



中油燃氣集團有限公司*

CHINA OIL AND GAS GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 603)

RULES RELATING TO

THE SHARE AWARD SCHEME

1 DEFINITIONS AND INTERPRETATION

1.1 In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:–

“Adoption Date”	the date on which the adoption of the Scheme by the Company is approved by the Shareholders in general meeting
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Award”	an award granted under the Share Award Scheme by the Board to a Eligible Participant, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with these rules and the terms of the Award
“Award Notice”	shall have the meaning as set out in Paragraph 4.10
“Award Shares”	the Shares granted to a Eligible Participant in an Award
“Banks”	banks licensed to operate as banks in Hong Kong under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Board”	the board of directors of the Company
“Business Day”	any day (other than a Saturday) on which the Stock Exchange is open for trading and on which Banks are open for business in Hong Kong provided that where, as a result of a Number 8 Typhoon Signal, Black Rainstorm Warning or similar event, the period during which the Stock Exchange is open for trading or Banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Board otherwise determines
“Clawback”	in respect of any Award Shares allocated or awarded to a Eligible Participant, the return or repayment of all or a specified part of such Award Shares by such Eligible Participant and/or the ceasing or variation of the Eligible Participant’s entitlement to receive or be vested with all or a specified part of any such Award

Shares which have not yet been vested in the Eligible Participant, pursuant to Paragraph 7

“Company”	China Oil And Gas Group Limited (中油燃氣集團有限公司*), a company incorporated in Bermuda with limited liability, whose Shares are listed on Main Board of the Stock Exchange (Stock Code: 6035)
“connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Control”	has the meaning given to it in The Hong Kong Code on Takeovers and Mergers from time to time
“core connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“SGM”	the special general meeting of the Company to be convened and held at [*] on [*], [*] 2023 at [*] a.m. or any adjournment thereof for the purpose of considering and, if thought fit, approving, inter alia, the adoption of the Scheme and the grant of the Scheme Mandate
“Eligible Participant”	any Employee, and any director of the Company or any Subsidiary
“Employee”	any employee (whether full time or part time) of the Company or any Subsidiary
“Excluded Participant(s)”	any Eligible Participants who is resident in a place where (a) the award of the Award Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place; or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participants, in each case as determined by the Board in its absolute discretion

“Further Shares”	Shares purchased or subscribed for by the Trustee out of cash income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the Trust
“Listing Committee”	shall have the meaning as set out in Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lapse”	shall have the meaning as set out in Paragraph 6.2
“Performance Condition(s)”	the performance condition(s) set by the Board in relation to an Award, as may be amended by the Board from time to time
“Reference Amount”	the sum of (i) the closing price of a Share as at the Reference Date multiplied by the number of Award Shares; and (ii) the related purchase expenses (including for the time being, if any, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy) and such other necessary expenses required for the completion of the purchase of all the Award Shares
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Eligible Participants in a single occasion pursuant to the Scheme
“Refreshment”	the refreshing of the Scheme Limit as approved by Shareholders in general meeting in accordance with the relevant Listing Rules
“Related Income”	all income derived from a Share held upon the Trust in the form of Shares (including but not limited to, the Further Shares, any bonus Shares

and scrip Shares received in respect of that Share)

“Relevant Event”

any variation in the share capital of the Company arising from any capitalisation issue, reduction, subdivision or consolidation of share capital of the Company, any rights issue of any share capital of the Company by way of capitalisation of profits or reserves or in connection with an open offer to the Shareholders (except where Shares are issued as consideration or part consideration in a transaction)

“Residual Cash”

being cash held upon the Trust in respect of an Award Share, including interest income derived from deposits maintained with licensed Banks in Hong Kong, cash income and sale proceeds which have not been applied in the acquisition of Further Shares

“Returned Shares”

such Award Shares and their Related Income which are not vested in accordance with the terms of the Scheme (whether as a result of a Lapse or otherwise), or were forfeited in accordance with the terms of the Scheme, or such Shares which are deemed to be Returned Shares, or Related Income of any Returned Shares

“Scheme”

the “Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof

“Scheme Limit”

shall have the meaning as set out in Paragraph 10.1

“Scheme Mandate”

a specific mandate to allot and issue new Shares not exceeding 10% of the total number of Shares in issue as at the date of the Adoption Date to satisfy Awards that may be granted under the Scheme (if approved by the Shareholders and adopted by the Company) and the Share Option Scheme. Such mandate is proposed on the basis that if the Company conducts a share consolidation or subdivision after grant of the Scheme Mandate has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards granted, 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
“Scheme Rules”	the rules governing the Share Award Scheme
“Eligible Participant(s)”	any Eligible Participant approved for participation in the Scheme and who has been granted any Award in accordance with the Scheme Rules
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company as adopted by the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company
“Trustee”	an entity to be appointed for the sole purpose of holding the Shares underlying the Awards issued on trust for Eligible Participants pursuant to the Scheme
“Trust”	the trust to be constituted by a trust deed or such other governing documents of such trust arrangements and known as the “Share Award Scheme Trust” or such other name as the Board may determine from time to time
“Trust Deed(s)”	in respect of each Trust, the trust deed to be entered into between the Company and the relevant Trustee (as amended, supplemented and restated from time to time) in respect of the establishment of the Trust and administrative of the Scheme
“Vesting Date”	the date or each such date on which the Award Shares are vested
“Vesting Expenses”	all transfer fees, taxes, social security contributions and other levies associated with the vesting, release

or transfer of the relevant Award Shares and Related Income

“%” percent

1.2 In the Scheme Rules, save where the context otherwise requires:–

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of the Scheme Rules;
- (b) references to Paragraphs are references to paragraphs of the Scheme Rules;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2 PURPOSE

The purposes of the Scheme are to align the interests of Eligible Participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares and to encourage and enable Eligible Participants, upon whose judgment, initiative and efforts the Group largely depends for the successful conduct of its business, to make contributions to the long-term growth and profits of the Group and share in the success of the Group.

3 DURATION AND ADMINISTRATION

3.1 Subject to any early termination as may be determined by the Board pursuant to Paragraph 14, the Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, and thereafter for so long as there are any non-vested Award Shares relating to Awards granted prior to the expiration of the Scheme.

3.2 The Scheme shall be subject to the administration of the Board in accordance with

the Scheme Rules and all applicable laws and regulations. Any decision made by the Board as to all matters arising in relation to the Scheme or its interpretation or effect (save as otherwise provided herein) shall be final, conclusive and binding on all parties.

- 3.3 The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed(s).

4 OPERATION OF SCHEME

- 4.1 Subject to Paragraph 11, the Board may, from time to time, in its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Eligible Participant determined by the Board from time to time), select any Eligible Participant (excluding any Excluded Participant) for participation in the Scheme as an Eligible Participant, grant an Award to such Eligible Participant and determine the number of Award Shares. However, until so selected, no Eligible Participant shall be entitled to participate in the Scheme.
- 4.2 Subject to the Scheme Rules, the Board may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the Award as it may at its absolute discretion think fit. Where an Eligible Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an award of Shares to such Eligible Participant.
- 4.3 Where any grant of Awards to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the Company in issue, such grant must be separately approved by shareholders of the Company in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.
- 4.4 Any grant of Awards to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards).
- 4.5 Where any grant of Awards to a director (other than an independent non-executive director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the 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 Awards must

be approved by shareholders of the Company in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.

- 4.6 Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the 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 Awards must be approved by shareholders of the Company in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.
- 4.7 For any grant of Awards to any connected person of the Company, the Company shall comply with all applicable laws, rules and regulations, including but not limited to the Listing Rules from time to time.
- 4.8 The underlying Award Shares to satisfy the Awards (including potential Awards) may be purchased on-market by the Trustee at prevailing market prices from funds provided by the Company (subject to such maximum price as may from time to time be prescribed by the Board) or issued and allotted as new Shares by the Company for subscription by the Trustee on terms and at issue prices (including at par value) as shall be determined by the Board and from funds provided by the Company. The Company shall appoint the Trustee to acquire and hold such Award Shares and Related Income on Trust for the Eligible Participants, and to distribute such Award Shares and Related Income to the Eligible Participants, in accordance with the Scheme Rules and pursuant to the Trust Deed or such other governing documents of such trust arrangements. The Board may from time to time cause to be paid the Reference Amount to the Trustee by way of settlement as directed by the Board which shall constitute part of the trust fund of the Trust, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the relevant Trust Deed.
- 4.9 Subject to the Scheme Rules and the terms of the Award, as soon as practicable following the vesting of the Award Shares, the Board shall direct the Trustee to transfer the relevant vested Award Shares and Related Income to, the Eligible Participant on the Vesting Date, or as soon as possible thereafter if it is not practicable to effect such transfer on such Vesting Date subject to (i) the receipt by the Trustee of, a written confirmation from the Company that all vesting conditions have been fulfilled and its prescribed transfer document(s) duly signed by the Eligible Participant; and (ii) the payment of all Vesting Expenses by the Eligible Participant.
- 4.10 After the selection of the Eligible Participant(s) and the determination of the

number of Award Shares, the Company shall inform the Trustee accordingly. The Company shall also inform the Eligible Participant(s) by written notice in such form as the Company may from time to time determine (the "Award Notice") requiring the Eligible Participant(s) to undertake to hold the Award on the terms on which it is to be granted and to be bound by the Scheme Rules.

- 4.11 Within twenty (20) Business Days (or such other period as the Trustee and the Company may agree from time to time having regard to the circumstances of the purchase concerned) after receipt of the Reference Amount, the Trustee shall apply the Reference Amount towards the purchase of the Award Shares at the prevailing market price. Any balance of the Reference Amount shall be returned by the Trustee to the Company promptly after completion of the purchase. The Shares so purchased shall form part of the trust fund of the Trust.
- 4.12 The Board may determine or modify the terms and conditions of the Award, including but not limited to, among others, the vesting periods, vesting criteria and other conditions. Vesting of the Award Shares will be conditional on the Eligible Participant remaining as an Eligible Participant after the Reference Date and until and on each of the relevant Vesting Dates and his/her execution of the relevant documents to effect the transfer from the Trustee.
- 4.13 The Award Shares will be granted to the Eligible Participant(s) at nil consideration, if any.
- 4.14 The Award Shares, when issued and fully paid, shall rank *pari passu* among themselves and with the other Shares in issue, with rights to receive all dividends and other distributions declared, made or paid on or after the date of proposed allotment and issue.
- 4.15 Upon the occurrence of any Relevant Event (i.e. any variation in the share capital of the Company arising from any capitalisation issue, reduction, sub-division or consolidation of share capital of the Company, any rights issue of any share capital of the Company by way of capitalisation of profits or reserves or in connection with an open offer to the Shareholders, except where Shares are issued as consideration or part consideration in a transaction), the purchase price for Award Shares (if any) and/or the number of Award Shares may be adjusted in a manner as determined by the Board (having received a statement in writing from the independent financial adviser or the auditor of the Company that in their opinion the adjustments proposed satisfy the requirements set out in Rule 17.03(13) of Listing Rules), in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for such Eligible Participant(s). The adjustment must give an Eligible Participant the same proportion of the Award Shares, rounded to the nearest whole Share, as that to which he was previously entitled, but no such adjustment may be made to the extent that a Share would be issued at less than its nominal value (if any).

5 PERFORMANCE CONDITIONS

5.1 The Board may, in its absolute discretion, designate an Award made to any Eligible Participant. If it does so, the Board shall determine the Performance Conditions attached to an Award made to the Eligible Participant under the Scheme. The Performance Conditions shall be applied to the Eligible Participants, including but not limited to directors and/or senior managers of the Company. The Performance Conditions shall, as soon as reasonably practicable, be notified to the Eligible Participant and:

- (a) shall normally be tested over a performance period of at least three financial years of the Company (or such other period as the Board may from time to time determine in respect of the Award for any Eligible Participant);
- (b) may relate to the performance of the Eligible Participant, the Company, one or more of the Subsidiaries, the business or functional unit or department for which the Eligible Participant works or the strategic or business initiatives or projects for which the Eligible Participant is responsible or in relation to which he is actively involved in developing, implementing or completing, or any combination of the above;
- (c) may be relative to the performance of one or more comparators, benchmarks, indices or other measures;
- (d) may be different for different Eligible Participants; and
- (e) may be different for different Awards in relation to the same Eligible Participant.

The Performance Conditions may include other events or circumstances the occurrence of which shall constitute a Lapse (as defined in paragraph 6.2) of the relevant Award.

5.2 The Board may amend any Performance Condition if any event occurs which causes it to consider that the amended Performance Condition would, at the absolute discretion of the Board, be a more accurate measure of performance.

6 VESTING AND FORFEITURE

6.1 Unless otherwise determined by the Board at its discretion, the Award Shares held by the Trustee upon the Trust and which are referable to an Eligible Participant shall vest in that Eligible Participant in accordance with the conditions set out in the Award Notice as the Board may determine at its absolute discretion or is deemed to have vested pursuant to the Scheme Rules, provided that the Eligible Participant

remains at all times after the Reference Date and on the relevant vesting dates (if applicable) an Eligible Participant and the related vesting period shall not be less than 12 months. An Eligible Participant shall have no right, benefit or interest in any Award Shares unless and until the Trustee has vested the legal and beneficial ownership of such Award Shares in him.

6.2 The Award granted to an Eligible Participant shall automatically lapse and be cancelled forthwith and the Award Shares and Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme, in the event that:

- (a) the Eligible Participant ceases to be an employee;
- (b) the Subsidiary by which an Eligible Participant is employed ceases to be a subsidiary of the Company (or of a member of the Group);
- (c) any of the vesting conditions upon an Award to the relevant Eligible Participant as determined by the Board on the Reference Date were not fulfilled;
- (d) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to the successor company);
- (e) the Eligible Participant has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or could no longer make any contribution to the growth and development of the Group for any reason whatsoever, as the Board may at its absolute discretion determine;
- (f) the Eligible Participant is found to be an Excluded Participant; or
- (g) the Eligible Participant fails to (i) return duly executed transfer documents prescribed by the Trustee for the relevant Award Shares and the Related Income; and/or (ii) pay the related Vesting Expenses, within the stipulated period,

(each of these, an event of “**Lapse**”).

6.3 In respect of an Eligible Participant who died or retired at his normal retirement date or earlier by agreement with the Company or any of the Subsidiaries at any time prior to the relevant Vesting Date, all the Award Shares and Related Income of that Eligible Participant shall be deemed to be vested on the day immediately prior

to his death or retirement at his normal retirement date or earlier by agreement with the Company or the Subsidiary.

- 6.4 Awards lapsed in accordance with Paragraph 6.2 will not be regarded as utilised for the purpose of calculating the Scheme Limit.
- 6.5 Where the Company cancels an Award granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made under the Scheme. The Award cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit.

7 CLAWBACK MECHANISM

In certain circumstances, it may be regarded as inequitable for any Award Shares to be vested or retained, as applicable. Such Award Shares are therefore subject to Clawback, including but not limited to circumstances where there has been a material misstatement or omission in the financial statements of the Group made by an Eligible Participant or if the relevant Eligible Participant has engaged in serious negligence, fraud or misconduct, breached the Company's policies, rules or regulations or other circumstances. Notwithstanding anything else in the Scheme Rules, any Award Shares may be subject to Clawback pursuant to the Company's Clawback mechanism, as amended from time to time.

8 TRANSFERABILITY

Any Award made hereunder shall be personal to the Eligible Participant to whom it is made and shall not be assignable or transferrable and no Eligible Participant shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

9 RESTRICTIONS

9.1 No Award shall be made and no instructions to acquire Shares on-market shall be given to the Trustee (i) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations, or (ii) during the period of 60/30 days immediately preceding the publication date of the annual/half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant financial/interim period up to and including the publication date of such results.

9.2 For the avoidance of doubt,

- (a) notwithstanding any other provisions in these rules, no Eligible Participant shall receive any cash income derived from the Award Shares (i.e., cash

dividends declared and paid on the Award Shares, if any) in the event that the Company pays any dividend on the Award Shares until such Award Shares become fully vested (provided always that the Eligible Participant shall not be entitled to receive any dividend declared and distributed with respect to the Award Share, prior to the vesting of the same), unless otherwise provided in the Award Notice;

- (b) no Eligible Participant shall exercise any voting rights in respect of any Shares held on Trust that have not yet vested or take any action in relation to such Shares in the event of a proposed change in Control of the Company;
- (c) the Trustee shall not exercise the voting rights in respect of any Shares held under the Trust and the Trustee holding unvested Shares under the Scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given;
- (d) an Eligible Participant shall have no rights in the Residual Cash or any of the Returned Shares;
- (e) no instructions may be given by an Eligible Participant to the Trustee in respect of the Award Shares or other properties of the Trust;
- (f) the Trustee shall not exercise or purport to exercise any of the rights attached to any Shares held under the Trust (including but not limited to the Award Shares and the Returned Shares) including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions. At such time as when the Award Shares are transferred to the relevant Eligible Participants pursuant to the Scheme, on the relevant Vesting Date or thereafter, the Eligible Participants will be able to enjoy and exercise all rights attaching to the Award Shares, including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions, in the same way as all other ordinary Shareholders of the same class;
- (g) subject to Paragraph 15.2, any cash generated from a Share held upon the Trust shall form part of the trust fund of the Trust and the Trustee may (i) apply such cash for the purchase of Shares which shall become Further Shares for the purpose of the Scheme, (ii) apply such cash to defray such fees, costs and expenses as referred to in Paragraph 15.2, or (iii) return such cash to the Company, as the Trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the Board; and
- (h) if there is an event of change in Control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the

vesting of any Award Shares may be accelerated and/or the vesting conditions or criteria of any Award may be amended or waived at the sole discretion of the Board or its delegate(s).

- 9.3 In respect of the administration of the Scheme, the Company shall comply with all applicable law and disclosure regulations.
- 9.4 The Trustee shall not be required to withhold any withholding tax or other tax in relation to the grant of the Award or the transfer of Award Shares. It shall be the duty of the Company to establish appropriate procedures to provide for any such payment.
- 9.5 Applications shall be made by the Company to the Listing Committee for the listing of and the permission to deal in any Award Shares that may be allotted and issued under the Scheme.

10 SCHEME LIMIT

- 10.1 The Board shall not make any further Award which will result in the aggregate number of the Shares which may be issued in respect of all options and awards granted under all of the schemes of the Company (including under the Scheme and the Share Option Scheme) exceeding 10% of the issued share capital of the Company as at the Adoption Date (“**Scheme Limit**”).
- 10.2 The Board proposes to seek the Shareholders’ approval for the grant of the Scheme Mandate.
- 10.3 The Shares subject to the Scheme must be separately designated unless they are identical with the other shares of the Company in issue.
- 10.4 The Scheme Limit may be refreshed after three years from the Adoption Date or the date of the Company’s shareholders’ approval for the last refreshment (as the case may be) in accordance with the relevant Listing Rules. Any Refreshment within any three-year period must be approved by shareholders of the Company (other than the controlling shareholders (or if there is no controlling shareholder, the directors (excluding independent non-executive directors) and chief executive of the Company and their respective associates) and their associates, who must abstain from voting in favour of the relevant resolution at the general meeting) in general meeting. The aggregate number of Shares which may be issued in respect of all options and awards to be granted under all of the schemes of the Company (including the Scheme) under the Scheme Limit as refreshed shall not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Limit by shareholders of the Company in general meeting.

11 RETURNED SHARES

Subject to Paragraph 14.2, the Trustee shall hold the Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants as the Board shall in its absolute discretion at any time determine. When Returned Shares have been awarded by the Trustee to an Eligible Participant, the Trustee shall notify the Company accordingly.

12 DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decision shall be final and binding.

13 ALTERATION OF THE SCHEME

13.1 Subject to the applicable laws, the Scheme and the Scheme Rules may be altered in any respect (including but not limited to amendment of the Scheme Limit and alterations for the purpose of complying with the Listing Rules) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Eligible Participant.

13.2 No alteration shall be made to any of the Scheme Rules which are of a material nature or are related to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants unless such alteration is approved by the Shareholders in general meeting.

13.3 Any change to the terms of the Awards granted to an Eligible Participant must be approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme.

13.4 Any change to the authority of the Directors to alter the terms of the Scheme must be approved by the Shareholders in general meeting.

13.5 Written notice of any amendment to the Scheme shall be given to all Eligible Participants with subsisting Awards.

14 TERMINATION

14.1 The Scheme shall terminate on the earlier of:

- (a) the 10th anniversary of the Adoption Date;
- (b) the date when an order for the winding-up of the Company is made or a

resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or a scheme of arrangement); and

- (c) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Eligible Participant under the Scheme.

14.2 Upon termination, no further Award (including Awards granted under the Scheme but not yet exercised or in respect of which Award Shares are not yet issued to the Eligible Participant) shall be granted but in all other respects the provisions of the Scheme shall remain in full force and effect. The Award Shares granted and subsisting prior to the termination shall continue to be in full force and effect.

14.3 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

15 MISCELLANEOUS

15.1 The Scheme shall not form part of any contract of employment, service contract or engagement contract between the member of the Group and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office, employment, appointment or engagement shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office, employment, appointment or engagement for any reason.

15.2 The Trustee in its absolute discretion may at any time apply any Residual Cash to defray the costs of establishing and administering the Scheme, including, for the avoidance of doubt, remuneration of the Trustee for work done by it in connection with the Trust, costs arising from communication as referred to in Paragraph 15.4, expenses incurred in the purchase of Shares by the Trustee and stamp duty and normal registration fee (i.e. not being fee chargeable by the share registrar of an express service of registration) in respect of, and other costs, liabilities or expense which may arise as a result of, the transfer of or agreement to transfer Shares to an Eligible Participant on the relevant Vesting Date, or which may otherwise arise out of the administration of the trust fund of the Trust. To the extent such application of Residual Cash is not sufficient to fund all such fees, costs and expenses, the Company will provide the Trustee with the shortfall amount to settle such fees, costs and expenses upon demand by the Trustee. For the avoidance of doubt, the Company shall not be liable for any tax, costs or expenses of any other nature payable on the part of any Eligible Participant in respect of any award, sale, purchase, vesting or transfer of Shares, and the Eligible Participant shall be liable therefor.

- 15.3 Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Shares themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.4 Any notice or other communication between the Company, the Trustee and any Eligible Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Bermuda or such other address as notified to the Eligible Participant from time to time and in the case of an Eligible Participant, his address as notified to the Company from time to time. Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post.
- 15.5 The Company shall not be responsible for any failure by any Eligible Participant to obtain any consent or approval required for such Eligible Participant to participate in the Scheme as an Eligible Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- 15.6 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable, they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.

16 GOVERNING LAW, ETC.

- 16.1 The Scheme shall operate subject to the bye-laws of the Company, any applicable law, regulations, rules and codes.
- 16.2 The Scheme shall be governed by and construed in accordance with the laws of Hong Kong in force from time to time.
- 16.3 The parties shall submit to the exclusive jurisdiction of the courts of Hong Kong in relation to any claim or matter arising under the Scheme.