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

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

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**China Environmental Energy Investment Limited****中國環保能源投資有限公司****(Incorporated in Bermuda with limited liability)***(Stock code: 986)**

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND
TO ISSUE NEW SHARES OF THE COMPANY AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME AND
PROPOSED RE-ELECTION OF
THE RETIRING DIRECTORS OF THE COMPANY AND
NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY**

A notice convening the annual general meeting of China Environmental Energy Investment Limited to be held at 10:30 a.m. on Wednesday, 29 September 2021 at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong is set out on pages 33 to 39 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk).

Precautionary measures and special arrangements for the annual general meeting

Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the annual general meeting with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (a) undergo compulsory body temperature check; and (b) wear surgical masks prior to admission to the annual general meeting venue; (ii) attendees who are subject to health quarantine prescribed by the HKSAR Government not being admitted to the annual general meeting venue; (iii) all attendees being required to wear surgical masks throughout the annual general meeting; and (iv) no refreshment packs or coffee/tea being provided.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the annual general meeting.

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

30 July 2021

* For identification purposes only

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RESPONSIBILITY STATEMENT

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

DEFINITIONS

This document has both English and Chinese versions. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

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

“Annual General Meeting”	an annual general meeting of the Company to be held at 10:30 a.m. on Wednesday, 29 September 2021 at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 33 to 39 of this circular, or any adjournment thereof
“associates”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	day(s) (other than Saturday and day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“Company”	China Environmental Energy Investment Limited (中國環保能源投資有限公司*)(Stock code: 986), a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“court”	has the meaning as ascribed thereto in the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Current Bye-laws”	the bye-laws of the Company currently in force
“Director(s)”	the director(s) of the Company
“Eligible Employee”	employee (whether full time or part time employee, including any executive director but not any non-executive director) of the Group or any Invested Entity
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 30 August 2011

* For identification purposes only

DEFINITIONS

“Grantee(s)”	Participant(s) who accepted the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds any equity interest
“Latest Practicable Date”	26 July 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board
“New Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting
“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme;
“Offer Date”	the date on which the Board makes an Offer to any Participant
“Options”	option(s) to subscribe for Shares granted pursuant to the New Share Option Scheme
“Participant(s)”	any person belonging to any of the following classes of persons: (a) any Eligible Employee; (b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity;

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	(c) any supplier of goods or services to any member of the Group or any Invested Entity;
	(d) any customer of the Group or any Invested Entity;
	(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
	(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of 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 as described in the provisions of the New Share Option Scheme, subject to adjustment in accordance with the New Share Option Scheme
“Subsidiary(ies)”	company(ies) which is/are for the time being subsidiary(ies) (within the meaning of Section 15 of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

Executive Directors:

Ms. Zhou Yaying (*Chairman*)
Mr. Wei Liang (*Chief Executive Officer*)
Mr. Tang Wing Cheung Louis

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Tse Kwong Chan
Mr. Yiu To Wa
Mr. Lau Leong Yuen
Mr. Hong Hui Lung

*Head Office and principal
place of business:*

Room 910, 9/F
Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

30 July 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND
TO ISSUE NEW SHARES OF THE COMPANY
AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
PROPOSED RE-ELECTION OF
THE RETIRING DIRECTORS OF THE COMPANY
AND
NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the granting of the New Buyback Mandate to the Directors; (ii) the granting of the New Issuance Mandate to the Directors; (iii) the extension of the New Issuance Mandate by adding to it the number of the issued Shares repurchased by the Company under the New Buyback Mandate; (iv) the adoption of the New Share Option Scheme; and (v) the re-election of the retiring Directors.

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LETTER FROM THE BOARD

2. PROPOSED GRANTING OF THE NEW BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 29 September 2020, (i) an ordinary resolution was passed for granting of a general mandate to the Directors to repurchase the Company's own shares not exceeding 10% of the total number of the issued Shares as at 29 September 2020 (the "**Previous Buyback Mandate**"); and (ii) an ordinary resolution was also passed for granting of a general mandate to the Directors to allot, issue and deal with the Company's new shares not exceeding 20% of the total number of the issued Shares as at 29 September 2020 (the "**Previous Issuance Mandate**"). The Previous Buyback Mandate and the Previous Issuance Mandate will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares, on the Stock Exchange or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, not exceeding 10% of the total number of the issued Shares as at the date of passing of such resolution (i.e. not exceeding 62,463,775 Shares on the basis that the existing issued share capital of the Company of 624,637,750 Shares remains unchanged as at the date of the Annual General Meeting) (the "**New Buyback Mandate**");
- (b) to allot, issue or deal with Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of such resolution (i.e. not exceeding 124,927,550 Shares on the basis that the existing issued share capital of the Company of 624,637,750 Shares remains unchanged as at the date of the Annual General Meeting) (the "**New Issuance Mandate**"); and
- (c) to extend the New Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to and in accordance with the New Buyback Mandate.

The New Buyback Mandate and the New Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in the proposed ordinary resolutions contained in items 9 and 10 of the notice of the Annual General Meeting as set out on pages 33 to 39 of this circular.

In accordance with the requirements of the Listing Rules, the Company shall send to Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the New Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the New Buyback Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme

The Existing Share Option Scheme allowing the Company to grant share options to Participants for the purpose of, among others, providing incentives or rewards to the Participants for their contribution to the Group, is valid and effective for a period of 10 years commencing on 30 August 2011. Accordingly, the Existing Share Option Scheme is valid until 29 August 2021. As at the Latest Practicable Date, the Company has not adopted any share option scheme other than the Existing Share Option Scheme.

As at the Latest Practicable Date, the Company had 59,056,660 outstanding share options granted under the Existing Share Option Scheme. The outstanding share options under the Existing Share Option Scheme will remain valid and exercisable after the termination of the Existing Share Option Scheme. An aggregate of 59,056,660 Shares (representing approximately 9.45% of the issued Shares as at the Latest Practicable Date) remain issuable upon the exercise in full of all outstanding options under the Existing Share Option Scheme which are yet to be exercised upon vesting under the Existing Share Option Scheme. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted under the Existing Share Option Scheme or any other schemes. The Board confirms that no further options will be granted under the Existing Share Option Scheme from the Latest Practicable Date to the date of the Annual General Meeting.

To enable the Company to continue to grant Share Options to the Participants as incentives or rewards for their contributions to the success of the Group, the Directors consider that it is in the interest of the Company to adopt the New Share Option Scheme and proposes to recommend to the Shareholders at the Annual General Meeting to approve and adopt the New Share Option Scheme.

The New Share Option Scheme

A summary of the terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Room 910, 9/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of Annual General Meeting.

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The purpose of the New Share Option Scheme is to provide incentives or rewards to the Participants thereunder for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

In order to fulfill the requirements as a Participant eligible for the New Share Option Scheme, the person must have contributed and will contribute to the Group. The supplier of goods or services to any member of the Group or any Invested Entity, the customer of the Group or any Invested Entity and person or entity that provides research, development or other technological support to the Group or any Invested Entity (collectively the “**External Parties**”) are Participants since, the Directors believe that the grant of Options to the External Parties serves the purpose of the New Share Option Scheme, i.e., to provide incentives or rewards to person for their contribution or potential contribution to the Group and is appropriate as the successful development of the Group does not only depend on the contributions by the employees and directors of the Group, but also requires the co-operations and contributions from parties who play a part in the development of the business and operations of the Group, including business partners, agents, consultants or advisers appointed by the Group. The grant of Options to these parties is an appropriate means of achieving the Group’s goal. The Options will offer incentives for the business partners, agents, consultants or advisers etc. to provide continuing efforts to promote the interests of the Group and benefits the long-term growth of the Group.

In respect of these External Parties, their eligibility will be determined by the Board based on their potential and/or actual contribution to the operation and business of the Group and/or their potential and/or actual participation and involvement in promoting the business of the Group, in particular:–

- (a) with respect to supplier of goods or services and person or entity that provides research, development or other technological support to the Group or any Invested Entity, the customer of the Group or any Invested Entity, with regard to factors such as (i) the number, scale and nature of the projects and the period of their engagement and/or business relationship with the Group, (ii) their length of providing relevant services to the Group, (iii) the materiality and nature of their services provided to the Group (including for example whether they relate to the core business of the Group and whether such services could be readily replaced by third parties), (iv) their track record in the quality of services provided to the Group, and (v) whether the transaction amount is significant relative to the costs of the Group; and

LETTER FROM THE BOARD

- (b) with respect to customer of the Group or any Invested Entity, with regard to factors such as (i) the actual or expected change in the Group's revenue or profits which is or may be attributable by these customers, (ii) quantify and frequency of the business transactions, (iii) whether the transaction amount is significant relative to the revenue of the Group, and (iv) any potential business development opportunities.

As disclosed in paragraph 7 of Appendix III to this circular, unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised. The Board will consider the merits of each grant to these External Parties on a case-by-case basis and may set vesting period or vesting conditions such as any performance targets to ensure that the grant of the Options to them will be beneficial to the Group.

There is no material difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme. Same as those of the Existing Share Option Scheme, the terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the Subscription Price in respect of any Option. The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole. There will not be any trustees of the New Share Option Scheme.

Based on the above, the Directors consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

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The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the exercise price, exercise period, any lock up period and other conditions, if any, that an Option is subject to. Accordingly, the Directors believe that any calculation of value of the Options as at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and may be misleading to the Shareholders.

As at the Latest Practicable Date, to the best of their knowledge and belief having made all reasonable enquiries, the Directors do not have any immediate plans or intention to grant Options under the New Share Option Scheme upon the New Share Option Scheme becoming effective.

The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the provisions of the New Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules. The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the Annual General Meeting approving the adoption of the New Share Option Scheme and the allotment and issuance of the Shares upon exercise of the Option(s); and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Options that may be granted under the New Share Option Scheme, being 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution.

Subject to the passing of the ordinary resolution set out in item 12 of the notice of the Annual General Meeting in respect of the adoption of New Share Option Scheme and assuming that the issued share capital of the Company remains at 624,637,750 Shares as at the date of Annual General Meeting, the Company can grant Options to the Participants to subscribe for up to 62,463,775 Shares, representing 10% of the issued share capital of the Company as at the date of Annual General Meeting. To the best knowledge of the directors having made all reasonable enquiries, none of the Shareholders has a material interest in the proposed adoption of the New Share Option Scheme and, therefore, no Shareholder is required to abstain from voting the said resolution.

An application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may be issued and allotted pursuant to the New Share Option Scheme.

LETTER FROM THE BOARD

4. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

According to the Current Bye-laws and the agreement among the Board members, Mr. Tang Wing Cheung Louis, Mr. Yiu To Wa, Mr. Lau Leong Yuen and Mr. Hong Hui Lung shall retire at the Annual General Meeting. All of the above four retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above retiring Directors are set out in Appendix II to this circular.

5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 33 to 39 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, *inter alia*, the granting of the New Buyback Mandate and the New Issuance Mandate, the extension of the New Issuance Mandate by the addition thereto of the number of Shares repurchased pursuant to the New Buyback Mandate, the adoption of the New Share Option Scheme and the re-election of the retiring Directors.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk). Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, to the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, your proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors consider that the granting of the New Buyback Mandate, the granting/extension of the New Issuance Mandate, the adoption of the New Share Option Scheme and the re-election of the retiring Directors are in the interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement on the New Buyback Mandate), Appendix II (Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting) and Appendix III (Summary of the Principal Terms of the New Share Option Scheme) to this circular.

Yours faithfully,
By order of the Board
Zhou Yaying
Chairman

The following is an explanatory statement required by the Listing Rules to be sent to Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the New Buyback Mandate.

1. REASONS FOR BUYBACK OF SHARES

The Directors believe that the granting of the New Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the New Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 624,637,750 Shares.

Subject to the passing of the ordinary resolution set out in item 9 of the notice of the Annual General Meeting in respect of the granting of the New Buyback Mandate and on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting, i.e. being 624,637,750 Shares, the Directors would be authorized under the New Buyback Mandate to repurchase, during the period in which the New Buyback Mandate remains in force, 62,463,775 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

3. FUNDING OF REPURCHASES

Repurchases of Shares will be funded from the Company's internal resources, which shall be funds legally available for such purposes in accordance with the Company's Memorandum of Association and Current Bye-laws, the laws of Bermuda and/or any other applicable laws, as the case may be.

4. IMPACT OF REPURCHASES

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2021) in the event that the New Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the New Buyback Mandate to such an extent as would, in the circumstances, have material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time befitting the Company.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the New Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, to the best knowledge of the Company, the substantial shareholders of the Company, Ms. Guo Sha and Ms. Dong Qian were interested in approximately 7.52% and 6.40% of the issued share capital of the Company respectively. In the event that the Directors should exercise in full the powers to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Ms. Guo Sha and Ms. Dong Qian in the Company would be increased to approximately 8.36% and 7.12% of the issued share capital of the Company respectively, and such increases would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the New Buyback Mandate.

The Listing Rules prohibit a company from making repurchase of shares on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the company's issued share capital would be in public hands. The Directors do not propose to repurchase Shares, which would result in less than the prescribed minimum percentage of Shares in public hands.

6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the New Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the New Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the New Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

7. MARKET PRICES OF SHARES

The highest and lowest prices per share at which the Company's shares have traded on the Stock Exchange during each of the following months were as follows:

Month	Highest HK\$	Lowest HK\$
2020		
July	0.450	0.231
August	0.420	0.330
September	0.385	0.305
October	0.365	0.300
November	0.395	0.300
December	0.330	0.275
2021		
January	0.320	0.280
February	0.370	0.285
March	0.340	0.265
April	0.305	0.270
May	0.290	0.101
June	0.123	0.099
July (up to the Latest Practicable Date)	0.117	0.110

8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchase of shares of the Company has been made by the Company during the previous 6 months (whether on the Stock Exchange or otherwise).

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the Annual General Meeting, are provided below.

(1) MR. TANG WING CHEUNG LOUIS**Position and experience**

Mr. Tang Wing Cheung Louis (“Mr. Tang”), aged 58, is an executive director and a member of the executive committee of the Company. He joined the Company in May 2018. He graduated from Florida International University in the United States of America in 1984 with bachelor degree in hotel management. Mr. Tang has over 10 years of experience in management, investment and provision of financial services.

Save as disclosed above, Mr. Tang has not held (i) any other position with the Group; (ii) any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications.

Length of service

There is no service contract signed between Mr. Tang and the Company in relation to his appointment as an executive Director. Mr. Tang has entered into the letter of appointment with the Company and subject to retirement by rotation at least once every three years at each annual general meeting of the Company in accordance with the Current Bye-Laws.

Relationships

As far as the Directors are aware, Mr. Tang does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Tang was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director's emoluments

Mr. Tang will be entitled to a director's fee of HK\$240,000 per annum, which has been recommended by the remuneration committee of the Company and determined by the Board with reference to his duties and responsibilities within the Company and the prevailing market conditions. Mr. Tang is eligible to participate in the Company's share option scheme.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Tang to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Tang that need to be brought to the attention of the Shareholders.

(2) MR. YIU TO WA**Position and experience**

Mr. Yiu To Wa ("Mr. Yiu"), aged 38, is an independent non-executive director and chairman of each of the audit committee and nomination committee of the Company. Mr. Yiu joined the Company in July 2017. Mr. Yiu obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong. Mr. Yiu is currently an independent non-executive director of Yuk Wing Group Holdings Limited (stock code: 1536) which is listed on the Main Board of the Stock Exchange.

Mr. Yiu was appointed as an executive director of DeTai New Energy Group Limited (stock code: 559) on 27 May 2021 which is listed on the Main Board of the Stock Exchange and resigned as an executive director with effect from 22 July 2021.

Save as disclosed above, Mr. Yiu has not held (i) any other position with the Group; (ii) any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications.

Length of service

There is no service contract signed between Mr. Yiu and the Company in relation to his appointment as an independent non-executive Director. Mr. Yiu entered into an appointment letter with the Company on 31 July 2017 for an initial term of one year commencing from 31 July 2017, which is automatically renewable for successive terms of one year upon the expiry of the then current term. Mr. Yiu is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws.

Relationships

As far as the Directors are aware, Mr. Yiu does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Yiu was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director's emoluments

Mr. Yiu is entitled to receive an annual director's fee of HK\$120,000, which is determined by the Board and reviewed by the remuneration committee of the Company with reference to his qualification and experience, his duties and responsibilities in the Company, the Company's performance and the prevailing market situation. Mr. Yiu is eligible to participate in the Company's share option scheme.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Yiu to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Yiu that need to be brought to the attention of the Shareholders.

(3) MR. LAU LEONG YUEN**Position and experience**

Mr. Lau Leong Yuen (“Mr. Lau”), aged 36, is an independent non-executive director and a member of each of the audit committee and remuneration committee of the Company. Mr. Lau joined the Company in July 2017. Mr. Lau obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 10 years of experience in software engineering and information technology system development. He is currently an independent non-executive director of Yuk Wing Group Holdings Limited, which are listed on the Stock Exchange (Stock Code: 1536).

Save as disclosed above, Mr. Lau has not held (i) any other position with the Group; (ii) any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications.

Length of service

There is no service contract signed between Mr. Lau and the Company in relation to his appointment as an independent non-executive Director. Mr. Lau entered into an appointment letter with the Company on 31 July 2017 for an initial term of one year commencing from 31 July 2017, which is automatically renewable for successive terms of one year upon the expiry of the then current term. Mr. Lau is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws.

Relationships

As far as the Directors are aware, Mr. Lau does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Lau was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director's emoluments

Mr. Lau is entitled to receive an annual director's fee of HK\$120,000, which is determined by the Board and reviewed by the remuneration committee of the Company with reference to his qualification and experience, his duties and responsibilities in the Company, the Company's performance and the prevailing market situation. Mr. Lau is eligible to participate in the Company's share option scheme.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

As far as the Directors are aware, there is no information of Mr. Lau to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders.

(4) MR. HONG HUI LUNG**Position and experience**

Mr. Hong Hui Lung (“**Mr. Hong**”), aged 52, is an independent non-executive director and a member of the audit committee of the Company. He joined the Company in February 2021. Mr. Hong graduated from The University of Hong Kong with a bachelor's degree in science in 1992. After graduation, Mr. Hong had worked in an international audit firm. Mr. Hong has professional expertise and extensive experience in investment banking for about 16 years. Mr. Hong has also participated as speakers of professional trainings and seminars regarding the regulation, landscape and development of Hong Kong and China capital markets. Mr. Hong is a fellow member of the Association of Chartered Certified Accountants.

Save as disclosed above, Mr. Hong has not held (i) any other position with the Group; (ii) any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications.

Length of service

There is no service contract signed between Mr. Hong and the Company in relation to his appointment as an independent non-executive Director. Mr. Hong entered into the appointment letter with the Company on 22 February 2021 for an initial term of one year commencing from 22 February 2021, which is automatically renewable for successive terms of one year upon the expiry of the then current term. Mr. Hong shall hold office only until the Annual General Meeting and shall then be eligible for re-election at that meeting, and thereafter subject to retirement by rotation at least once every three years at each annual general meeting, in accordance with the Current Bye-laws.

Relationships

As far as the Directors are aware, Mr. Hong does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Hong was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Director's emoluments

Mr. Hong will be entitled to a director's fee of HK\$120,000 per annum, which has been recommended by the remuneration committee of the Company and determined by the Board with reference to his qualification and experience, his duties and responsibilities with the Company, the Company's performance and the prevailing market situation. Mr. Hong is eligible to participate in the Company's share option scheme.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

Mr. Hong has a public sanction, which was made by the Securities and Futures Commission of Hong Kong ("SFC") against him. According to the news release published by the SFC on 7 June 2012, Mr. Hong's licenses were revoked by the SFC, arising from the listing application of Hontex International Holdings Company Limited which Mega Capital (Asia) Company Limited was the sponsor and Mr. Hong was one of the sponsor principals. SFC's main findings were, among other things, his supervisory failures, and the SFC found no evidence that Mr. Hong was involved in any fraud and has not made findings against Mr. Hong for dishonesty or taking unfair advantage from his failures.

Before Mr. Hong entered into the appointment letter with the Company, the Board had considered a counsel's opinion and five letters of recommendation from Mr. Hong that he is suitable to act as an independent non-executive director of Hong Kong listed company, in particular, given that (i) the above incident does not reflect negatively on the character, integrity, honesty or independence to serve as a Director; and (ii) he possesses appropriate professional qualifications and extensive experience in the accounting, financial and investment fields. Accordingly, the Board (excluding Mr. Hong) believes that the holding of office by Mr. Hong as an independent non-executive Director and a member of the audit committee of the Company be suitable under Rules 3.08 and 3.09 of the Listing Rules.

As far as the Directors are aware, there is no information of Mr. Hong to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr. Hong that need to be brought to the attention of the Shareholders.

The following is a summary of principal terms of the New Share Option Scheme to be approved at the Annual General Meeting. It does not form part of, nor is it intended to be part of, the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme required to be included in the New Share Option Scheme as pursuant to the Listing Rules.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to provide incentives or rewards to the Participants thereunder for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

2. PARTICIPANTS

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of Participants, to take up Options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any non-executive director (including independent non-executive directors) of the Group or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

The basis of eligibility of any of the above classes of Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (3.1) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

- (3.2) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of the passing of the ordinary resolution (the “General Scheme Limit”).
- (3.3) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.4) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of such limit and for the purpose of calculating the limit as “refreshed”, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of New Share Option Scheme and any other share option schemes of the Company) previously granted under the New Share Option Scheme and any other share option schemes of the Company will not be counted.
- (3.4) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.3) above, the Company may seek separate Shareholders’ approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in sub-paragraph (3.3) above to Participants specifically identified by the Company before such approval is sought.

4. MAXIMUM ENTITLEMENT TO EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding Options) to each Participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of Options to a Participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant must be subject to the Shareholders’ approval in general meeting of the Company with such Participant and his or her associates abstaining from voting.

The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of Offer for the purpose of calculating the Subscription Price.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

(5.1) Any grant of Options under the New Share Option Scheme to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial Shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options).

(5.2) Where any grant of Options to a substantial Shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the Shareholders. The grantee, his associates and all Connected Persons of the Company must abstain from voting at such general meeting, except that the grantee, his associates or any Connected Person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the relevant circular.

For the purpose of seeking Shareholders' approval in general meeting under subparagraphs (3.3) and (3.4), paragraph 4 and sub-paragraph (5.2) above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules.

Where the grant of Options to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates is subject to Shareholders' approval under Rule 17.04(1) of the Listing Rules, a circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) the number and terms of the Options to be granted; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee) to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

6. TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION

An Offer may be accepted by a Participant within 28 days from the Offer Date. A consideration of HK\$1 is payable on acceptance of the Offer. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the Offer is made but shall end in any event not later than 10 years from the Offer Date subject to the provisions for early termination thereof (the "Option Period").

Unless the Directors otherwise determined and stated in the Offer to a Participant, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised.

7. PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised.

8. SUBSCRIPTION PRICE FOR SHARES

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the making of the Offer (which shall be stated in the letter containing the Offer) but in any case the Subscription Price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Trading Days immediately preceding the Offer Date; and (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out herein.

9. LIFE OF THE NEW SHARE OPTION SCHEME

Subject to paragraph 16, the New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders.

10. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

11. TRANSFERABILITY OF OPTIONS

An Option is 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 in favour of any third party over or in relation to any Option.

12. RIGHTS ATTACHING TO OPTIONS**(12.1) Rights on ceasing employment**

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death or termination of employment on one or more grounds referred to in sub-paragraph (12.3) below before exercising his or her Option in full, the Option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(12.2) Rights on death

If the Grantee of an Option ceases to be a Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment under sub-paragraph (12.3) below arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

(12.3) Rights on dismissal

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Eligible Employee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity, his or her Option will lapse automatically on the date the Grantee ceases to be an Eligible Employee.

(12.4) Rights on breach of contract

If the Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee shall lapse. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(12.5) Rights on a general offer

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company. If such offer

becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer). Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(12.6) Rights on winding up

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee (or where permitted under subparagraph (12.2), his or her legal personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than two Business Days prior to the date on which such resolution is to be passed, exercise his or her Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the date prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

(12.7) Rights on compromise or arrangement between the Company and its creditors

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), 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 Shareholders or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling 2 calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the court be entitled to exercise his or her Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date the proposed compromise or arrangement becomes effective.

13. LAPSE OF OPTION

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

- (a) the expiry of the periods or dates referred to in paragraphs 6 and 12; and
- (b) the date on which a breach of the provision of restriction on transfer and assignment of an Option referred to in paragraph 11 is committed.

14. REORGANIZATION OF CAPITAL STRUCTURE

In the event of a capitalization issue of profits or reserves, rights issue, consolidation, subdivision or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares referred to in paragraphs 3 and 4,

as an independent financial adviser or the auditors of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustments shall remain the same as that to which he or she was entitled before such adjustments and no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction. In addition, in respect of any such adjustments as provided in this paragraph 14, other than any made on a capitalization issue, the independent financial adviser or auditors of the Company must confirm in writing to the Directors that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

15. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised shall require approval of the Board. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Share Option Scheme and the Listing Rules. Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in paragraph 3. For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

16. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution in general meeting at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

17. ALTERATION OF THE NEW SHARE OPTION SCHEME

(17.1) The New Share Option Scheme may be altered in any aspect by resolution of the Board except that:

- (a) the terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees of the Options except with the prior approval of the Shareholders in general meeting;
- (b) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme;
- (c) any change to the terms of the Options granted must be approved by the Shareholders in general meeting; and
- (d) any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(17.2) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

18. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

A grant of Options shall not be made after inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, the Company shall not grant any Option during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, and where an Option is granted to a Director: -
 - (i) no Options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) no Options shall be granted during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

NOTICE OF THE ANNUAL GENERAL MEETING



China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

NOTICE IS HEREBY GIVEN that an annual general meeting of China Environmental Energy Investment Limited (the “**Company**”) will be held at 10:30 a.m. on Wednesday, 29 September 2021 at Falcon Room I, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

AS ORDINARY BUSINESS

1. To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and auditor for the year ended 31 March 2021;
2. To re-elect Mr. Tang Wing Cheung Louis as an executive director of the Company;
3. To re-elect Mr. Yiu To Wa as an independent non-executive director of the Company;
4. To re-elect Mr. Lau Leong Yuen as an independent non-executive director of the Company;
5. To re-elect Mr. Hong Hui Lung as an independent non-executive director of the Company;
6. To authorize the board of directors of the Company to appoint additional directors as and when the board considers necessary and appropriate;
7. To authorize the board of directors of the Company to fix the respective directors’ remuneration;
8. To re-appoint McMillan Woods (Hong Kong) CPA Limited as auditor and to authorize the board of directors of the Company to fix auditor’s remuneration;

* For identification purposes only

NOTICE OF THE ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be repurchased under the mandate in paragraph (a) above 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; and
- (c) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”;

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10. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of the outstanding conversion rights attaching to any convertible securities issued by the Company, which are convertible into shares of the Company;
 - (iii) the exercise of options under share option scheme(s) of the Company; and
 - (iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution and this approval shall be limited accordingly; and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the mandate in paragraph (a) above 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; and

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(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and

“**Rights Issue**” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”;

11. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolutions set out in items 9 and 10 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 10 of the Notice be and is hereby extended by the addition to the total number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of the total number of shares purchased by the Company pursuant to the general mandate referred to in the resolution set out in item 9 of the Notice, provided that such amount shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing of this resolution.”; and

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12. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**New Share Option Scheme**”, a copy of which marked “A” is produced to the meeting and for the purposes of identification signed by the Chairman thereof), the New Share Option Scheme be and is hereby approved and the board of directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation:

- (a) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares of the Company;
- (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- (c) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme provided always that the total number of shares subject to the New Share Option Scheme, when aggregated with any shares subject to any other share option schemes, shall not exceed 10% of the relevant class of the issued share capital of the Company as at the date of passing this resolution, but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme and the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the relevant class of the issued share capital of the Company from time to time;
- (d) to make applications at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and

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- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”.

By order of the Board
Zhou Yaying
Chairman

Hong Kong, 30 July 2021

Notes:

1. Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at the annual general meeting with a view to addressing the risk to attendees of infection, including, without limitation, (i) all attendees being required to (a) undergo compulsory body temperature check; and (b) wear surgical masks prior to admission to the annual general meeting venue; (ii) attendees who are subject to health quarantine prescribed by the HKSAR Government not being admitted to the annual general meeting venue; (iii) all attendees being required to wear surgical masks throughout the annual general meeting; and (iv) no refreshment packs or coffee/tea being provided. The Company reminds attendees that they should carefully consider the risks of attending the annual general meeting, taking into account their own personal circumstances.

The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the annual general meeting.

2. Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. 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.
3. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Branch Share Registrar of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. 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 form of proxy shall be deemed to be revoked.
4. In order to determine the rights to attend the meeting to be held on Wednesday, 29 September 2021, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Branch Share Registrar of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 23 September 2021.

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5. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning signal or “extreme conditions after super typhoons” announced by the HKSAR Government is/are in effect any time and remains in force 3 hours before the time of the meeting, the meeting will be postponed. The Company will post an announcement on the website of the Company at www.986.com.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

This Circular, in both English and Chinese versions, is available on the Company’s website at www.986.com.hk.

*Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the “**Corporate Communications**”).*

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Circular since both languages are bound together into one booklet.