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KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED

康達國際環保有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6136)

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

A notice convening the annual general meeting of Kangda International Environmental Company Limited to be held at Suite 6409, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 6 June 2025 is set out on pages 62 to 68 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment or postponement thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish, and in such event, the instrument appointing a proxy will be deemed to be revoked.

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DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme adopted by the Company on 14 June 2014, which has expired on 13 June 2024
“Adoption Date”	being the date on which the New Share Option Scheme becomes unconditional
“Amended and Restated Articles of Association”	the third amended and restated articles of association of the Company as set out in Appendix IV to this circular (with proposed changes marked-up against the consolidated version of the Existing Articles of Association posted on the website of the Stock Exchange) proposed to be approved and adopted by the Shareholders with effect from the passing of the relevant special resolution at the Annual General Meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 6409, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 6 June 2025 or any adjournment thereof, the notice of which is set out on pages 62 to 68 of this circular
“Board”	the board of Directors
“Cayman Companies Act”	the Companies Act Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Water”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 855), and a substantial shareholder of the Company which is interested as to approximately 28.46% of the issued share capital of the Company as at the Latest Practicable Date
“Company”	Kangda International Environmental Company Limited (康達國際環保有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 6136)

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	(a) the Employee Participant(s); (b) the Related Entity Participant(s); and (c) the Service Providers, provided that the Board may have absolute discretion to determine whether or not one falls within the above category
“Employee Participant(s)”	the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with any member of the Group)
“Existing Articles of Association”	the articles of association of the Company currently in force
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to the effect that the total number of Shares which may be allotted, issued or otherwise dealt with under the General Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to exercise the power of the Company to allot, issue or otherwise deal with Shares (including any sale or transfer of Treasury Shares) not exceeding 20% of the number of issued Shares (excluding Treasury Shares) as at the date of the passing of the relevant resolution granting the General Mandate
“Grantee”	any Eligible Participant who accepts the Offer (as the case may be) in accordance with the terms of the New Share Option Scheme (as the case may be)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“inside information”	has the meaning defined in the Securities and Futures Ordinance
“Latest Practicable Date”	17 April 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting
“Offer”	an offer for the grant of an Option made in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant(s)
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Related Entity Participant(s)”	directors and employees (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the number of issued Shares (excluding Treasury Shares) as at the date of passing of the relevant resolution granting the Repurchase Mandate
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Mandate Limit”	the maximum number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted under the New Share Option Scheme, together with options and awards which may be granted under any other share schemes of the Company
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Service Provider(s)”	person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, that is, person(s) who are contractor, supplier, distributor, promoter, agent, consultant, adviser and/or business partner in relation to the Group’s businesses (but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity)
“Service Provider Sublimit”	within the Scheme Mandate Limit, the maximum number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the New Share Option Scheme, together with options and awards which may be granted under any other share schemes to the Service Providers
“Share Premium Account”	the share premium account of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“Treasury Shares”	Shares repurchased and held by the Company in treasury as treasury shares, as authorised by the laws of Cayman Islands, and for the purpose of the New Share Option Scheme, references to new Shares include Treasury Shares, and references to the issue of new Shares include the transfer of Treasury Shares
“%”	per cent

LETTER FROM THE BOARD



KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED

康達國際環保有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6136)

Executive Directors:

Mr. LI Zhong (*Chairman*)
Ms. LIU Yujie
Mr. DUAN, Jerry Linnan
Mr. ZHOU Wei

Non-executive Director:

Mr. ZHAO Juanxian (alias, ZHAO Junxian)

Independent Non-executive Directors:

Mr. CHAU Kam Wing Donald
Mr. CHANG Qing
Mr. PENG Yongzhen

Registered Office:

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

*Principal Place of Business in
Hong Kong:*

Suite 6409
64/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

29 April 2025

To the Shareholders,

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to provide the Shareholders with the notice of Annual General Meeting and information regarding the following proposals to be put forward at the Annual General Meeting: (i) the re-election of Directors; (ii) the grant to the Directors of the General Mandate, the Repurchase Mandate and the Extension Mandate; (iii) the proposed adoption of the New Share Option Scheme; and (iv) the Proposed Amendments to the Existing Articles of Association and adoption of the Amended and Restated Articles of Association.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with the Existing Articles of Association, Mr. Duan, Jerry Linnan, Mr. Zhao Juanxian (alias, Zhao Junxian) and Mr. Peng Yongzhen will retire at the Annual General Meeting and, being eligible, have offered themselves for re-election as Directors at the Annual General Meeting.

The Nomination Committee of the Company (the “**Nomination Committee**”), having regard the nomination policy and diversity policy of the Company and the objective criteria (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service), have reviewed the biographies and past performances of Mr. Duan, Jerry Linnan, Mr. Zhao Juanxian (alias, Zhao Junxian) and Mr. Peng Yongzhen, and considered that they have the required character, qualifications and experience to continue fulfilling the role of Directors.

Given the extensive knowledge and experience of each of Mr. Duan, Jerry Linnan, Mr. Zhao Juanxian (alias, Zhao Junxian) and Mr. Peng Yongzhen, the Nomination Committee and the Board believe that their re-election as Directors are in the best interests of the Company and the Shareholders as a whole, and therefore recommend the Shareholders to re-elect each of Mr. Duan, Jerry Linnan, Mr. Zhao Juanxian (alias, Zhao Junxian) and Mr. Peng Yongzhen as a Director. Each of Mr. Duan, Jerry Linnan, Mr. Zhao Juanxian (alias, Zhao Junxian) and Mr. Peng Yongzhen has abstained from the discussion and voting at the Nomination Committee (if applicable) and the Board meeting regarding his/her respective re-election. Separate resolutions will be proposed for their re-elections at the Annual General Meeting.

Mr. Peng Yongzhen has served as the Company’s independent non-executive Director for more than 9 years. His appointment is subject to a separate resolution to be approved by Shareholders pursuant to Code B.2.3 of Part 2 of Appendix C1 of the Listing Rules. Over the years, Mr. Peng Yongzhen has gained an in-depth understanding of the Company’s operations and business and has been providing objective views and independent guidance to the Company. The Board considers that the long services of Mr. Peng Yongzhen would not affect his exercise of independent judgment and is satisfied that he has the required integrity, skills and experience to continue to contribute meaningfully and objectively as an independent non-executive Director. The Board considers that the re-election of Mr. Peng Yongzhen as an independent non-executive Director is in the interest of the Company and the Shareholders as a whole.

Details of the above named Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

LETTER FROM THE BOARD

GENERAL MANDATE

In order to ensure greater flexibility and give discretion to the Directors in the event that it becomes desirable for the Company to issue Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the General Mandate to issue Shares. An ordinary resolution no. 4(A) will be proposed at the Annual General Meeting to grant to the Directors the General Mandate to exercise the powers of the Company to allot, issue or otherwise deal with Shares (including any sale or transfer of Treasury Shares) up to 20% of the number of issued Shares (excluding Treasury Shares) as at the date of the passing of the resolution in relation to the General Mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised of 2,139,735,000 Shares. Subject to the passing of the above ordinary resolution and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue (or sale or transfer of Treasury Shares) a maximum of 427,947,000 Shares.

EXTENSION MANDATE

In addition, subject to a separate approval of the ordinary resolution no. 4(C), the number of Shares purchased by the Company under the ordinary resolution no. 4(B), if approved by the Shareholders at the Annual General Meeting, will also be added to extend the 20% limit of the General Mandate as mentioned in the ordinary resolution no. 4(A) provided that such additional amount shall not exceed 10% of the number of issued Shares (excluding Treasury Shares) as at the date of the passing of the General Mandate, the Repurchase Mandate and the Extension Mandate.

REPURCHASE MANDATE

In addition, an ordinary resolution no. 4(B) will be proposed at the Annual General Meeting to approve the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10% of the number of issued Shares (excluding Treasury Shares) as at the date of the passing of the resolution in relation to the Repurchase Mandate.

An explanatory statement required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

2014 Share Option Scheme

The 2014 Share Option Scheme was adopted by a resolution of the Shareholders passed on 14 June 2014, and has expired on 14 June 2024 and no further options can be granted thereunder. As at the Latest Practicable Date, there were 213,973,500 outstanding share options under the 2014 Share Option Scheme. The Company has no existing share schemes under Chapter 17 of the Listing Rules as at the Latest Practicable Date.

Set out below are the details of the 213,973,500 outstanding share options granted under the 2014 Share Option Scheme:

Grantee	Position(s) held in the Company	Date of grant	Vesting period of share options	Exercise period of share options (both dates inclusive)	Exercise price	Performance target/ clawback mechanism	No. of share options
<i>Directors</i>							
Li Zhong	Executive Director and co-chairman of the Board	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	16,000,000
Liu Yujie	Executive Director	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	16,000,000
Duan, Jerry Linnan	Executive Director and chief executive officer of the Company	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	16,000,000
Zhou Wei	Executive Director and chief financial officer of the Company	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	16,000,000
Chau Kam Wing Donald	Independent non-executive Director	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	2,000,000
Chang Qing	Independent non-executive Director	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	2,000,000
Peng Yongzhen	Independent non-executive Director	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	2,000,000

LETTER FROM THE BOARD

<u>Grantee</u>	<u>Position(s) held in the Company</u>	<u>Date of grant</u>	<u>Vesting period of share options</u>	<u>Exercise period of share options (both dates inclusive)</u>	<u>Exercise price</u>	<u>Performance target/ clawback mechanism</u>	<u>No. of share options</u>
<i>Employees of the Group</i>							
Other grantees	Employee	31 May 2024	12 months from the date of grant of the share options	31 May 2025 to 15 September 2025	HK\$0.3 per Share	N/A	143,973,500
Total							<u>213,973,500</u>

Proposed adoption of the New Share Option Scheme

In view of the expiration of the 2014 Share Option Scheme and in order to provide appropriate equity incentives or rewards to suitable and eligible persons for their contributions or potential contributions to the Group, the Board proposes to seek approval by the Shareholders by way of an ordinary resolution at the Annual General Meeting to adopt the New Share Option Scheme in accordance with Chapter 17 of the Listing Rules. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III to this circular.

Purpose

The purpose of the New Share Option Scheme is to reward the Eligible Participants for their contributions, to attract, motivate and retain the best available and high calibre personnel of the Group, to provide additional incentives to the Eligible Participants and to promote the overall success of the business of the Group. The New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company which will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions and/or potential contributions are important to the long-term growth, performance and/or success of the Group.

The Company may issue new Shares and/or utilise existing Treasury Shares (if any) to satisfy grants of the Options under the New Share Option Scheme to the extent permitted by the Listing Rules, all applicable laws and regulations and the Amended and Restated Articles of Association. As at the Latest Practicable Date, the Company did not hold any Treasury Shares and had not decided whether to use Treasury Shares for the New Share Option Scheme, if applicable.

LETTER FROM THE BOARD

Eligible Participants

Pursuant to the terms of the New Share Option Scheme, Eligible Participants include the (a) Employee Participants; (b) the Related Entity Participants; and (c) the Service Providers.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (i) the experience of the Eligible Participant in relation to the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); (iii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider); and (iv) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

In determining the basis of eligibility of each Employee Participant, the Board will take into account (i) their individual performance; (ii) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iii) the length of their engagement with the Group; and (iv) their individual contributions or potential contributions towards the development and growth of the Group.

Under the New Share Option Scheme, independent non-executive Directors may be Eligible Participants. The Company considers that the inclusion of independent non-executive Directors as Eligible Participants is in line with the purpose of the New Share Option Scheme to attract and retain the best available and high calibre personnel to drive the success of the Group's business. The flexibility to grant Options to the independent non-executive Directors will enable the Company to maintain its competitive remuneration package. In addition, when considering the inclusion of independent non-executive Directors as Eligible Participants, the Company has taken into account the important contribution that independent non-executive Directors may make to the development and business of the Group, such as providing valuable advice and recommendations to the Board by virtue of their industry knowledge, experience and diverse professional backgrounds, and the fact that share-based compensation is an important means of ensuring that Shareholders' interests are aligned with those of the members of the Board (including the independent non-executive Directors).

LETTER FROM THE BOARD

The Company believes that the independence and impartiality of independent non-executive Directors will not be compromised by the potential grants of Options as (i) independent non-executive Directors must maintain compliance with the independence requirements as set out in Rule 3.13 of the Listing Rules; (ii) independent Shareholders' approval must be obtained for any Option proposed to be granted to independent non-executive Directors or their respective associates if such grant would result in the Shares issued and to be issued in respect of all options and awards granted and to be granted to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding Treasury Shares); and (iii) when considering granting Options to independent non-executive Directors, the Board will be mindful to the recommended best practice E.1.9 of the corporate governance code as set out in Appendix C1 to the Listing Rules that issuers should generally not grant performance-linked equity-based remuneration to independent non-executive Directors. Although no performance targets have been set out in the New Share Option Scheme, if the Grantee is an independent non-executive Director, the Board will only make such grants if it is satisfied that there will be no bias in decision-making or impact on the objectivity and independence of the Grantee in discharging his/her duties as an independent non-executive Director.

As at the Latest Practicable Date, the Company had no specific plans or immediate intention to grant Options to independent non-executive Directors under the New Share Option Scheme.

In determining the basis of eligibility of each Related Entity Participant, the Board will take into account (i) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the period of engagement or employment of the Related Entity Participant by the Group; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has or is expected to refer or introduce opportunities to the Group which have or are likely to materialise into further business relationships; and (v) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

LETTER FROM THE BOARD

Set out below are the detailed description of each type of Service Providers and the specific criteria for determining the eligibility of each type of Service Providers under the New Share Option Scheme:

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Supplier	Service Providers under this category are mainly suppliers of raw materials, construction materials, equipment, machineries, goods and services, who/which support (i) the Group's businesses in relation to the design, construction, operation and maintenance of wastewater treatment plants, reclaimed water treatment plants, water distribution plants, sludge treatment plants and other municipal infrastructure in the PRC; and/or (ii) other principal business activity(ies) that may be carried out by the Group from time to time (collectively, the "Group's Businesses").	<p>The Board will take into account, amongst others:</p> <ul style="list-style-type: none"> (i) the nature, reliability and quality of the raw materials, construction materials, equipment, machineries, goods and/or services supplied; (ii) the value of the raw materials, construction materials, equipment, machineries, goods and/or services provided by the relevant supplier; (iii) the frequency of collaboration and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track record of the relevant supplier; (vi) the replacement cost of such supplier and/or the raw materials, construction materials, equipment, machineries, goods and/or services (including continuity and stability of supply or provision of such raw materials, construction materials, equipment, machineries, goods and/or services); and (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impact to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by products and/or services using the raw materials, construction materials, equipment, machineries, goods and/or services supplied and/or provided by such supplier.

LETTER FROM THE BOARD

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Independent contractor, distributor, promoter, agent, consultant, adviser and/or business partners	<p>Service Providers under this category include independent contractors, distributor, promoter, agents, consultants, advisers and/or business partners who/which provide accounting related services such as tax planning services, budgeting and forecasting, financial data processing and analysis, which are comparable with the work performed by the internal accounting and tax department of the Group on a continuing or recurring basis in its ordinary and usual course of business and are essential to the long term growth of the Company; finance related services such as introducing potential investors to the Company and facilitating corporate roadshow activities for various investment projects, which are comparable with the work performed by the investor relations and public relations department of the Group on a continuing or recurring basis in its ordinary and usual course of business and are essential to the long term growth of the Group, but excluding advisory services for fundraising, mergers or acquisitions provided by placing agents or financial advisers, and the provision of assurance or services performed with impartiality and objectivity from service providers such as auditors or valuers; legal related or other professional services; distribution services; promoting and marketing services in respect of the Group's Businesses; technical and information technology services; operation management consultancy services; procuring and sourcing services; any other direct or ancillary services desirable or necessary in support of the Group's Businesses, and helped maintain or enhanced the competitiveness of the Group by way of introducing new customers, suppliers, source of funding or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the to the benefit and development of the Group's Businesses.</p>	<p>The Board will take into account, amongst others:</p> <ul style="list-style-type: none"> (i) the individual performance of the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner; (ii) their knowledge, experience and network in the relevant industry; (iii) the frequency of collaboration within each contract term and length of their business relationship with the Group; (iv) whether the frequency of the services provided by a Service Provider is akin to that of its employees; (v) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (vi) the background, credentials and experiences of the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner; (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such contractor, distributor, promoter, agent, consultant, adviser and/or business partner could bring positive impacts to the Group's businesses, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services provided by such contractor, distributor, promoter, agent, consultant, adviser and/or business partner; and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner, and/or the synergy between the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner and the Group.

LETTER FROM THE BOARD

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration, amongst others, (i) the length and type of services provided and the recurrences and regularity of such services including but not limited to the term of the contract of the Service Provider, whether the services are provided on a daily, weekly or monthly basis and the number of hours of services provided within the term; (ii) the nature of the services provided to the Group by the Service Provider; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

Although there were no Related Entity Participants with which the Group may have any business dealings as at the Latest Practicable Date, the Board does not rule out the possibility that there may be business development in the future resulting in the formation of related entities, which may contribute to the business of the Group by referring or introducing opportunities to the Group which would materialise into further business relationships, or by providing specific knowledge on certain operational areas and guidance with respect to potential expansions into new markets based on their pre-existing expertise, etc. Related Entity Participants may also possess the necessary skill, knowledge and experience to support and assist the Group's long-term development. Although the Related Entity Participants may not be directly appointed or employed by members of the Group, the Group may from time to time seek assistance and support from the Related Entity Participants in projects or other business engagement relating to or having connections with the Group's Businesses given their close corporate relationship with the Group, and thus, they will nonetheless be considered valuable resources of the Group. In particular, the growth and development of the holding company, fellow subsidiaries and/or associated companies of the Company would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of such related entities. As such, the Board (including the independent non-executive Directors) is of the view that collaboration with related entities may support the long term development of the Group and hence, the inclusion of Related Entity Participants as Eligible Participants aligns with the purpose of the New Share Option Scheme.

The Group may also from time to time collaborate with Service Providers (including suppliers as well as independent contractors, agents, advisers and consultants who provide advisory services, consultancy services and/or technology services to the Group on areas relating to the Group's principal business activities in the operation of wastewater treatment facilities in the PRC, or on areas that are desirable and necessary from a commercial perspective may enhance the competitiveness of the Group) and the Board believes that they could play significant roles in the Group's business development by contributing their specialised skills, knowledge and experience, thereby supporting and contributing to the long-term growth of the Group's Businesses. Such Service Providers which provide services akin to employees of the Group on a continuing or recurring basis in its ordinary and usual course of business, may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. These Service Providers may be seasoned people in their

LETTER FROM THE BOARD

own fields and professionals with extensive business connections which the Group may not be able to recruit them as employees, or they may prefer to work on self-employed basis which is in line with industry norm, and the Company may need to outsource such functions and procure services from such Service Providers, or may be unable to turn to internal resources for these kind of specialised support due to various restraints.

Save for the 18,100,000 share options granted to certain non-employees of the Group who/which provided financial advisory services, tax planning services, technical support and enhancement services, and business development and operational management services to the Group, no other share options had been granted to the Related Entity Participants and/or Service Providers under the 2014 Share Option Scheme.

The Board considers that it is appropriate to include the Related Entity Participants and/or Service Providers as Eligible Participants under the New Share Option Scheme. In addition to the foregoing reasons in respect of the Company's business needs, the inclusion of the Related Entity Participants and Service Providers as Participants will allow flexibility for the Company to grant Options to them instead of cash reward or other settlement since the grant of Options will offer them more long-lasting and promising incentives that are more long-lasting and promising than one-off payments, strengthen their loyalty with the Group, link their interests with the interests of the Group moving forward, and allow the Group to allocate its financial resources more efficiently by retaining more cash. As such, the grant of Options to Related Entity Participants and/or Service Providers are considered to be the best available option.

By reasons of the above, the Board (including the independent non-executive Directors) considers that the inclusion of non-employees, including Related Entity Participants and Service Providers, recognises the contribution of such non-employees, whose effort and co-operation with the Company have been instrumental in the development and continued success of the Group's Businesses. In particular, Service Providers possess specialised skills or industry-specific knowledge and may provide the Group with the necessary technical support and strategic advice which may be beneficial to the Group's future business growth. On the other hand, the Group will not rule out the possibility of establishing close working relationship with Related Entity Participants, such as senior management of the Company's fellow subsidiaries and associated companies, which may enable the Group to expand its business connections and allow the Group to capture new business opportunities. Hence, the Board (including the independent non-executive Directors) is also of the view that the wider scope of Eligible Participants is fair and reasonable and in line with the Group's business needs and the industry norm, and the criteria for the selection of the Eligible Participants and the terms of the grants aligns with the purpose of the New Share Option Scheme and provides flexibility to the Company as a means of incentivising or rewarding persons outside of the Group to contribute to its long-term success.

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

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Vesting Period

The Directors consider that the New Share Option Scheme, which will be valid for 10 years from the date of its adoption, will provide the Company with more flexibility in long-term planning of granting of the share options to the Eligible Participants (including any employee, officer or director of any member of the Group) in a longer period in the future. Save for the circumstances prescribed below where the Board may at its discretion grant a shorter vesting period to an Employee Participant, the vesting period for Options under the New Share Option Scheme shall not be less than twelve (12) months:

- (a) grants of “make-whole” Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons had to wait for the subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

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

As such, the Board and the remuneration committee of the Company are of the view that the shorter vesting period prescribed above is appropriate and aligns with the purpose of the New Share Option Scheme.

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It is believed that subject to Listing Rules and the rules of the New Share Option Scheme, by giving the Board the sole discretion to offer Options in such flexible terms, in particular, determining the eligibility of the Eligible Participants, determining the exercise price, prescribing a vesting period before Options can be exercised, requiring the Eligible Participant to achieve any performance targets as may be stipulated in the offer letter at the grant of the relevant Option before his or her Options can be exercised and/or setting any clawback mechanism for the Company to recover or withhold any Option granted to any Eligible Participant, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the New Share Option Scheme. The Company will make relevant disclosure by way of announcement(s) to comply with Rules 17.06B(7) and (8) of the Listing Rules when granting the Options to the Eligible Participants in the future.

As at the Latest Practicable Date, the Company has not appointed and did not have any plan to appoint any trustee under the New Share Option Scheme.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules of the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

Subscription Price

The Subscription Price shall be a price solely determined by the Board, provided that it shall be not less than the highest of:

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

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Performance Targets and Clawback Mechanism

Under the New Share Option Scheme, the Board may at its discretion and on a case-by-case basis specify any condition in the offer letter of the grant of the relevant Option which must be satisfied before an Option may be exercised including (without prejudice to the generality of the foregoing):

- (a) the continuing eligibility of the Grantee under the New Share Option Scheme, and in particular, where the Board determines that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent not already exercised) shall lapse, subject to the requirements of the New Share Option Scheme;
- (b) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent not already exercised) shall lapse unless otherwise determined to the contrary by the Board, subject to the requirements of the New Share Option Scheme;
- (c) conditions, restrictions or limitations relating to the achievement of operating or financial targets before an Option can be exercised;
- (d) if applicable, the satisfactory performance of certain obligations by the Grantee; and
- (e) clawback mechanism for the Company to recover or withhold any Options granted to any Grantee, whether in the event of serious misconduct of the Grantee, a material misstatement in the Company's financial statements or other circumstances.

Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and set out in the offer letter of the grant of the relevant Option at the discretion of the Board, the New Share Option Scheme does not stipulate any performance targets a Grantee is required to achieve before an Option can be exercised nor any clawback mechanism for the Company to recover or withhold any Options granted to a Grantee under the terms of the New Share Option Scheme. Nevertheless, the Board may impose performance targets and/or clawback mechanism on a case-by-case basis. The Board considers that it may not always be appropriate to impose such conditions or prescribe such clawback mechanism, in particular when the purpose of granting the Options is to reward the Eligible Participants for their contributions, and believes that it is more beneficial to the Group to retain flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant as each Grantee will play a different role and contribute in different ways to the long-term development of the Group. As such, given the time-vesting nature of the Options and the economic benefits of the Options are dependent upon the future Share price and the performance of the Company, providing the Board with the discretion to impose specific performance targets as and when appropriate depending on the role of each Eligible Participant will facilitate the Board in offering meaningful incentives to attract and retain quality and high calibre personnel that are valuable to the development of the Group, and effectively motivate the Grantees to enhance their performance for the overall success of the Group, which is in line with the purpose of the New Share Option Scheme.

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While the performance targets will be imposed on a case-by-case basis to ensure the Options vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) aggregate amount of revenue or business generated by the specific Grantee during a financial year; (ii) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; (iii) any measurable performance benchmark which the Board considers relevant to the Grantee, including key performance indicators of respective department(s) and/or business unit(s) to which the Grantee belongs, individual position, annual appraisal result and performance of the Grantee, and contributions of the Grantee to the Group; and (iv) any other performance targets as the Board considers appropriate.

However, the Board is of the view that it is not practicable to expressly set out a generic set of performance targets in the rules of the New Share Option Scheme, as each Grantee plays different roles and contributes in different ways to the Group. The Board shall have regard to the purpose of the New Share Option Scheme and the position, contributions and importance of the Grantee to the Group in making such determinations, and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Grantee(s).

Conditions Precedent

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

- (a) the Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of Options that may be granted under the New Share Option Scheme; and
- (b) the passing of an ordinary resolution at a general meeting of the Company to approve the adoption of the New Share Option Scheme and to authorise the Directors to grant Options to Eligible Participants and to allot and issue Shares or to transfer the Treasury Shares (if any) pursuant to the exercise of any Option granted under the New Share Option Scheme.

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Scheme Mandate Limit and Service Provider Sublimit

The Scheme Mandate Limit, i.e. the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company, shall not exceed such number of Shares as equivalent to 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date. Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

As at the Latest Practicable Date, the number of issued Shares was 2,139,735,000 Shares and the Company has no Treasury Shares. Assuming that there is no change in the number of issued Shares and the Company will not have any Treasury Shares between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company would be 213,973,500 Shares, representing 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date.

The Service Provider Sublimit, i.e. the sublimit on the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options to be granted to Service Providers under the New Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company, will be 85,589,400 Shares, representing 4% of the total number of Shares in issue (excluding Treasury Shares) as at the Adoption Date.

The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to Service Providers, the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting the Options to the Service Providers, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers and the extent of contributions of the Service Provider to the Group's Businesses. Considering that (a) the sublimit of 4% would not lead to excessive dilution of the existing Shareholders' shareholdings; (b) there is no other share schemes of the Company involving a grant of options over new Shares to Service Providers; (c) due to the hiring practice and organisational structures of the Group, certain Service Providers, in particular, the independent contractors, agents, consultants and/or advisers, which provide services akin to employees of the Group, may not be able to serve as full-time or part-time employees of the Group; (d) the Service Providers have contributed and will continue to contribute to the long-term growth of the Group's Businesses, and that the New Share Option Scheme could incentivise Service Providers to continue to support and/or cooperate with the Company on a long-term basis; (e) the Company expects that a majority of Options will be granted to Employee Participants and thus there is a need reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants; and (f) the sublimit of 4% is in line with the market practice of other companies listed on the Stock Exchange, the sublimit under the share schemes of which ranged

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from 1% to 5%, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to the separate approval of the Shareholders at the Annual General Meeting.

The Company will, where applicable, comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the New Share Option Scheme.

Listing Application

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in the Shares which may fall to be issued and allotted pursuant to the exercise of any Option that may be granted under the New Share Option Scheme. As at the Latest Practicable Date, the Board has no present intention to grant any Options to any Eligible Participants under the New Share Option Scheme in the next twelve months after its adoption. However, the Board will not rule out the possibility of granting Option(s) to the Eligible Participant(s) under the New Share Option Scheme after its adoption where the Board may reasonably consider that any such grant aligns with the purpose of the New Share Option Scheme.

Document on display

A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://www.kangdaep.com> for a period of not less than 14 days before the date of the AGM and is also made available for inspection at the AGM.

Explanation of the terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular which serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same.

The Subscription Price shall be a price solely determined by the Board subject to a minimum amount set out in the paragraph headed “Subscription Price” above, and the Board may specify in the offer letter at the grant of the relevant Option the performance targets, if any, that need to be achieved by an Eligible Participant and/or the clawback mechanism, if applicable, for the Company to recover or withhold any Options granted to any Eligible Participants. The vesting period of Options granted under the New Share Option Scheme shall be determined by the Board subject to a minimum period set out in the paragraph headed “Vesting Period” above.

The Company has sought legal advices in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) are not applicable.

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

PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION AND ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board proposes to amend the Existing Articles of Association for the purposes of, among others, (i) removing the requirement of having two (2) co-chairmen at all times; (ii) updating and better aligning the Existing Articles of Association with the latest regulatory requirements in relation to (a) the expanded paperless regime and the electronic dissemination of corporate communications by listed issuers; and (b) Treasury Shares, which came into effect from 31 December 2023 and 11 June 2024 respectively; and (iii) incorporating certain housekeeping changes (the “**Proposed Amendments**”), and to adopt the Amended and Restated Articles of Association.

In view of the number of the Proposed Amendments to be made to the Existing Articles of Association, the Board proposes to put forward to the Shareholders for approval at the Annual General Meeting a special resolution to amend the Existing Articles of Association by way of adoption of the Amended and Restated Articles of Association; incorporating all the Proposed Amendments, in the form to be tabled at the Annual General Meeting in substitution for, and to the exclusion of, the Existing Articles of Association.

The full particulars of the Proposed Amendments to the Existing Articles of Association brought about by the adoption of the Amended and Restated Articles of Association (marked up against the Existing Articles of Association) is set out in Appendix IV to this circular.

The legal adviser to the Company as to Hong Kong law has confirmed that the Proposed Amendments conform with the requirements of the Listing Rules; and the legal adviser to the Company as to Cayman Islands law has confirmed that the Proposed Amendments do not violate Cayman Islands law. The Company confirms that there is nothing unusual about the Amended and Restated Articles of Association.

The Amended and Restated Articles of Association are prepared in the English language. The Chinese translation of the Amended and Restated Articles of Association is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

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CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of Shares can be registered. The record date for entitlement to attend and vote at the Annual General Meeting is Friday, 6 June 2025. In order to be qualified for attending and voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 2 June 2025.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 62 to 68 of this circular is the notice of Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve (i) the re-election of Directors; and (ii) the grant to the Directors of the General Mandate, the Repurchase Mandate and the Extension Mandate.

FORM OF PROXY

A form of proxy for use at the Annual General Meeting is enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment or postponement thereof.

Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting or any adjournment thereof if they so wish, and in such event, the form of proxy shall be deemed to be revoked.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66 of the Existing Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of the Annual General Meeting will be taken by way of poll.

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RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

GENERAL INFORMATION

In the event of any inconsistencies as between the English version and the Chinese translation of this circular, the English version shall prevail.

Yours faithfully,
By order of the Board
Kangda International Environmental Company Limited
LI Zhong
Chairman

The following are the particulars of Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

As at the Latest Practicable Date, each of the following Directors, save as disclosed herein, did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, none of the following Directors holds any position with the Company or any other member of the Group, nor has any directorships in other listed public companies in the last three years. In addition, save as disclosed herein, none of the following Directors has any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed herein, there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

(1) Mr. Duan, Jerry Linnan (段林楠)

Mr. Duan, Jerry Linnan (段林楠), aged 34, studied in Beijing Normal University with a major in psychology. He joined China Water as the president assistant in 2011, mainly focusing on hotel operating and intelligent water businesses. At the same time, Mr. Duan, Jerry Linnan assisted the directors of China Water in capital market and investor relations, etc. In 2015, Mr. Duan, Jerry Linnan was appointed as the general manager of the hotel under China Water in Nanjing, and was in charge of the construction, procurement and daily operation of various hotels of China Water. Mr. Duan, Jerry Linnan has comprehensive experiences in human resources and corporate management. Currently, he is also an executive director of China Water. He joined the Group in 2019 and is currently the director of certain subsidiaries of the Company.

Mr. Duan has entered into a service contract with the Company for an initial term of three years and will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other. Mr. Duan is entitled to remuneration of HK\$1.7 million per annum (including director's fee), which is determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. As at the Latest Practicable Date, Mr. Duan holds 10,000,000 Shares of the Company and 16,000,000 share options with rights to acquire Shares of the Company.

(2) Mr. Zhao Juanxian (alias, Zhao Junxian) (趙雋賢)

Mr. Zhao Juanxian (alias, Zhao Junxian) (趙雋賢), aged 72, is the founder of the Group. He was appointed as a Director on 22 August 2011. He has acted as a director and the chief executive officer of Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.* (重慶康達環保產業(集團)有限公司) (“**Chongqing Kangda**”) since the beginning of the establishment of Chongqing Kangda and ceased to be the chief executive officer of Chongqing Kangda in September 2012. Mr. Zhao has served as the chairman of the board of directors and general manager of Chongqing Kangte Environmental Protection Industry Holdings Co., Ltd.* (重慶康特環保產業控股有限公司) since November 1994. He graduated from the political administration at elementary level* (黨政幹部基礎科專業) from Sichuan University* (四川大學) located in Chengdu City, Sichuan Province, and Sichuan Higher Vocational and Examination Committee* (四川省高等中專教育自學考試指導委員會) in June 1988, and attended a one-month education programme of Sichuan foreign-related business from Shenzhen University* (深圳大學) located in Shenzhen City, Guangdong Province, in July 1988.

Mr. Zhao Juanxian has over 25 years of experience in the environmental protection and wastewater treatment industry and was awarded for several times for his valuable contribution to the development of environmental protection and his expertise in environmental protection technology by relevant environmental protection industry associations from 2004 to 2009. Mr. Zhao Juanxian was granted the title of Outstanding Environmental Technology Entrepreneurs by the Chinese Society for Environmental Sciences* (中國環境科學學會) in September 2004. He received the China Environmental Protection Industry Development Award granted by the China Association of Environmental Protection Industry* (中國環境保護產業協會) in January 2005. He was also granted the title of Outstanding Individual of Environmental Protection by the People’s Government of Chongqing Municipal* (重慶市人民政府) in July 2006 and Outstanding Entrepreneur of China Environmental Protection Industry by China Association of Environmental Protection Industry* (中國環境保護產業協會) in October 2009. Mr. Zhao Juanxian served as the vice president of the 3rd and 4th Session of Chongqing Municipal Environmental Protection Industry Association* (重慶市環境保護產業協會第三屆及第四屆理事會) in 2005 and 2012, respectively, and the vice president of the 3rd and 4th Session of China Association of Environmental Protection Industry* (中國環境保護產業協會第三屆及第四屆理事會) in 2005 and 2009, respectively. In January 2015, he served as the vice chairman of the board of directors of China State-owned Industry Innovation Alliance (中國國資國企產業創新戰略聯盟) and the vice chairman of the board of directors of Hong Kong-Mainland International Investment Society (香港國際投資總會), respectively. He is a member of the nomination committee and remuneration committee of the Company.

Mr. Zhao has entered into a letter of appointment with Company for an initial term of one year and will continue thereafter until terminated by not less than one month’s notice in writing served by either party to the other. Mr. Zhao is entitled to a fee of HK\$360,000 per annum, which is determined based on market rate and the time, effort and expertise to be exercised on the Group’s affairs.

* For identification purposes only

As at the As at the Latest Practicable Date, 546,728,004 Shares in both long and short position were held by Kangda Holdings Company Limited, which is wholly and beneficially owned by Mr. Zhao Sizhen, being the son of Mr. Zhao. As Mr. Zhao is acting in concert with Mr. Zhao Sizhen, Mr. Zhao is deemed, or taken to be interested in the 546,728,004 Shares in both long and short position by virtue of the Securities and Futures Ordinance.

(3) Mr. Peng Yongzhen (彭永臻)

Mr. Peng Yongzhen (彭永臻), aged 76, was graduated from Harbin Institute of Technology* (哈爾濱工業大學) (formerly known as Harbin University of Architecture and Engineering (哈爾濱建築大學), the same below) in June 1995 with a doctor degree in environmental engineering and was a senior visiting scholar in Gunma University (日本群馬大學) from October 1996 to April 1997. Mr. Peng previously held various positions in water supply and sewerage engineering major in the urban construction department of Harbin Institute of Technology* (哈爾濱工業大學), including the teaching assistant position from September 1976 to October 1978, the teaching assistant, lecturer and associate professor positions from December 1981 to September 1993, and the professor position from September 1993 to February 2000. Since 2000, he has been a chief professor of the environment engineering department, a professor, a tutor of doctoral candidates and the chief of the environmental engineering department and water pollution control research laboratory in Beijing University of Technology* (北京工業大學), Director of National Engineering Lab for Advanced Municipal Wastewater Treatment and Reuse Technology (“城鎮污水深度處理與資源化利用技術”國家工程實驗室) and the chief of Beijing Engineering Technology Research Center of Sewage Nitrogen and Phosphorus Removal* (北京市污水脫氮除磷處理工程技術研究中心) of Beijing University of Technology, concurrently.

He has long been engaged in the research of urban sewage disposal measures, of which some technological achievements have been massively applied into practice. Mr. Peng has earned diverse national-level titles and awards for his academic achievements, including without limitations National Role Model Lecturer* (全國模範教師) in 2007, National Outstanding Faculty* (國家教學名師) in 2009 and National Excellent Technical Personnel* (全國優秀科技工作者) in 2012. He was selected to be one of the first talents sponsored by National Special Support Plan for High-level Personnel* (國家高層次人才特殊支持計劃) in 2013. He was granted the Second Prize of the State Scientific and Technological Progress Award* (國家科技進步獎) in 2004, 2009 and 2012, respectively, the Second Prize of the State Technology Invention Award* (國家科技發明獎) in 2020, the First Prize of Beijing Science and Technology Progress Award* (北京市科技進步獎) in 2012 and 2020, respectively, the First Prize of Shanghai Science and Technology Award for Technical Invention* (上海市科技發明獎) in 2020, and awarded the Ho Leung Ho Lee Foundation Prize for Scientific and Technological Progress 2021 (二零二一年度何梁何利基金科學與技術進步獎). Mr. Peng received a special allowance from China's State Council in 2000, and was appointed as member of Chinese Academy of Engineering (中國工程院) in 2015. He joined the Group in 2015. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company.

* For identification purposes only

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Peng has entered into a service contract with the Company for an initial term of one year and will continue thereafter until terminated by not less than one month's notice in writing served by either party to the other. Mr. Peng is entitled to a fee of HK\$360,000 per annum, which is determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. As at the Latest Practicable Date, Mr. Peng holds 2,000,000 Shares of the Company and 2,000,000 share options with rights to acquire Shares of the Company.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the Repurchase Mandate. Neither this explanatory statement nor the proposed share repurchase in connection with the Repurchase Mandate has any unusual features.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,139,735,000 Shares of nominal value of HK\$0.01 each. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date up to the date of the Annual General Meeting, the Company will be allowed to repurchase a maximum of 213,937,500 Shares which represent 10% of the number of issued Shares (excluding Treasury Shares) during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Cayman Companies Act or the Existing Articles of Association; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting prior to the next annual general meeting of the Company.

REASONS FOR AND FUNDING OF REPURCHASES

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

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Existing Articles of Association, the Cayman Companies Act and the Listing Rules. The Cayman Companies Act provides that the amount of capital repaid in connection with a share repurchase may be paid out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purposes of the repurchase or out of capital subject to and in accordance with the Cayman Companies Act. The amount of premium payable on repurchase may only be paid out of either the profits of the Company or out of the Share Premium Account before or at the time the Shares are repurchased in the manner provided for in the Cayman Companies Act.

The Directors would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the Repurchase Mandate was to be exercised in full at the current prevailing market value, it may not have a material adverse impact on the working capital and/or the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such extent as

would, in the circumstances, have a 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 appropriate for the Company.

The Company may cancel any Shares it repurchased and/or hold them as Treasury Shares subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

To the extent that any Treasury Shares are deposited with the CCASS pending resale on the Stock Exchange, the Company will adopt appropriate measures to ensure that it does not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in the Company's own name as Treasury Shares. These measures may include approval by the Board that (i) the Company will not (or will procure its broker not to) give any instructions to HKSCC to vote at general meetings for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, the Company will withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, has a present intention to sell any Shares to the Company or its subsidiaries, in the event that the Repurchase Mandate is approved by the Shareholders.

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

No core connected person has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, 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.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Sharp Profit Investments Limited held 608,990,000 Shares representing approximately 28.46% of the issued share capital of the Company. In the event that the Directors should exercise the Repurchase Mandate in full, the shareholding of Sharp Profit Investments Limited will be increased to approximately 31.62% of the issued share capital of the Company and an

obligation to make a mandatory general offer under Rule 26 of the Takeovers Code will arise for Sharp Profit Investments Limited as a result of an exercise of the Repurchase Mandate in full. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in such takeover obligation arising for Sharp Profit Investments Limited.

The Listing Rules prohibit a company from making repurchase 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 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.

SHARE REPURCHASE MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange in each of the following months immediately preceding the Latest Practicable Date were as follows:

Month	Highest traded prices HK\$	Lowest traded prices HK\$
2024		
April	0.290	0.204
May	0.247	0.217
June	0.255	0.219
July	0.237	0.202
August	0.248	0.177
September	0.250	0.193
October	0.420	0.222
November	0.345	0.280
December	0.330	0.260
2025		
January	0.320	0.250
February	0.300	0.270
March	0.350	0.275
April (up to the Latest Practicable Date)	0.395	0.290

The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the Annual General Meeting, but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. PURPOSE

The purpose of the New Share Option Scheme is to reward the Eligible Participants for their contributions, to attract, motivate and retain the best available and high calibre personnel of the Group, to provide additional incentives to the Eligible Participants and to promote the overall success of the business of the Group. The New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company which will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions an/or potential contributions are important to the long-term growth, performance and/or success of the Group.

2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the provisions of the New Share Option Scheme, the Board shall have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the persons who will be offered Options under the New Share Option Scheme, and the number of Shares and the Subscription Price, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of the Options granted under the New Share Option Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the New Share Option Scheme.

The Company may issue new Shares and/or utilise Treasury Shares (if any) to satisfy grants of the Options under the New Share Option Scheme to the extent permitted by the Listing Rules, all applicable laws and regulations and the Amended and Restated Articles of Association.

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

Eligible Participants for the New Share Option Scheme include:

- (a) Employee Participant(s) which include the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with any member of the Group);
- (b) Related Entity Participant(s) which include directors and employees (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (c) Service Provider(s) which include person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent distributor, contractor, supplier, agent, consultant, adviser and/or business partner in relation to the Group's businesses, but excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity,

provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account (i) the experience of the Eligible Participant in relation to the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); (iii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider); and (iv) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

In determining the basis of eligibility of each Employee Participant, the factors in assessing whether any individual is eligible to participate in the New Share Option Scheme include: (i) their individual performance; (ii) their time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (iii) the length of their engagement with the Group; and (iv) their individual contributions or potential contributions towards the development and growth of the Group.

In determining the basis of eligibility of each Related Entity Participant, the factors in assessing whether any individual is eligible to participate in the New Share Option Scheme include: (i) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (ii) the period of engagement or employment of the Related Entity Participant by the Group; (iii) the number, scale and nature of the projects in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has or is expected to refer or introduce opportunities to the Group which have or are likely to materialise into further business relationships; and (v) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

In determining the basis of eligibility of each Service Provider, their eligibility will be considered on a case by case basis and the factors in assessing whether such Service Provider is eligible to participate in the New Share Option Scheme include, in particular: (i) the individual performance of the relevant Service Providers; (ii) the length of their business relationship with the Group; (iii) whether the frequency of the services provided by a Service Provider is akin to that of its regular employees; (iv) the materiality and nature of their business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, credentials and experiences of the relevant Service Providers; (vi) the scale of business dealings with the Group, in particular, whether such Service Providers could bring a positive impact to the Group's business with regard to factors such as the actual or expected increase in the Group's revenue or profits or reduction in costs which is or may be attributable to the Service Provider; (vii) the Group's future business plans in relation to further collaboration with such Service Providers and the long term support that the Group may receive accordingly; and (viii) such other factors as the Board may at its discretion consider appropriate.

Further, with respect to the eligibility of each category of the Service Providers, the Board will, on a case-by-case basis, specifically consider the following factors:

(1) Supplier

Service Providers under this category are mainly suppliers of raw materials, construction materials, equipment, machineries, goods and services, who/which support (i) the Group's businesses in relation to the design, construction, operation and maintenance of wastewater treatment plants, reclaimed water treatment plants, water distribution plants, sludge treatment plants and other municipal infrastructure in the PRC; and/or (ii) other principal business activity(ies) that may be carried out by the Group from time to time (collectively, the **"Group's Businesses"**).

The Board will take into account, amongst others, (i) the nature, reliability and quality of the raw materials, construction materials, equipment, machineries, goods and/or services supplied; (ii) the value of the raw materials, construction materials, equipment, machineries, goods and/or services provided by the relevant supplier; (iii) the frequency of collaboration and length of business relationship with the Group; (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (v) the background, reputation and track record of the relevant supplier; (vi) the replacement cost of such supplier and/or the raw materials, construction materials, equipment, machineries, goods and/or services (including continuity and stability of supply or provision of such raw materials, construction materials, equipment, machineries, goods and/or services); and (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impact to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by products and/or services using the raw materials, construction materials, equipment, machineries, goods and/or services supplied and/or provided by such supplier.

(2) Contractor, distributor, promoter, agent, consultant, adviser and/or business partners

Service Providers under this category include independent contractors, distributor, promoter, agents, consultants, advisers and/or business partners who/which provide accounting related services such as tax planning services, budgeting and forecasting, financial data processing and analysis, which are comparable with the work performed by the internal accounting and tax department of the Group on a continuing or recurring basis in its ordinary and usual course of business and are essential to the long term growth of the Company; finance related services such as introducing potential investors to the Company and facilitating corporate roadshow activities for various investment projects, which are comparable with the work performed by the investor relations and public relations department of the Group on a continuing or recurring basis in its ordinary and usual course of business and are essential to the long term growth of the Group, but excluding advisory services for fundraising, mergers or acquisitions provided by placing agents or financial advisers, and the provision of assurance or services performed with impartiality and objectivity from service providers such as auditors or valuers; legal related or other professional services; distribution services; promoting and marketing services in respect of the Group's Businesses; technical and information technology

services; operation management consultancy services; procuring and sourcing services; any other direct or ancillary services desirable or necessary in support of the Group's Businesses, and helped maintain or enhanced the competitiveness of the Group by way of introducing new customers, suppliers, source of funding or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the to the benefit and development of the Group's Businesses.

The Board will take into account, amongst others, (i) the individual performance of the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner; (ii) their knowledge, experience and network in the relevant industry; (iii) the frequency of collaboration within each contract term and length of their business relationship with the Group; (iv) whether the frequency of the services provided by a Service Provider is akin to that of its employees; (v) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (vi) the background, credentials and experiences of the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner; (vii) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such contractor, distributor, promoter, agent, consultant, adviser and/or business partner could bring positive impacts to the Group's businesses, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the services provided by such contractor, distributor, promoter, agent, consultant, adviser and/or business partner; and (viii) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner, and/or the synergy between the relevant contractor, distributor, promoter, agent, consultant, adviser and/or business partner and the Group.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board will take into consideration, amongst others, (i) the length and type of services provided and the recurrences and regularity of such services; (ii) the nature of the services provided to the Group by the Service Provider; and (iii) whether such services form part of or are directly ancillary to the businesses conducted by the Group.

4. GRANT AND ACCEPTANCE OF OPTIONS

The Board shall, subject to and in accordance with the provisions of the New Share Option Scheme and the Listing Rules, be entitled (but shall not be bound), at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date, to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph 7 below, determine at the Subscription Price pursuant to paragraph 6 below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous

Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representative(s)) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

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

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

5. VESTING PERIOD

Save for the circumstances prescribed below, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised.

The Board may at its discretion grant a shorter vesting period to an Employee Participant in the following circumstances:

- (a) grants of “make-whole” Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out-of-control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons had to wait for the subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or

- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

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

6. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES

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

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in the New Share Option Scheme.

The Subscription Price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

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

Where a relevant Option is to be granted under paragraph 8 or 9 below, for the purposes of the sub-paragraphs (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) Subject to the Listing Rules, the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equivalent to 10% of the issued share capital of the Company (excluding Treasury Shares) as at the date of approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to subparagraphs (c) and (d) below. As at the Adoption Date (assuming that there is no change in the number of issued Shares and the Company will not have any Treasury Shares between the Latest Practicable Date and the Adoption Date), the total number of Shares issuable under the Scheme Mandate Limit is 213,973,500 Shares, representing 10% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date. Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- (b) Subject to the limit mentioned in (7)(a) above, within the Scheme Mandate Limit, the total number of Shares which may be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company to Service Providers shall not exceed such number of Shares as equivalent to 4% of the issued share capital of the Company (excluding Treasury Shares) as at the date of approval of the New Share Option Scheme (i.e. the “**Service Provider Sublimit**”). As at the Adoption Date (assuming that there is no change in the number of issued Shares and the Company will not have any Treasury Shares between the Latest Practicable Date and the Adoption Date), the total number of Shares issuable under the Service Provider Sublimit is 85,589,400 Shares, representing 4% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date.
- (c) The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit and the Service Provider Sublimit under the New Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders’ approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of Shares in issue (excluding Treasury Shares) as at the date of passing the relevant resolution. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules. Any refreshment of the Scheme Mandate Limit and/or the Service Provider Sublimit to be made within three (3) years from the Adoption Date (or the date of Shareholders’ approval for the last refreshment) shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C(1) of the Listing Rules and any controlling Shareholders and their associates (or if there is no controlling

Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting.

- (d) The Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of Shareholders under this sub-paragraph (d), the Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

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

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

Where Options are proposed to be granted to an independent non-executive Director or a substantial Shareholder (as defined in the Listing Rules) or any of their respective associates and if such grant would result in the Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted and to be granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares (excluding Treasury Shares), such further grant of Options must be approved by Shareholders in a general meeting of the Company with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting pursuant to Rule 17.04(1) of the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders. Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll and comply with the requirements under the Listing Rules.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before Shareholders' approval; (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is a Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a Director, chief executive of the Company or substantial Shareholder (as defined in the Listing Rules), or any of their respective associates.

9. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

For any twelve (12)-month period up to and including the date of grant of an Option, the aggregate number of Shares issued and to be issued (including any Treasury Shares which may be transferred, as applicable) in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) shall not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the date of grant unless separately approved by the Shareholders 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. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and options previously granted to such Eligible Participant in the twelve (12)-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

10. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and set out in the offer letter of the grant of the relevant Option at the discretion of the Board, there is no performance target which must be achieved before an Option can be exercised nor any clawback mechanism for the Company to recover or withhold any Options granted to a Grantee under the terms of the New Share Option Scheme.

11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

Grant of Options may not be made:

- (a) after inside information (having the meaning as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) has come to its knowledge until (and including) the trading day after it has been announced by the Company pursuant to the requirements of the Listing Rules; and
- (b) during the period commencing from one (1) month immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

12. RIGHTS ARE PERSONAL TO GRANTEES

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

13. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP

If the Grantee is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination and not be exercisable, unless the Board in its absolute discretion otherwise determines in which event the Option (to the extent not already exercised) shall be exercisable in whole or in part within such period as the Board has determined.

14. RIGHTS ON DEATH

If the Grantee ceases to be an Employee Participant by reason of his or her death before exercising the Options in full, and none of the events referred to in paragraph 13 above as ground for termination of his or her employment or directorship arises, his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of six (6) months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs 18 to 20 below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs 18 to 20 respectively.

15. RIGHTS ON ILL-HEALTH OR RETIREMENT

If the Grantee is an employee or a director of the Group ceases to be an Eligible Participant by reason of ill-health or retirement as an employee in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of six (6) months following the date of such cessation, failing which it will lapse, unless the Board in its absolute discretion otherwise determines in which event the Option (to the extent not already exercised) shall be exercisable in whole or in part within such period as the Board has determined. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs 18 to 20 below occurs during such period, he or she may exercise the Option pursuant to paragraphs 18 to 20 respectively.

16. RIGHTS ON CESSATION FOR OTHER REASONS

If the Grantee is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs 13 to 15 above, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment with the Group and not be exercisable, unless the Board in its absolute discretion otherwise determines in which event the Option (to the extent not already exercised) shall be exercisable in whole or in part within such period as the Board has determined.

17. RIGHTS ON BREACH OF CONTRACT

If the Grantee ceases to be a Service Provider by reason of breach of contract entered into between such Service Provider and the Group, or termination of his/her/its engagement or appointment, in the absolute determination of the Board or the Board in its sole and absolute opinion believes such Grantee has become a competitor of the Group, or the Grantee has become bankrupt or has become insolvent or has made any arrangement or composition with his/her/its creditors generally, has committed any serious misconduct, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), the Options (to the extent not already exercised) shall lapse on the date of the Board's determination and not be exercisable, unless the Board in its absolute discretion otherwise determines in which event the Option (to the extent not already exercised) shall be exercisable in whole or in part within such period as the Board has determined.

Note: Paragraphs 13, 14, 15 and 16 above do not apply to a Grantee who is not an employee or a director of the Group. Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.

18. RIGHTS ON A GENERAL OFFER

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner being made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders during the Option Period of the relevant Option, all unvested Options will be vested on the date (the “**Unconditional Date**”) on which such offer becomes or is declared unconditional and the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company at any time within one (1) month after the Unconditional Date, or within one (1) month after the record date for entitlements under the scheme of arrangement, as the case may be.

19. RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its Shareholders to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, all unvested Options will immediately and automatically be vested and the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all Grantees and each Grantee or his or her Personal Representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price in respect of the relevant Option (such notice shall be received by the Company no later than two (2) Business Days prior to the proposed special general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

20. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and the Shareholders or its creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders or creditors to summon a meeting to consider such a scheme or arrangement, and thereupon all unvested Options will be vested and the Options (to the extent not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) two (2) months after that date or (ii) at any time not later than two (2) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the “**Suspension Date**”), accompanied by a remittance of the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and be terminated.

Note: Where any event under paragraphs 14, 18, 19 and 20 applies, no such Shares shall be allotted and issued or no Treasury Shares (if any) shall be transferred to a Grantee who is not an Employee Participant in respect of any Options granted within twelve (12) months.

21. CANCELLATION OF OPTIONS

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the New Share Option Scheme with available unissued Options within the limit approved by the Shareholders pursuant to paragraph 7. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

22. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the New Share Option Scheme or any Option so far as such Option remains unexercised; and/or (ii) the Subscription Price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she would have been entitled to subscribe had he or she exercised all the Options held by him or her immediately prior to such event and the aggregate Subscription Price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and the issue of securities of the Company for cash (save and except for rights issue) or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

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

24. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

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

Any change to the terms of the Options granted to a Grantee (except where the changes take effect automatically under the existing terms of the New Share Option Scheme) must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be).

Subject to the provisions prescribed below, the New Share Option Scheme may be altered in any respect by a resolution of the Board.

- (a) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a 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 Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (c) Any change to the authority of the Directors or the administrator of the New Share Option Scheme to alter the terms of New Share Option Scheme must be approved by the Shareholders in a general meeting.
- (d) 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.

26. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon:

- (a) the Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of Options that may be granted under the New Share Option Scheme; and

- (b) the passing of ordinary resolution(s) at a general meeting of the Company approving the adoption of the New Share Option Scheme and authorising the Directors to grant Options to Eligible Participants and to allot and issue Shares or to transfer the Treasury Shares (if any) pursuant to the exercise of any Options granted under the New Share Option Scheme.

27. LAPSE OF OPTIONS

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

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee commits a breach of paragraph 12;
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs 13 to 20; and
- (d) the date of the commencement of the winding-up of the Company.

28. TERMINATION

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

29. MISCELLANEOUS

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

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

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph 22 above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

The following are the Proposed Amendments to the Existing Articles of Association brought about by the adoption of the Amended and Restated Articles of Association (shown with strikethrough to denote text to be deleted and underline to denote text to be added). Unless otherwise specified, clauses, paragraphs and article numbers referred to herein are clauses, paragraphs and article numbers of the Amended and Restated Articles of Association. If the serial numbering of the clauses of the Existing Articles of Association is changed due to the addition, deletion or re-arrangement of certain clauses made in these amendments, the serial numbering of the clauses of the Existing Articles of Association as so amended shall be changed accordingly, including cross references.

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
2. (1)	<p><u>“address” for the purposes of these Articles, “address” includes an electronic address unless the Act or the Listing Rules require a postal address.</u></p> <p>“Notice” written notice unless otherwise specifically stated and as further defined in these Articles- <u>and, where the context so requires, shall include any other document (including any “corporate communication” and “actionable corporate communication” within the meaning ascribed thereto under the Listing Rules) or communication to be served, issued, or given by the Company under these Articles or pursuant to applicable laws and regulations, including the Listing Rules and/or the rules of the competent regulatory authority. For the avoidance of doubt, Notice may be provided in physical or electronic form.</u></p>
2. (2)	<p>(e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a-legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, and including where the representation takes the form of <u>electronic writing or display (such as digital documents or electronic communications),</u> provided that both <u>the</u> mode of service of the relevant document or Notice and the Member’s election complies <u>with</u> all applicable Statutes, rules and regulations;</p>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
2. (2)	<p>(m) references to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise);and</p> <p>(n) where a Member is a corporation, any reference in these Articles to a Member shall, where the context requires, refer to a duly authorised representative of such Member;</p> <p><u>(o) unless the context otherwise requires, any reference to “print”, “printed”, or “printed copy” and “printing” shall be deemed to include electronic versions or electronic copies; and</u></p> <p><u>(p) any reference to the term “place” within these Articles shall be construed as applicable only in contexts where a physical location is required or relevant. Any reference to a “place” for the delivery, receipt, or payment of monies, whether by the Company or by Members, shall not preclude the use of electronic means for such delivery, receipt, or payment. For the avoidance of doubt, references to a “place” in the context of meetings shall include physical, electronic, or hybrid meeting formats, as permitted by applicable laws and regulations. Notices of meetings, adjournments, postponements, or any other references to a “place” shall be interpreted to include virtual platforms or electronic means of communication where applicable. Where the term “place” is out of context, unnecessary, or not applicable, such reference shall be disregarded without affecting the validity or interpretation of the relevant provision.</u></p>
3. (2)	<p>Subject to the Act, the Company’s Memorandum and Articles of Association and, where applicable, the Listing Rules and/or the rules and regulations of any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the Act. The Company is hereby authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the Act. <u>Subject to the Act, the Listing Rules and/or the rules of any competent regulatory authority, the Company is further authorised to hold any repurchased, redeemed or surrendered shares as treasury shares without the need for a separate resolution of the Board for each instance.</u></p>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
55. (2)	(c) the Company, <u>if so required by the Listing Rules</u> , has given notice of its intention to sell such shares to, and caused advertisement both in daily newspaper and in a newspaper circulating in the area of the last known address of such Member or any person entitled to the share under Article 54 and where applicable, in each case in accordance with the requirements of, the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.
63. (1)	<p>The Company shall have two (2) co-chairmen at all times. One of the co-chairmen of the Company, by rotation, or if there is more than one chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman at everya general meeting. If at any meeting the co- no chairman, who by rotation shall preside the meeting, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the other co- deputy chairman, if of the Company or if there is more than one deputy chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present, shall preside as chairman. If the other co- no chairman or deputy chairman is not present or is not willing to act as chairman of the meeting, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall elect one of their number to be chairman of the meeting.</p>
63. (2)	If the chairman of a general meeting <u>held in any form</u> is participating in the general meeting using an electronic facility or facilities <u>which is hereby permitted</u> and becomes unable to participate in the general meeting using such electronic facility or facilities, another person (determined in accordance with Article 63(1) above) shall preside as chairman of the meeting unless and until the original chairman of the meeting is able to participate in the general meeting using the electronic facility or facilities.

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
64.	<p>Subject to Article 64C, the chairman may, with <u>(without</u> the consent of any meeting at which a quorum is present <u>(and shall if so directed by the meeting)</u> <u>or shall at the direction of the meeting</u>, adjourn the meeting from time to time (or indefinitely) and/or from place to place(s) and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting) as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the details set out in Article 59(2) but it shall not be necessary to specify in such Notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give Notice of an adjournment.</p>
64A.(2)	<p>(c) where Members attend a meeting by being present at one of the Meeting Locations and/or where Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of an electronic meeting or a hybrid meeting, the inability of one or more Members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted <u>thereat</u> or any action taken pursuant to such business provided that there is a quorum present throughout the meeting; and</p>
64E.	<p>(c) when a meeting is postponed or changed in accordance with this Article, subject to and without prejudice to Article 64, unless already specified in the original Notice of the meeting, the Board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the Members of such details in such manner as the Board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these Articles not less than 48 hours before the time of the postponed <u>or changed</u> meeting; and</p>
64G.	<p>Without prejudice to other provisions in Article 64, a physical meeting may also be held by means of such telephone, electronic or other communication facilities <u>as to</u> permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</p>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
66. (1)	Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that in the case of a physical meeting , the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in <u>person</u> or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.
66. (2)	In the case of a physical meeting <u>Where</u> a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
73. (2)	All m Members shall have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.
76.	The instrument appointing a proxy shall be in such form, <u>including electronic or otherwise</u> , as the Board may determine and in the absence of such determination, shall be in writing, <u>which may include electronic writing</u> , and signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or signed by an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
81. (2)	If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, the right to speak and to vote and, where a show of hands is allowed, the right to vote individually on a show of hands.
83. (3)	The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office <u>only</u> until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.
97.	(c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them <u>as</u> directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
115.	<p>One of the co-chairmen of the Company, by rotation, shall preside as chairman at every meeting of the Board and t The Board may elect one or more <u>chairman and one or more</u> deputy chairman of its meetings and determine the period for which such person(s) will <u>they are respectively to</u> hold such office. If <u>no chairman or deputy chairman is elected, or if</u> at any meeting the co-chairman, who by rotation shall preside the meeting, is not present within five (5) minutes after the time appointed for holding the meeting, the other co-chairman, if present, shall act as the chairman. If at any meeting neither of the <u>no chairman or deputy co-chairman</u> is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.</p>
124. (1)	<p>The officers of the Company shall consist of two (2) <u>at least one</u> chairmean, the Directors and the Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles.</p>
124. (2)	<p>The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors two (2) co- <u>a</u> chairmean and if more than two one (21) <u>one (21)</u> Directors are <u>is</u> proposed for this office, the <u>Directors may</u> election to such office shall take place <u>more than one chairman</u> in such manner as the Directors may determine.</p>
139.	<p>Any <u>Unless otherwise directed by the Board, any</u> dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders. <u>For the avoidance of doubt, any dividend, interest, or other sum payable in cash may also be paid by electronic funds transfer on such terms and conditions as the Directors may determine.</u></p>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
149.	Subject to Article 150, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting held in accordance with Article 56 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.
150.	Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the Listing Rules, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 149 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
151.	The requirement to send to a person referred to in Article 149 the documents referred to in that article or a summary financial report in accordance with Article 150 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the Listing Rules, the Company publishes copies of the documents referred to in Article 149 and, if applicable, a summary financial report complying with Article 150, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
158. (1)	Any Notice or document (including any “ <u>corporate communication</u> ” and “ <u>actionable corporate communication</u> ” within the meaning ascribed thereto under the Listing Rules), whether or not, to be given or issued under these Articles from <u>by</u> the Company shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or electronic communication and, <u>subject to compliance with the Listing Rules</u> , any such Notice and document may be given or issued by the following means:
158. (1)	(e) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under Article 158(5), subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person <u>4) without the need for any additional consent or notification;</u>
158. (1)	(f) by publishing it on the Company’s website or the website of the Designated Stock Exchange to which the relevant person may have access; subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person stating that the notice, document or publication is available on the Company’s computer network website or the website of the Designated Stock Exchange (as the case may be) <u>(a “notice of availability”) without the need for any additional consent or notification; or</u>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
158.	<p>(2) The notice of availability may be given by any of the means set out above other than by posting it on a website.</p> <p>(32) In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.</p> <p>(43) Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the Register as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.</p> <p>(54) Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Articles may register with the Company an electronic address to which the Notices can be served upon him.</p>
158.	<p>(65) Subject to any applicable laws, rules and regulations and the terms of these Articles, any notice, document or publication, including but not limited to the documents referred to in Articles; 149, 150 and 158 may be given in the English language only or in both the English language and the Chinese language or, with the consent of or election by any the Member, in the Chinese language only to such the Member.</p>
159.	<p>(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice, <u>documents or publication</u> placed on <u>either</u> the Company's website or the website of the Designated Stock Exchange, is deemed given <u>or served</u> by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member; it first so appears on the relevant website, unless the Listing Rules specify a different date. In such cases, the deemed date of service shall be as provided or required by the Listing Rules;</p>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
159.	<p>(e) if published on the Company's website, shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under these Articles, whichever is later;</p> <p>(<u>ed</u>) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and</p> <p>(<u>ed</u>) if published as an advertisement in a newspaper or other publication permitted under these Articles, shall be deemed to have been served on the day on which the advertisement first so appears.</p>
160. (1)	<p>Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of <u>in any manners permitted by</u> these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.</p>
160. (2)	<p>A Notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it <u>via electronic means or</u> through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the <u>electronic or postal</u> address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an <u>electronic or postal</u> address has been so supplied) by giving the an Notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.</p>

APPENDIX IV PROPOSED AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION

Article No.	Proposed Amendments (only showing provisions with changes to the Existing Articles of Association)
160.	(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every Notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
164. (1)	The Directors, Secretary and other officers and every Auditor of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) acting or who have acted in relation to any of the affairs of the Company and everyone <u>one</u> of them, and everyone <u>one</u> of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

NOTICE OF ANNUAL GENERAL MEETING



KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED

康達國際環保有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6136)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Annual General Meeting**”) of Kangda International Environmental Company Limited (the “**Company**”) will be held at Suite 6409, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Friday, 6 June 2025 for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and independent auditors of the Company for the year ended 31 December 2024.
2. a. To re-elect the following directors of the Company:
 - i. Mr. Duan, Jerry Linnan as an executive director of the Company;
 - ii. Mr. Zhao Juanxian (alias, Zhao Junxian) as a non-executive director of the Company; and
 - iii. Mr. Peng Yongzhen as an independent non-executive director of the Company.
- b. To authorise the board of directors of the Company to fix the remuneration of the respective directors of the Company.
3. To re-appoint Ernst & Young as auditors of the Company and authorise the board of directors of the Company to fix its remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, to pass (with or without amendments) the following resolutions as ordinary resolutions of the Company:

(A) “**THAT:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with shares (including any sale or transfer of treasury shares) in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period (as hereinafter defined);
- (iii) the number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of 20% of the number of issued shares (excluding treasury shares) of the Company as at the date of passing this resolution and the said approval shall be limited accordingly;

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purpose of this resolution:

- (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
- (b) “Rights Issue” means an offer of shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) “**THAT:**

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the number of shares of the Company, which may be repurchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the number of issued shares (excluding treasury shares) of the Company at the date of the passing of this resolution, and the said approval shall be limited accordingly;
 - (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
 - (iv) for the purpose of this resolution:
 - “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
 - (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**THAT** conditional upon the resolutions numbered 4(A) and 4(B) set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue or otherwise deal with shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 4(A) set out in the notice convening this meeting be and is hereby extended by the addition to the number of shares of the Company which may be allotted by the directors of the Company pursuant to such general mandate an amount representing the number of shares of the Company repurchased by the Company under the authority granted pursuant to the ordinary resolution numbered 4(B) set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the number of issued shares (excluding treasury shares) of the Company at the date of passing of the said resolutions.”

NOTICE OF ANNUAL GENERAL MEETING

5. **“THAT:**

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

6. **“THAT** conditional upon the New Share Option Scheme being approved and adopted by way of ordinary resolution of the Company numbered 5 above, the sublimit on the total number of Shares that may be issued (including any treasury shares which may be transferred, as applicable) in respect of all options and awards to be granted to service providers under all the share schemes of the Company (the **“Service Provider Sublimit”**) of 4 per cent. of the total number of Shares in issue (excluding treasury shares) on the date of approval of the New Share Option Scheme be and is hereby approved and adopted.”

SPECIAL RESOLUTION

7. **“THAT:**

- (a) the proposed amendments (the **“Proposed Amendments”**) to the existing articles of association of the Company, the details of which are set forth in Appendix IV to the circular of the Company dated 29 April 2025 (the **“Circular”**), be and are hereby approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the third amended and restated articles of association of the Company (incorporating the Proposed Amendments) (the “**Amended and Restated Articles of Association**”) in the form of the document marked “A” and produced to this meeting and for the purpose of identification initialed by the chairman of the meeting, be and is hereby approved and adopted in substitution for, and to the exclusion of, existing articles of association of the Company with immediate effect; and
- (c) any one Director, secretary or registered office provider of the Company be and is hereby authorised to do all such acts and things and execute all such documents, deeds and make all such arrangements that he shall, in his absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Amended and Restated Articles of Association and to make relevant registrations and filings in accordance with the relevant requirements of the applicable laws, rules and regulations in the Cayman Islands and Hong Kong.”

By order of the Board of the Directors
Kangda International Environmental Company Limited
LI Zhong
Chairman

Hong Kong, 29 April 2025

Registered Office:

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

*Principal Place of Business
in Hong Kong:*

Suite 6409
64/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Notes:

- (i) Resolution numbered 4(C) will be proposed to the shareholders of the Company for approval provided that ordinary resolutions numbered 4(A) and 4(B) are passed by the shareholders of the Company.
- (ii) A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (if he/she/it is a holder of two or more shares of the Company) to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment or postponement thereof. The completion and return of the

NOTICE OF ANNUAL GENERAL MEETING

form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned or postponed meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.

- (v) The transfer books and register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, to determine the entitlement of the shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 2 June 2025.
- (vi) In respect of ordinary resolutions numbered 2 above, Mr. Duan, Jerry Linnan, Mr. Zhao Juanxian (alias, Zhao Junxian) and Mr. Peng Yongzhen shall offer themselves for re-election at the above meeting. Details of the above directors are set out in Appendix I to the Company's circular dated 29 April 2025.
- (vii) In respect of ordinary resolution numbered 4(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances where they consider that the repurchase would be in the best interest of the Company. The explanatory statement containing the information necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolution to approve the general mandate to repurchase shares of the Company, as required by the Listing Rules, is set out in Appendix II to the Company's circular dated 29 April 2025.
- (viii) Any voting at the above meeting shall be taken by poll.
- (ix) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the Annual General Meeting, the Annual General Meeting will be adjourned or postponed in accordance with the articles of association. The Company will publish an announcement on the website of the Company at www.kangdaep.com and on the website of the Stock Exchange at www.hkexnews.hk to notify the members of the Company of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the board of directors of the Company comprises eight directors, namely Mr. LI Zhong, Ms. LIU Yujie, Mr. DUAN, Jerry Linnan and Mr. ZHOU Wei as executive directors; Mr. ZHAO Juanxian (alias, ZHAO Junxian) as non-executive director; and Mr. CHAU Kam Wing Donald, Mr. CHANG Qing and Mr. PENG Yongzhen as independent non-executive directors.