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If you have sold or transferred all your shares in China New Consumption Group Limited (the “**Company**”), you should at once forward this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

CHINA NEW CONSUMPTION GROUP LIMITED**中國新消費集團有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 8275)****(1) TERMINATION OF EXISTING SHARE OPTION SCHEME
AND PROPOSED ADOPTION OF
THE NEW SHARE OPTION SCHEME;
AND
(2) NOTICE OF EGM**

A notice convening the extraordinary general meeting of the Company to be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Thursday, 25 April 2024 at 11:00 a.m. is set on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the extraordinary general meeting is enclosed with this circular. Whether or not you propose to attend the extraordinary general meeting, you are requested to complete the form of proxy and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon or via the designated website (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent to you by the Company as soon as possible but in any event not later than 48 hours before the time appointed for holding the extraordinary general meeting in order to cast your vote. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

This circular will remain on the “Latest Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its posting and on the website of the Company at www.irasia.com/listco/hk/chinanewcons.

5 April 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX — SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME	APP-1
NOTICE OF THE EGM	EGM-1

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Auditors”	The auditors of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in the securities listed thereon
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	China New Consumption Group Limited
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong, on Thursday, 25 April 2024 at 11:00 a.m.
“Eligible Participant(s)”	any director (including independent non-executive Director) and employee (whether full time or part time) of the Company or any of its subsidiaries (including persons who are granted options under the New Share Option Scheme as inducement to enter into employment contracts with these companies) who in the sole discretion of the Board has contributed or will contribute to the Group

DEFINITIONS

“Existing Share Option Scheme”	the share option scheme adopted by the Company on 22 September 2017
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Inside Information”	has the meaning ascribed to it in the SFO
“Latest Practicable Date”	26 March 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the EGM, a summary of the principal terms of which is set out in Appendix 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
“Option(s)”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme

DEFINITIONS

“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the terms of the New Share Option Scheme
“Subsidiary”	any subsidiary of the Company
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“%”	per cent.

LETTER FROM THE BOARD

CHINA NEW CONSUMPTION GROUP LIMITED
中國新消費集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8275)

Executive Director:

Liu Ching Man

Independent non-executive Directors:

He Dingding

Chan Tsz Hei Sammi

Ng Kim Lung

Registered Office:

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Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:

Room 204, 2/F

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15 Queen Victoria Street

Central, Hong Kong

5 April 2024

To the Shareholders

Dear Sir or Madam,

**(1) TERMINATION OF EXISTING SHARE OPTION SCHEME
AND PROPOSED ADOPTION OF
THE NEW SHARE OPTION SCHEME;
AND
(2) NOTICE OF EGM**

INTRODUCTION

At the EGM to be held at Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Thursday, 25 April 2024 at 11:00 a.m. ordinary resolutions will be proposed to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the EGM for the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, and to give you the notice of the EGM.

TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The Termination Existing Share Option Scheme

Pursuant to the ordinary resolution passed by the Shareholders on 22 September 2017, the Company adopted the Existing Share Option Scheme. Under the Existing Share Option Scheme, the Board may offer options to the eligible participants prescribed in the Existing Share Option Scheme in its discretion. Pursuant to the Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022, Chapter 23 of the GEM Listing Rules have been amended with effect from 1 January 2023. Hence, the Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme to replace the Existing Share Option Scheme.

The Company has no outstanding options under the Existing Share Option Scheme as at the Latest Practicable Date. The Board has no intention of granting any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date and the date of the EGM.

Adoption of the New Share Option Scheme

In view of the amendments to Chapter 23 of the GEM Listing Rules, which took effect on 1 January 2023, the Directors considered that the adoption of the New Share Option Scheme, which will be valid for 10 years from the Adoption Date, will provide the Company with more flexibility in long term planning of granting of the Options to Eligible Participants and also provide appropriate incentives or rewards to suitable and eligible persons for their contributions or potential contributions to the Group.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives and/or rewards for their contribution or potential contribution to the Company. The New Share Option Scheme does not involve the grant of share award. The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

LETTER FROM THE BOARD

Pursuant to the terms of the New Share Option Scheme, Eligible Participants covers directors and employees of the Company or any of its subsidiaries who in the sole discretion of the Board has contributed or will contribute to the Group. The eligibility of each of the Eligible Participant shall be determined by the Board or a committee of the Board from time to time and on a case-by-case basis. In determining the eligibility of each Eligible Participant, the Board will consider, among others, their general working performance, time commitment, length of their service within the Group, working experience, educational and professional qualifications, knowledge in the industry, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard, the amount of support, assistance, guidance, advice or efforts the Eligible Participant has given or will give towards the Group's success and any other factor that allows the Board to assess the amount of contribution made or to be made by the Eligible Participant to the Group.

The Board (including the Independent non-executive Directors) is of the view that, the contributions of directors and employees plays a part in the development and continued success of the Company's business and operations, and have contributed or may contribute to the Company in the future. Therefore, the Board (including the Independent non-executive Directors) considers that the inclusion of directors and employees is appropriate and in the interest of the Company and the Shareholders as a whole, and would enable the purpose of the New Share Option Scheme to be achieved.

The Board is of the view that the independence and impartiality of the independent non-executive Directors will not be impaired by any potential grant of the Options under the New Share Option Scheme for the following reasons: (i) the independent non-executive Directors are required to comply with the independence requirement under Rule 5.09 of the GEM Listing Rules; (ii) approval by independent Shareholders in the manner prescribed under Rule 23.04(4) of the GEM Listing Rules will be required if any Option is to be granted to independent non-executive Directors or any of their respective associates which would result in the total number of Shares issued and to be issued in respect of the Options or awards granted and to be granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue; (iii) the remuneration committee of the Company and the Board will consider whether the package offered to independent non-executive Directors may affect the independent non-executive Directors' objectivity and independence and it is contemplated that any equity-based remuneration that may be granted to any independent non-executive Director will make reference to the prevailing market benchmark as well as the time and effort devoted by the independent non-executive Director (taking into account the complexity and/or workload of the work that the relevant independent non-executive Director may be handling at that time) and such grant, if any, will only form part of (but not the integral of) the independent non-executive Director's remuneration package; and (iv) the Board will be mindful of the recommended best practice E.1.9 of the corporate governance code set out in Appendix C1 to the GEM Listing Rules which recommends that issuers generally should not grant equity-based remuneration with performance-related elements to independent non-executive directors when considering any future grants of options or awards to the independent non-executive Directors. As at the Latest Practicable Date, the Company has no plan or intention to grant Options to the independent non-executive Directors under the New Share Option Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no concrete plan nor intention to grant Options under the New Share Option Scheme in the coming 12 months. That being said, the Company will assess from time to time whether to utilise the New Share Option Scheme with reference to the business performance of the Group as well as the contributions of the Eligible Participants.

Based on the above, the Board consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole, and would align with the purpose of the New Share Option Scheme.

Conditions Precedent of the New Share Option Scheme

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

- (a) the GEM Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of Options that may be granted under the New Share Option Scheme; and
- (b) the passing of an ordinary resolution at the EGM approving the termination of the Existing Share Option Scheme, the adoption of the New Share Option Scheme and authorising the Directors to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Option granted under the New Share Option Scheme.

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

Maximum number of Shares subject to the New Share Option Scheme

The total number of Shares which may be issued upon the exercise of all options which may be granted under the New Share Option Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company (the “**Scheme Mandate Limit**”) must not exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue as at the Adoption Date or the relevant date of approval of the refreshment of the Scheme Mandate Limit.

As at the Latest Practicable Date, the number of issued Shares was 480,003,445 Shares. Assuming that there is no change in the number of issued Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share option scheme(s) and share award scheme(s) for the time being of the Company would be 48,000,344 Shares, representing approximately 10% of the total number of Shares in issue as at the Adoption Date.

LETTER FROM THE BOARD

None of the Directors is and will be trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee. 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. Accordingly, no Shareholder is required to abstain from voting on the resolution approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme at the EGM. The Company will, where applicable, comply with the applicable requirements under Chapter 23 of the GEM Listing Rules in respect of the operation of the New Share Option Scheme.

Explanation of the terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same. The exercise price of the Options granted under the New Share Option Scheme shall be a price solely determined by the Board subject to a minimum amount set out in the rules of the New Share Option Scheme, and the Board may specify in the offer letter at the grant of the relevant Option the performance targets that need to be achieved by an Eligible Participant and/or the clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participants. The vesting period of Options granted under the New Share Option Scheme shall be determined by the Board subject to a minimum period set out in the rules of the New Share Option Scheme.

Save for the circumstances prescribed in paragraph 5 of Appendix to this circular, the vesting period for Options under the New Share Option Scheme shall not be less than twelve (12) months. To ensure the practicability in fully attaining the purpose of this New Share Option Scheme, the Board and the remuneration committee of the Company are of the view that (i) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Options holder(s), such as those set out in paragraphs 5(a) to (e) of Appendix to this circular; (ii) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

As such, the Board and the remuneration committee of the Company are of the view that the shorter vesting period prescribed in paragraph 5 of Appendix to this circular is appropriate and aligns with the purpose of the New Share Option Scheme.

LETTER FROM THE BOARD

It is believed that subject to GEM Listing Rules and the rules of the New Share Option Scheme, by giving the Board the sole discretion to offer Options in such flexible terms, in particular, determining the eligibility of the Eligible Participants, determining the exercise price, prescribing a vesting period before Options can be exercised, requiring the Eligible Participant to achieve any performance targets as may be stipulated in the offer letter at the grant of the relevant Option before his or her Options can be exercised and/or setting any clawback mechanism for the Company to recover or withhold any Option granted to any Eligible Participant, the Group will be in a better position to grant Options to selected Eligible Participants as incentives and/or rewards for their contribution or potential contribution to the Company. The Company will make relevant disclosure by way of announcement(s) to comply with Rules 23.06B(7) and (8) of the GEM Listing Rules when granting the Options to the Eligible Participants in the future.

Document on display

A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.irasia.com/listco/hk/chinanewcons for a period of not less than 14 days before the date of the EGM and is also made available for inspection at the EGM.

Application for Listing

Application will be made to the GEM Listing Committee for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued and allotted pursuant to the exercise of any Option that may be granted under the New Share Option Scheme.

Competing Interest

As at the Latest Practicable Date, none of the Directors, controlling Shareholders or substantial Shareholders 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.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. At the EGM, resolutions will be proposed to approve, the termination of the existing Share Option Scheme and adoption of the New Share Option Scheme. A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, 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, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the extraordinary general meeting or any adjournment thereof should he/she/it so wishes.

You may submit your form of proxy electronically by scanning the QR code or visiting the designated website (<https://spot-emeeting.tricor.hk>), through using the username and password provided on the notification letter sent to you by the Company. If your shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited and would like to appoint proxy to attend and vote at the meeting on your behalf, you should consult directly with your banks or brokers or custodians (as the case may be) for necessary arrangement.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore all resolutions proposed at the EGM shall be voted by poll.

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: (i) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this circular misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme (including the Scheme Mandate Limit) are in the interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the EGM on pages EGM-1 to EGM-3 of this circular.

Yours faithfully
For and on behalf of the Board
Liu Ching Man
Executive Director

APPENDIX SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the EGM, but such summary 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:

1. PURPOSE

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

2. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS OF THE NEW SHARE OPTION SCHEME

Eligible Participants covers any director (including independent non-executive Director) and employee (whether full time or part time) of the Company or any of its subsidiaries (including persons who are granted options or awards under the scheme as inducement to enter into employment contracts with these companies) who in the sole discretion of the Board has contributed or will contribute to the Group.

In determining the eligibility of each Eligible Participant, the Board will consider, among others, their general working performance, time commitment, length of their service within the Group, working experience, educational and professional qualifications, knowledge in the industry, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard, the amount of support, assistance, guidance, advice or efforts the Eligible Participant has given or will give towards the Group's success and any other factor that allows the Board to assess the amount of contribution made or to be made by the Eligible Participant to the Group.

3. GRANT OF OPTIONS

The Board shall, subject to and in accordance with the provisions of the New Share Option Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares as the Board may, determine at the Subscription Price.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and

APPENDIX SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

by no other person, including his Personal Representative(s)) for a period of seven (7) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination 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.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within seven (7) days from the Offer Date (or such shorter period referred to in the New Share Option Scheme). To the extent that the Offer is not accepted within the stated period, it will be deemed to have been irrevocably declined.

Upon an Offer being accepted by an Eligible Participant in whole or in part, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance provided that if such date of acceptance shall fall on a non-Business Day, the Business Day immediately following such date of acceptance shall be taken to be the date of acceptance for the grant of such Option. To the extent that the Offer is not accepted within seven (7) days from the Offer Date (or such shorter period referred to in the relevant provisions of the New Share Option Scheme) and in the manner indicated in the relevant provisions of the New Share Option Scheme, it will be deemed to have been irrevocably declined.

Any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee).

4. PERFORMANCE TARGET AND CLAWBACK MECHANISM

Unless otherwise imposed by the Board and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any Grantee before an Option is capable of being exercised by the Grantee nor any clawback mechanism under the New Share Option Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

APPENDIX SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

The Board considers that it is not practicable to expressly set out a generic set of performance targets in the New Share Option Scheme, as each Grantee will play different roles and contribute in different ways to the Group. The remuneration committee of the Company considers it more beneficial to the Company to retain the flexibility to determine when and to what extent such conditions are appropriate. If performance targets are imposed upon the grant of Options, the Board will have regard to the purpose of the New Share Option Scheme in assessing such performance targets with reference to factors including but not limited to, cash flow, earnings, earnings per share, market value or economic value added, profits, return on assets, return on equity, return on investment, sales, revenue, share price, total shareholder return, customer satisfaction metrics, operating results and such other goal as the Board may determine from time to time.

The Group will utilise its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will consider the past contributions of an Eligible Participant with reference to the factors set out above and form an internal assessment as regards to the future value that such Eligible Participant may bring to the growth and development of the Group. The assessment involves the consideration and appraisal of the Eligible Participant's expected contribution with reference to such Eligible Participant's nature of duties (e.g. whether in a management role, a sales role or a support role), position within the Group (e.g. whether overall Group level targets or specific performance indicators should be adopted) and other features including geographical location, corporate culture and business strategy focus. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participant before the grant of Options, such that the grants will be on a fair and reasonable basis and in the interest of the Company and the Shareholders as a whole. The management will propose the performance targets of each Eligible Participant in each grant of Options to the Board (or, in case the Grantee is a director or senior manager of the Company, the remuneration committee of the Company) for consideration, who will then assess the reasonableness and suitability of such performance targets.

The remuneration committee of the Company is of the view that the New Share Option Scheme will provide the Board with flexibility in setting the performance targets which are the most appropriate taking into account the individual circumstances of the relevant Eligible Participants and therefore can facilitate the Company's aim to offer meaningful incentive to the Eligible Participants to contribute and work better for the long-term growth and profitability of the Group, and hence aligns with the purpose of the New Share Option Scheme.

Notwithstanding the terms and conditions of the New Share Option Scheme, the Board may provide in the notice of Offer that any Option prior to it being exercised may be subject to clawback if any of the following events shall occur during an Option Period:

- (a) there being a material misstatement in the audited financial statements of the Company that requires a restatement;

- (b) the Grantee being guilty of fraud, gross negligence or persistent or serious or wilful misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; and
- (c) if the grant or exercise of any Option is linked to any performance targets and the Board is of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

In the event of any of the circumstances mentioned in the preceding paragraph, the Board may (but is not obliged to) by notice in writing to the Grantee concerned:

- (a) claw back such number of the Options (to the extent not being exercised) granted as the Board may consider appropriate; or
- (b) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Board may consider appropriate.

The Options that are clawed back pursuant to the above shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding the foregoing, no Options being offered to any independent non-executive Director shall contain any performance target unless the Board is satisfied that such target will not lead to any bias in the decision-making or compromise the objectivity and independence in the course of performance of the duties of the Grantee as an independent non-executive Director.

5. VESTING PERIOD

The vesting period for Options shall not be less than 12 months. A shorter vesting period may be granted to the Eligible Participants at the discretion of the Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
- (b) grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of twelve (12) months; and
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

each of which are considered appropriate to provide flexibility to grant Options (i) as part of competitive terms and conditions to induce valuable talent to join the Group (subparagraphs (a) and (d)); (ii) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (b) and (c)); (iii) reward exceptional performers with accelerated vesting (sub-paragraph (d)); and (iv) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (e)).

6. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES

An Option shall be exercisable in whole or in part by giving notice to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate, the Company shall accordingly allot the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative to the estate of the Grantee) credited as fully paid and instruct the Share Registrar to issue to the Grantee (or his estate in the event of an exercise by his Personal Representative(s) as aforesaid) a share certificate for the Shares so allotted.

Grantee is not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the New Share Option Scheme or under the relevant laws or the memorandum of association of the Company and the Articles in effect from time to time.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles 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

APPENDIX SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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 any voting rights or right to transfer until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

The Subscription Price shall, subject to any adjustments made pursuant to paragraph 18 below, be determined at the discretion of the Board at its absolute discretion, provided that it must be at least the higher of:

- (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Shares on the Offer Date.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

The total number of Shares which may be issued in respect of all options to be granted under the New Share Option Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company (the “**Scheme Mandate Limit**”) must not in aggregate exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue as at the Adoption Date or the relevant date of approval of the refreshment of the Scheme Mandate Limit in accordance with this paragraph.

For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any options or awards that have already lapsed in accordance with the terms of the relevant share scheme(s) of the Company will not be regarded as utilised.

The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting every three years from the date of the Shareholders’ approval for the last refreshment (or the Adoption Date), provided that:

- (a) the Scheme Mandate Limit so refreshed shall not exceed 10% (or such other percentage as may from time to time be specified by the Stock Exchange) of the total number of issued Shares as at the date of such Shareholders’ approval of the refreshment of the Scheme Mandate Limit;
- (b) for the purpose of calculating the Scheme Mandate Limit, options or awards lapsed will not be regarded as utilised and options or awards cancelled will be regarded as utilised; and

APPENDIX SUMMARY OF PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (c) a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing among others, the number of options and awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment.

Any refreshment of the Scheme Mandate Limit within three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date) must be approved by the Shareholders in general meeting subject to the following provisions:

- (a) any Controlling Shareholder and their associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive(s) of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
- (b) the Company must comply with the requirements under Rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules; and
- (c) the requirements under sub-paragraphs (a) and (b) of the New Share Option Scheme do not apply if the refreshment is made immediately after an issue of Shares by the Company to its Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of the Shares, rounded to the nearest whole Share.

The Company may seek separate approval from the Shareholders in general meeting for granting Options which will result in the Scheme Mandate Limit being exceeded, provided that:

- (a) the grant is only to Eligible Persons specifically identified by the Company before the approval is sought; and
- (b) circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules and any other applicable laws and rules.

If the Company conducts any share consolidation or subdivision after the Scheme Mandate Limit has been approved in the general meeting, the maximum number of Shares that may be issued by the Company pursuant to the New Share Option Scheme and all other share schemes of the Company under the unutilised Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

Unless approved by the Shareholders in the manner set out in the New Share Option Scheme, details of which are set forth under paragraph 9 below, the total number of Shares issued and to be issued in respect of the Options and awards granted to each Eligible Participants (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue.

8. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR ASSOCIATES

Any grant of options or awards to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee).

Where any grant of Options to an independent non-executive Director or a substantial Shareholder (as defined in the GEM Listing Rules), or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options lapsed in accordance with the terms of the New Share Option Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of options or awards must be approved by Shareholders of the Company in general meeting in the manner set out in rule 23.04(4) of the GEM Listing Rules. The Company must send a circular containing the details of the grant to the Shareholders in a manner complying with, and containing, among others, (i) details of the number and terms of the options or awards to be granted to each Grantee, which must be fixed before the Shareholders' meeting; (ii) in respect of any options to be granted, the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Subscription Price; and (iii) views of the independent non-executive Directors (excluding the independent non-executive Director who is the prospective Grantee of the Option) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interest of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; (iv) information required under rule 23.02(2)(c) of the GEM Listing Rules (if applicable); and (v) the information required under rule 2.28 of the GEM Listing Rules. The Grantee, his/her associates and all core connected persons must abstain from voting in favour at such general meeting. The Company must comply with the requirements set out in Rules 17.47A, 17.47B and 17.47C of the GEM Listing Rules.

9. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any further grant of Options to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options or awards to be granted (and Options and awards previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Subscription Price) of Options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

10. 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 notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No Option shall be granted by the Board:

- (1) after inside information has come to its knowledge until (and including) the trading day after such inside information has been announced by the Company pursuant to the requirements of the GEM Listing Rules; and
- (2) during the period commencing from one (1) month immediately preceding the earlier of:
 - (a) 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, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

- (b) the deadline for the Company to publish its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements. The period during which no Option may be granted will cover any period of delay in the publication of the results announcement.

12. 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.

13. RIGHTS ON CEASING EMPLOYMENT, DEATH OR DISMISSAL

Subject to the terms of the New Share Option Scheme, where the Grantee ceases to be an Eligible Person for any reason except for sub-paragraphs (a) and (b) below, Options shall lapse on the expiry of three (3) months after the date of cessation and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of such cessation shall be (i) if he/she is an employee of the Company, any Subsidiary, his/her last actual working day at his/her work place with the Company, any Subsidiary whether salary is paid in lieu of notice or not; or (ii) if he/she is not an employee of the Company, any Subsidiary, the date on which his/her relationship with the Group which has constituted him an Eligible Person ceases.

- (a) where the Grantee is re-employed after retirement or has changed in position(s) but still be an Eligible Person before exercising the Option in full or at all, the Option may continue to be exercised by the Grantee;
- (b) where the Grantee dies before exercising the Option in full or at all, the Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made pursuant to the relevant provisions of the New Share Option Scheme by his/her personal representatives within 6 months of the date of death.

14. RIGHTS ON A GENERAL OFFER

If a general offer by way of a take-over is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or his/her personal representatives) may exercise the Option in full (to the extent not already lapsed or exercised) at any time within one (1) month after the date on which the offer becomes or is declared unconditional.

15. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his/her personal representatives) shall be entitled to exercise all or any of his/her Options at any time not later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid. The allotted Shares will rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

16. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement, between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his/her personal representatives) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his/her Options, and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, issue, allot and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Options. In the event that the Grantees do not exercise all of any of his/her Options before the specified timing, and provided that the then market price of the Option is higher than the Subscription Price of the Option, the Board may in its sole discretion, sell the Option on behalf of the Grantee, whereby the Grantee will be entitled to receive the cash equivalent from such sale (less any costs incurred by the Company (if any)). In the event that the market price of the Option is lower than the Subscription Price of the Option or the Board in its sole discretion decides not to sell the Option on the market, the Option will automatically lapse.

17. CANCELLATION OF OPTIONS

Subject to the terms of the New Share Option Scheme, any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options or awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under a scheme with available Scheme Mandate Limit.

18. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, then the Company shall instruct the Auditors or independent financial adviser to certify in writing:

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

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

- (1) any such adjustment shall give the Grantee the same proportion of the equity capital in the Company on the full exercise of any Option, rounded to the nearest whole share, (but shall not be greater than) as it was before such event;
- (2) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (3) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

- (b) in respect of any such adjustments, other than any made on a capitalisation issue, the Auditors or the independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 23.03(13) of the GEM Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005, any relevant provisions of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange and the note thereto from time to time.

19. RANKING OF SHARES

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on 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.

20. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date, 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.

21. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme may be altered in any respect by a resolution of the Board except:

- (a) any alterations to the terms and conditions of the New Share Option Scheme which are of material nature or any alterations to the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the Eligible Participants must be approved by Shareholders in general meeting;
- (b) any change to the terms of Options or awards granted to a Grantee, except alterations which take effect automatically under the existing terms of the New Share Option Scheme, must be approved by the Board, the remuneration committee, the independent non-executive directors and/or the Shareholders (as the case may be) if the initial grant of the options or awards was approved by the Board, the remuneration committee, the independent non-executive directors and/or the Shareholders (as the case may be); and

- (c) any change to the authority of the Directors to alter to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

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.

22. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution at a general meeting of the Company to adopt the New Share Option Scheme;
- (b) the passing of an ordinary resolution at a general meeting of the Company to terminate the Existing Share Option Scheme; and
- (c) 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 excise of Options in accordance with the terms and conditions of the New Share Option Scheme.

23. LAPSE OF OPTIONS

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

- (a) the expiry of the Option Period;
- (b) the expire of any of the relevant periods or occurrence of the relevant event referred to in paragraphs 13 to 14 above;
- (c) the date of the commencement of the winding-up of the Company;
- (d) the date on which the Grantee ceases to be an Eligible Person by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his/her employment contract or other contract constituting him an Eligible Person (including, among others, causing material misstatement of the financial statements of the Company), or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally or on which he has been convicted of any criminal offence involving his/her integrity or honesty; or
- (e) the date on which the Grantee commits a breach of paragraph 12 above.

24. TERMINATION

The Company by an 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 thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

NOTICE OF THE EGM

CHINA NEW CONSUMPTION GROUP LIMITED 中國新消費集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8275)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of China New Consumption Group Limited (the “**Company**”) will be held Units 1203B, 1204–1205, 12/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Thursday, 25 April 2024 at 11:00 a.m. for the following purposes:

To consider, and if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) subject to and conditional upon the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options which may be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which have been produced to the EGM and marked “**A**” and initialed by the chairman of the EGM for identification purpose, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors (the “**Directors**”) of the Company be and are hereby authorised to grant options to allot, issue and deal in the Shares as maybe required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the New Share Option Scheme;
- (b) the total number of Shares to be allotted and issued pursuant to (a) above, together with any issue of Shares upon the exercise of any options and awards granted under any other share schemes of the Company as may from time to time be adopted by the Company, shall not exceed such number of Shares as equals to 10 per cent. of the Shares in issue as at the date of passing of this resolution;

NOTICE OF THE EGM

- (c) conditional upon the New Share Option Scheme becoming effective, the existing share option scheme of the Company as adopted on 22 September 2017 (the “**Existing Share Option Scheme**”) be and is hereby terminated upon the New Share Option Scheme coming into effect (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date of the passing of this resolution).”

By order of the Board
China New Consumption Group Limited
Liu Ching Man
Executive Director

Hong Kong, 5 April 2024

Registered Office:
c/o Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
Room 204, 2/F
Yue Shing Commercial Building
15 Queen Victoria Street
Central, Hong Kong

As at the date hereof, the Board comprises Ms. Liu Ching Man as executive Director; and Mr. He Dingding, Ms. Chan Tsz Hei Sammi and Mr. Ng Kim Lung as independent non-executive Directors.

NOTICE OF THE EGM

Notes:

1. The register of members of the Company will be closed from 22 April 2024 to 25 April 2024 (both day inclusive) for the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the Meeting (or any adjournment thereof). During the closure of the register of members of the Company, no transfer of Shares will be effect. In order to qualify for attending and voting at the Meeting (or any adjournment thereof), all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the offices of the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 19 April 2024.
2. All resolution at the Meeting (or any adjournment thereof) will be taken by poll pursuant to the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the GEM Listing Rules.
3. Any member of the Company entitled to attend and vote at the Meeting (or any adjournment thereof) is entitled to appoint one, or if he holds two or more shares, appoint more than one proxy to attend and vote instead of him. A proxy needs not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
4. Where there are joint holders of any Share, any one of such joint holder may vote at the Meeting (or at any adjournment thereof), either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the Meeting (or at any adjournment thereof) personally or by proxy, that the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and 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.
5. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the offices of the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via the designated website (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible and in any event no less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) if he/she/it so desires. If a member of the Company attends the Meeting after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions after super typhoons" announced by the Government of Hong Kong is/are in effect any time after 7:00 a.m. on the date of the Meeting, the meeting will be postponed. The Company will post an announcement on the websites of the Company at www.irasia.com/listco/hk/chinanewcons and the Stock Exchange at www.hkexnews.hk to notify members of the date, time and place of the rescheduled meeting.