICE OF ANNUAL GENERAL MEETING

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### 中國基礎能源控股有限公司 China Primary Energy Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8117)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of China Primary Energy Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Tuesday, 17 May 2022 at Room 518, 5/F, Tower B, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong to transact the following business:

1. to receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) of the Company and auditors for the year ended 31 December 2021;
2. to re-elect Mr. Ji Jianghua as non-executive Director;
3. to re-elect Mr. Chung Chin Keung as an independent non-executive Director;
4. to authorise the board of Directors to fix the Directors’ remuneration;
5. to re-appoint BDO Limited, Certified Public Accountants, as the Company’s auditors and to authorise the board of Directors to fix their remuneration; and
6. as special business, to consider and, if thought fit, passing the following resolutions (with or without modifications) (the “**Resolution(s)**”) as ordinary Resolutions:

A. “**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) operated by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as herein defined) of all the powers of the Company to allot, issue and deal with unissued shares (each a “**Share**”) of HK\$0.0625 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as herein defined); or
  - (ii) the exercise of any options granted under the share option scheme of the Company; or
  - (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or
  - (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, according to rule 17.41(2) of the GEM Listing Rules, shall not exceed the aggregate of:
    - (aa) 20% of the number of issued shares of the Company on the date of the passing of this Resolution; and
    - (bb) (if the Directors are so authorised by a separate ordinary Resolution of the shareholders of the Company) the number of Shares repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the number of issued shares of the Company on the date of the passing of that Resolution), and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purposes of this Resolution:
- “**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (iii) the passing of an ordinary Resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution;

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“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

B. “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as herein defined) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the GEM Listing Rules and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the total number of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the number of issued shares of the Company as at the date of the passing of this Resolution according to rule 13.09(1) of the GEM Listing Rules and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (c) for the purposes of this Resolution, “**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (iii) the passing of an ordinary Resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.”

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- C. “**THAT** conditional upon the passing of resolutions numbered 6A and 6B as set out in the notice convening the AGM of which this resolution forms part, the general mandate granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares pursuant to the said resolution numbered 6A be and is hereby extended by the addition thereto of an amount representing the number of Shares repurchased by the Company under the authority granted pursuant to the said resolution numbered 6B, provided that such amount shall not exceed 10% of the number of Shares in issue as at the date of passing of the said resolution numbered 6B.”
7. as a special business, to consider and, if thought fit, passing the following resolution (with or without modifications) as ordinary resolution:

“**THAT:**

- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of the Company (the “**Share(s)**”) falling to be allotted and issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to the AGM and signed by the chairman of the AGM for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the director(s) of the Company be and are hereby authorised to grant options and to allot, issue and deal in the Shares as may be required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and
- (b) the aggregate number of Shares to be allotted and issued pursuant to (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution”

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8. as a special business, to consider and, if thought fit, passing the following resolution (with or without modifications) as special resolution:

“**THAT** the amended and restated articles of association of the Company (the “**New Articles of Association**”) (a copy of which has been produced to the AGM and marked “B” and initialed by the chairman of the AGM for the purpose of identification) be and are hereby approved and adopted as the new articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company with immediate effect after the close of the AGM and that any one Director or company secretary of the Company be and are hereby authorised to do all things necessary to implement the adoption of the New Articles of Association of the Company and the transactions contemplated thereunder.”

By Order of the Board of  
**China Primary Energy Holdings Limited**  
**Ma Zheng**  
*Chairman*

Hong Kong, 1 April 2022

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Room 518, 5/F, Tower B  
New Mandarin Plaza  
14 Science Museum Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

The Company will ensure the compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) in holding the AGM. The Shareholders of the Company are strongly recommended to cast their votes through proxy.

*Notes:*

1. Registered Shareholders are requested to provide a valid email address of himself/herself/itself or his/her/its proxy (except for the appointment of the chairman of the AGM) for the proxy to receive the login access code to participate online in Tricor e-Meeting System.

Registered Shareholders will be able to view and participate in the AGM through a live webcast via the designated URL (<https://spot-meeting.tricor.hk>) and submit questions online during the AGM, which can be accessed using computers, mobile phones or any browser-enabled electronic or communication devices. The username and password will be provided on the notification letter sent by the Company.

Non-registered holders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to participate in the AGM via the designated URL (<https://spot-meeting.tricor.hk>) and submit questions online during the AGM. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

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2. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
3. A form of proxy for use at the AGM is enclosed. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be duly completed and signed in accordance with the instructions printed thereon and deposited by 11:00 a.m. (Hong Kong time) on Sunday, 15 May 2022 or not less than 48 hours before the time for holding the AGM or adjourned meeting at the offices of the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
4. In relation to the proposed Resolutions nos. 6A and 6C above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the GEM Listing Rules. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by the shareholders of the Company.
5. In relation to the proposed Resolution no. 6B above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed Resolution as required by the GEM Listing Rules is set out in the accompanying document.
6. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the AGM or any adjournment thereof if the member so desires and in such event, the instrument appointing the proxy shall be deemed to be revoked.
7. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the AGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. Record date (being the last date of registration of any share transfer given there will be no book closure) for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Wednesday, 11 May 2022. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 11 May 2022.
9. Any voting at the AGM shall be taken by poll.