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XIMEI RESOURCES HOLDING LIMITED

稀美資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9936)

PROPOSED ADOPTION OF SHARE AWARD SCHEME AND PROPOSED AMENDMENTS TO SHARE OPTION SCHEME

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules will be amended to govern both share option schemes and share award schemes with effect from 1 January 2023.

In light of the above, the Board is pleased to announce that it has resolved on 10 October 2022 to propose (i) the adoption of the Share Award Scheme with terms prepared in accordance with the Amended Rules; and (ii) the Proposed Amendments to be made to the Share Option Scheme to bring in line with the Amended Rules.

The Share Award Scheme will constitute a share scheme involving the grant of new Shares under the Amended Rules. Pursuant to the Amended Rules, share schemes involving the grant of new shares must be approved by shareholders of the listed issuer in general meeting. Accordingly, the adoption of the Share Award Scheme will be subject to, among others, Shareholders' approval at the EGM.

Pursuant to the Amended Rules and the Share Option Scheme, alternations to the terms and conditions of a share scheme which are of a material nature must be approved by the Shareholders in general meeting. As the Proposed Amendments are of a material nature, the Proposed Amendments will be subject to, among others, Shareholders' approval at the EGM.

A circular containing, among other things, the details of the Share Award Scheme and the Proposed Amendments, together with a notice of the EGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

INTRODUCTION

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules will be amended to govern both share option schemes and share award schemes with effect from 1 January 2023.

In light of the above, the Board is pleased to announce that it has resolved on 10 October 2022 to propose (i) the adoption of the Share Award Scheme with terms prepared in accordance with the Amended Rules; and (ii) the Proposed Amendments to be made to the Share Option Scheme to bring in line with the Amended Rules.

THE SHARE AWARD SCHEME

The Share Award Scheme will constitute a share scheme involving the grant of new Shares for the purposes of the Amended Rules. Pursuant to the Amended Rules, share schemes involving the grant of new shares must be approved by shareholders of the listed issuer in general meeting. Accordingly, the adoption of the Share Award Scheme will be subject to, among others, Shareholders' approval at the EGM.

A summary of the principal terms of the Share Award Scheme is set out below. Further details of the terms of the Share Award Scheme will be set out in a circular to be despatched to the Shareholders in due course.

Purposes and objectives

The purposes and objectives of the Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Eligible Participants

Eligible Participants under the Share Award Scheme include any employee, officer or director of any member of the Group.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date on which the Share Award Scheme is adopted by the Company.

Operation

Contribution to the Trust

The Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company, any subsidiary of the Company, any Significant Shareholder or any party designated by the Company as directed by the Board which shall constitute part of the Trust Fund, for the purchase and/or subscription (as the case may be) of Shares and other purposes set out in the Share Award Scheme and the Trust Deed.

Subject to prior written direction and/or consent of the Board, the Trustee may accept Shares transferred, gifted, assigned, or conveyed to the Trust from any Significant Shareholder or any party designated by the Company from time to time in such number as such Significant Shareholder or such party designated by the Company may at their sole discretion determine, which shall constitute part of the Trust Fund.

The Trustee shall administer the Shares in the same manner in accordance with the Trust Deed and the Share Award Scheme regardless whether they are purchased, subscribed for or otherwise acquired by the Trust or transferred, gifted, assigned, or conveyed to the Trust.

Grant of awards

The Board may, from time to time, subject to the provisions of the Share Award Scheme, select any Eligible Participant (other than any Excluded Participant) for participation in the Share Award Scheme as a Selected Participant, and grant such number of Awarded Shares to any Selected Participant at nil consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Subject to the provisions of the Share Award Scheme, the Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange or accept and receive a specified number of Shares from any Significant Shareholder or any party designated by the Company. In the event that the Board determines that it is appropriate for the Awarded Shares to be allotted and issued as new Shares for the purpose of the Trust, the Board shall instruct the Trustee in writing on the subscription for Shares.

Where any grant of Awarded Shares is proposed to be made to any Selected Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the Selected Participant of the Awarded Shares). Such requirements do not apply where the Selected Participant is only a proposed Director or proposed chief executive of the Company.

In determining the number of Awarded Shares to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to (i) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group; (ii) the general financial condition of the Group; (iii) the Group's overall business objectives and future development plan; and (iv) any other matters which the Board considers relevant.

Vesting of Awarded Shares

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Participant as specified in the Share Award Scheme and the relevant grant instrument, the respective Awarded Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant in accordance with the terms of the Share Award Scheme.

Scheme limit and individual limit

The maximum number of Shares which may be allotted and issued in respect of all awards to be granted under the Share Award Scheme, and the options and awards to be granted under any other Share Scheme(s) shall not in aggregate exceed 10% of the number of Shares in issue as at on the date on which the Share Award Scheme is adopted by the Company.

Any grant of awards in excess of the 1% Individual Limit must be separately approved by the Shareholders in general meeting with such Selected Participant and his close associates (or his associates if the Selected Participant is a connected person of the Company) abstaining from voting. The number and terms of awards to be granted to such grantee must be fixed before Shareholders' approval.

Black-out Period

No Award shall be made by the Board pursuant to the Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules, including but not limited to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules, and all applicable laws from time to time.

Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made by the Board:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement; and for the avoidance of doubt, no Award may be made during any period of delay in publishing a results announcement; or

- (iii) in any circumstance which is prohibited under the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

Lapse of Awards

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant pursuant to the Share Award Scheme, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.

Furthermore, unless otherwise waived by the Board, in the event that the vesting conditions specified in the relevant grant instrument are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee.

Rights attaching to the Awards and the Awarded Shares

A Selected Participant shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares prior to the Vesting Date. A Selected Participant shall also have no rights in the residual cash of the Trust or Shares or such other Trust Fund or property held by the Trust.

Voting rights

No instructions shall be given by a Selected Participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee. The Trustee shall abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom).

Alteration of the Share Award Scheme

Subject to the provisions of the Share Award Scheme, the Share Award Scheme may be altered in any respect by resolution of the Board except that certain provisions of the Share Award Scheme shall not be altered to the advantage of the Eligible Participants except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of any Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Participants as would be required of the holders of the Shares under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares.

Termination

The Share Award Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the date on which the Share Award Scheme is adopted by the Company; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participants.

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The key changes entailed by the Proposed Amendments are set out below:

- (a) to revise the definition of “eligible participants” by only including:
 - (i) any Employee Participant;
 - (ii) any non-executive Directors (including independent non-executive Directors) of the Company or any subsidiary of the Company;
 - (iii) any Related Entity Participant; and
 - (iv) any Service Provider, who falls under the category(ies) or may meet with the eligibility criteria as stipulated under the Amended Share Option Scheme;
- (b) to include a scheme mandate limit of not exceeding 10% of the Company’s issued shares to all Share Schemes (which includes the Amended Share Option Scheme and the Share Award Scheme) and to set a sublimit under the scheme mandate limit for share grants to Service Providers;

- (c) to require independent Shareholders' approval for refreshment of scheme mandate (and submit for share grants to Service Providers) within a three-year period from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of the adoption of the Share Option Scheme);
- (d) to require approval by the Shareholders for grant of share options over new shares of the Company to an individual participant if the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which includes the Amended Share Option Scheme and the Share Award Scheme) to an individual participant will exceed 1% of the issued share capital of the Company in any 12-month period (i.e. the 1% Individual Limit);
- (e) to require approval by the Shareholders for grant of share options over new shares of the Company to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, if the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which includes the Amended Share Option Scheme and the Share Award Scheme) to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, will exceed 0.1% of the issued shares of the Company in any 12-month period;
- (f) to include a minimum vesting period of 12 months, where grant of share options to Employee Participants are subject to a shorter vesting period under specific circumstances, and grant of share options to Directors and senior management of the Company with a shorter vesting period must be approved by the remuneration committee of the Company;
- (g) to allow the Board or the remuneration committee of the Company (as the case may be) to establish (i) performance targets for the grant of share options; and (ii) clawback mechanism for the Company to recover or withhold the share options granted; and
- (h) to include other house-keeping amendments for the purpose of making consequential amendments in line with the Proposed Amendments, and to better align the wording with that of the Amended Rules.

Pursuant to the Amended Rules and the Share Option Scheme, alternations to the terms and conditions of a share scheme which are of a material nature must be approved by the Shareholders in general meeting. As the Proposed Amendments are of a material nature, the Proposed Amendments will be subject to, among others, Shareholders' approval at the EGM.

SHAREHOLDERS' APPROVAL

The Board will convene the EGM for the purposes of, among other things, seeking the approval from the Shareholders for the adoption of the Share Award Scheme and the Proposed Amendments.

A circular containing, among other things, the details of the Share Award Scheme and the Proposed Amendments, together with a notice of the EGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

As of the date of this announcement, the Share Award Scheme and the Proposed Amendments remain subject to the approval of the Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“1% Individual Limit”	the limit that the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Scheme(s) to an individual participant shall not exceed 1% of the issued share capital of the Company in any 12-month period
“Amended Rules”	the amendments to the Listing Rules relating to share schemes of listed issuers, which will take effect on 1 January 2023 pursuant to the Consultation Conclusions
“Amended Share Option Scheme”	the amended share option scheme which has incorporated all of the Proposed Amendments
“Articles of Association”	the articles of association of the Company as adopted or amended from time to time
“associate(s)”	shall bear the meaning as defined in the Listing Rules;
“Award(s)”	an award of the Awarded Shares (and/or Shares and/or cash representing any income, proceeds or distributions derived from or in respect of the Awarded Shares, where applicable) by the Board to a Selected Participant in accordance with the Share Award Scheme
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares as awarded by the Board

“Board”	the board of Directors
“close associates”	shall bear the meaning as defined in the Listing Rules
“Company”	Ximei Resources Holding Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9936)
“Consultation Conclusions”	Consultation conclusions on the proposed amendments to listing rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any subsidiary of the Company, any Significant Shareholder, and/or any party designated by the Company as permitted under the Share Award Scheme to the Trust as determined by the Board from time to time
“connected person(s)”	shall bear the meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company for the purpose of, considering and, if thought fit, approving, among other things, the proposed adoption of the Share Award Scheme and the Proposed Amendments to the Share Option Scheme
“Eligible Participant(s)”	in the context of the Share Award Scheme, means any employee, officer or director of any member of the Group
“Employee Participant”	any employee (whether full time or part time, including any executive director, but excluding any non-executive director) of the Company or any of its subsidiaries (and including persons who are granted options under the Amended Share Option Scheme as an inducement to enter into employment contracts with these companies)

“Excluded Participant”	any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Shares (and/or Shares and/or cash representing any income, proceeds or distributions derived from or in respect of the Awarded Shares, where applicable) pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Proposed Amendments”	the proposed amendments to the Share Option Scheme, key changes of which are set out in this announcement
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company
“Selected Participant(s)”	Eligible Participant(s) selected by the Board pursuant to the Share Award Scheme for participation in the Share Award Scheme (or in the case of a Selected Participant, his legal personal representative or lawful successor as the case may be)

“Service Provider”	any person (whether a natural person, a corporate entity or otherwise) who provides services to 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, and excludes (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions; and (ii) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Award Scheme”	the share award scheme proposed to be adopted by the Company, the principal terms of which are set out in this announcement
“Share Option Scheme”	the share option scheme adopted by the Company on 19 February 2020
“Share Scheme(s)”	share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the Share Award Scheme and the Amended Share Option Scheme
“Significant Shareholder”	a person who has beneficial ownership of over 5% of the issued share capital of the Company, or control over 5% of the voting powers of the Company, whether directly or indirectly
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	shall bear the meaning as defined in the Listing Rules
“Trust”	the trust constituted by the Trust Deed
“Trustee”	Futu Trustee Limited and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed

“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trust Fund”	the funds and properties held directly or indirectly under the Trust and managed by the Trustee for the benefit of the Selected Participants (other than the Excluded Participants)
“Vesting Date”	in respect of a Selected Participant, the date on which his entitlement to the relevant Award is vested in such Selected Participant in accordance with the Share Award Scheme

By Order of the Board
Ximei Resources Holding Limited
Wu Lijue
Chairman and executive Director

Hong Kong, 10 October 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu Lijue and Mr. Mao Zili; one non-executive Director, namely Ms. Ouyang Ming; and three independent non-executive Directors, namely Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Mr. Yin Fusheng.