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

If you have sold or transferred all your shares in Ximei Resources Holding Limited (the “**Company**”), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) PROPOSED ADOPTION OF SHARE AWARD SCHEME;
(2) PROPOSED AMENDMENTS TO SHARE OPTION SCHEME;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at the conference room, 19th Floor, Building A3, Poly Tai To Wun, No. 290, East Hanxi Avenue, Panyu District, Guangzhou City, Guangdong Province, the PRC on Monday, 5 December 2022 at 11:00 am is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same 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 and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Saturday, 3 December 2022 at 11:00 am) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

A form of proxy for use at the EGM is enclosed with this circular. This circular, together with the form of proxy, is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.ximeigroup.com).

References to time and dates in this circular are to Hong Kong time and dates.

16 November 2022

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DEFINITIONS

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

“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)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“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
“Director(s)”	the 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
“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)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Latest Practicable Date”	10 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the proposed amendments to the Share Option Scheme as set out in Appendix II to this circular
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company
“Remuneration Committee”	the remuneration committee established by the Board from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the issued share capital of the Company
“Share Award Scheme”	the share award scheme proposed to be adopted by the Company as set out in Appendix I to this circular
“Share Option Scheme”	the existing share option scheme of the Company adopted 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
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Wu Lijue *(Chairman and chief executive officer)*

Mr. Mao Zili

Non-executive Director:

Ms. Ouyang Ming

Independent non-executive Directors:

Mr. Lau Kwok Fai Patrick

Mr. Zhong Hui

Mr. Yin Fusheng

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

Room E, 7th Floor

Derrick Industrial Building

No. 49 Wong Chuk Hang Road

Hong Kong

16 November 2022

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF SHARE AWARD SCHEME;
AND
(2) PROPOSED AMENDMENTS TO SHARE OPTION SCHEME**

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the Share Award Scheme; and (ii) details of the Proposed Amendments.

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 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.

LETTER FROM THE BOARD

2. PROPOSED ADOPTION OF 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.

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.

The Directors consider that the Share Award 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 awards to eligible participants (including any employee, officer or director of any member of the Group) in a longer period in the future. Under the Share Award Scheme, the vesting period of awards shall not be less than 12 months in general. However, the Directors or the Remuneration Committee (as the case may be) have discretion in allowing a shorter vesting period in certain circumstances. Such circumstances only include:

- (i) grants of "make-whole" Awarded Shares (as defined in the Share Award Scheme) to Selected Participants (as defined in the Share Award Scheme) who newly joined the Group to replace the share awards they forfeited when leaving the previous employers, which would provide talents with higher incentives in joining the Group for the Group's further development;
- (ii) grants to a Selected Participant whose employment is terminated due to death or disability or occurrence of any out of control event, which allows flexibility for the Company to reward employees in exceptional circumstances to ensure fair treatment;
- (iii) grants of Awarded Shares with performance-based vesting conditions provided in the Share Award Scheme, in lieu of time-based vesting criteria, which allows flexibility for the Company to reward exceptional performers who fulfilled the performance targets in less than 12 months;

LETTER FROM THE BOARD

- (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include Awarded Shares that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date (as defined in the Share Award Scheme) may be adjusted to take account of the time from which the Awarded Shares would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward employees in case of delays due to administrative or compliance reasons;
- (v) grants of Awarded Shares with a mixed or accelerated vesting schedule such that the Awarded Shares may vest evenly over a period of 12 months, which provides flexibility for the Company in granting Awarded Shares; and
- (vi) grants of Awarded Shares with a total vesting and holding period of more than 12 months, which provides flexibility for the Company in granting Awarded Shares.

The Directors are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the requirements under the Listing Rules and market practice. Such discretion gives the Company more flexibility to (i) provide higher incentives when attracting talents; (ii) reward exceptional performers with accelerated vesting; and (iii) grant awards in exceptional circumstances where justified, which is in line with the purpose of the Share Award Scheme.

Moreover, the Directors or the Remuneration Committee (as the case may be) have the authority to establish performance targets and/or clawback mechanism in relation to the granting of the share awards. The Directors are of the view that the flexibility given to the Directors in relation to the vesting period, performance targets and clawback mechanism will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole. None of the Directors is a trustee of the Share Award Scheme or has a direct or indirect interest in such trustee (if any).

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.

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Scheme 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 on the date on which the Share Award Scheme is adopted by the Company.

Based on 360,000,000 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the EGM, 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) is 36,000,000 Shares.

The rules of the Share Award Scheme are set out in Appendix I to this circular.

3. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Pursuant to the Amended Rules and the Share Option Scheme, alterations 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.

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; and
 - (iii) any Related Entity Participant;
- (b) to include a scheme mandate limit of not exceeding 10% of the Company's issued Shares to all Share Schemes (which include the Amended Share Option Scheme and the Share Award Scheme);
- (c) to require independent Shareholders' approval for refreshment of scheme mandate limit 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 Amended Share Option Scheme);
- (d) to require approval by the Shareholders for grant of share options over new Shares to an individual participant if the number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which include 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 (as defined in the Amended Share Option Scheme));

LETTER FROM THE BOARD

- (e) to require approval by the Shareholders for grant of share options over new Shares to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, if the number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which include 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 share capital of the Company in any 12-month period;
- (f) to include a minimum vesting period of 12 months, where grants of share options to Employee Participants are subject to a shorter vesting period under specific circumstances, and grants of share options to Directors and senior management of the Company and other Employee Participants with a shorter vesting period must be approved by the Remuneration Committee or the Board (as the case may be). Such circumstances only include:
 - (i) grants of “make-whole” Options (as defined in the Amended Share Option Scheme) to Employee Participants (as defined in the Amended Share Option Scheme) who newly joined the Group to replace the share options they forfeited when leaving the previous employers, which would provide talents with higher incentives in joining the Group for the Group’s further development;
 - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event, which allows flexibility for the Company to reward employees in exceptional circumstances to ensure fair treatment;
 - (iii) grants of Options with performance-based vesting conditions provided in the Amended Share Option Scheme, in lieu of time-based vesting criteria, which allows flexibility for the Company to reward exceptional performers who fulfilled the performance targets in less than 12 months;
 - (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date (as defined in the Amended Share Option Scheme) may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward employees in case of delays due to administrative or compliance reasons;
 - (v) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months, which provides flexibility for the Company in granting Options; and
 - (vi) grants of Options with a total vesting and holding period of more than 12 months, which provides flexibility for the Company in granting Options;

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The Directors are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the requirements under the Listing Rules and market practice. Such discretion gives the Company more flexibility to (i) provide higher incentives when attracting talents; (ii) reward exceptional performers with accelerated vesting; and (iii) grant options in exceptional circumstances where justified, which is in line with the purpose of the Amended Share Option Scheme.

- (g) to allow the Board or the Remuneration Committee (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 wordings with that of the Amended Rules.

The Proposed Amendments are set out in Appendix II to this circular.

Reference is made to the Company's announcement dated 10 October 2022 (the "**Announcement**"), in relation to, among others, the Proposed Amendments. As disclosed in the Announcement, key changes entailed by the Proposed Amendments included (i) revising the definition of "eligible participants" to include, among others, service providers as defined in the Announcement ("**Service Providers**"); (ii) setting a sublimit under the scheme mandate limit for share grants to Service Providers; and (iii) requiring independent Shareholders' approval for refreshment of sublimit for share grants to Service Providers. However, after the Board's due consideration with reference to the Company's actual business operation, business needs or industry norm, the Board resolved to exclude Service Providers as one of the "eligible participants". Accordingly, references to the grant of options to Service Providers have been removed in the Amended Share Option Scheme.

As at the Latest Practicable Date, no share options have been granted under the Share Option Scheme.

4. GENERAL

No Director has a material interest and is required to abstain from voting on the resolutions to approve the adoption of the Share Award Scheme and the Proposed Amendments at the EGM. None of the Shareholders is required to abstain from voting on such resolutions at the EGM pursuant to the Listing Rules and/or the Articles of Association.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, (i) the new Shares to be granted under the Share Award Scheme; and (ii) the Shares to be issued upon the exercise of the options granted under the Amended Share Option Scheme.

LETTER FROM THE BOARD

5. THE EGM AND PROXY ARRANGEMENT

A notice convening the EGM to be held at the conference room, 19th Floor, Building A3, Poly Tai To Wun, No. 290, East Hanxi Avenue, Panyu District, Guangzhou City, Guangdong Province, the PRC on Monday, 5 December 2022 at 11:00 am is set out on pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolutions will be proposed to approve, inter alia, the proposed adoption of the Share Award Scheme and the Proposed Amendments.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.ximeigroup.com). Whether or not you are able to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same 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 and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Saturday, 3 December 2022 at 11:00 am) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution to be passed at the EGM pursuant to the Articles of Association. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Pursuant to the Articles of Association, for the purpose of holding the EGM, the register of members of the Company will be closed from 1 December 2022 to 5 December 2022 (both days inclusive), during which period no transfer of Shares will be registered.

In order to be qualified for attending and voting at the EGM, Shareholders must lodge all share transfer documents with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30 November 2022.

6. 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.

LETTER FROM THE BOARD

7. RECOMMENDATIONS

The Directors are of the view that all resolutions proposed for consideration and approval by the Shareholders at the EGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the notice of the EGM.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully
By order of the Board
Ximei Resources Holding Limited
Mr. Wu Lijue
Chairman and executive Director

XIMEI RESOURCES HOLDING LIMITED

SHARE AWARD SCHEME

Adopted pursuant to an ordinary resolution passed by the shareholders
at the extraordinary general meeting on [•] 2022

1 DEFINITIONS AND INTERPRETATION

- (A) In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the meanings shown opposite to them below:

“Adoption Date”	[•] 2022, being the date on which the Scheme is adopted by the Company;
“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 pursuant to Paragraph 5.2(A) or 5.3(E) to a Selected Participant;
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares as awarded by the Board;
“Board”	the board of directors of the Company and if the context so permits, it shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme and/or to deal with the Trust/Trustee in any manner as authorised by the board of directors of the Company;
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“close associates”	shall bear the meaning as defined in the Listing Rules;
“Company”	Ximei Resources Holding Limited, a company incorporated in the Cayman Islands;
“connected person(s)”	shall bear the meaning as defined in the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary, any Significant Shareholder, and/or any party designated by the Company as permitted under the Scheme to the Trust as determined by the Board from time to time;

“core connected person(s)”	shall bear the meaning as defined in the Listing Rules;
“CRS”	the Organisation for Economic Cooperation and Development Common Reporting Standard;
“Director(s)”	director(s) of the Company;
“Eligible Participant”	any employee, officer or director of any member of the Group;
“ESOP System”	a system operated and serviced by Futu Network Technology Co., Ltd., an affiliate of the Trustee, for administration and operation of employee stock ownership plans or similar employee benefit schemes;
“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 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;
“Grant Instrument”	has the meaning ascribed to it in Paragraph 5.2(F);
“Group”	the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Holdco”	a company incorporated under the laws of the British Virgin Islands, which is a direct wholly-owned subsidiary of the Trustee and designated in writing by the Trustee;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“INED(s)”	independent non-executive director(s) of the Company from time to time;
“IRO”	the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong);

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Personal Data”	has the meaning set out in the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong) including any statutory modification or re-enactment for the time being in force;
“Remuneration Committee”	the remuneration committee established by the board of Directors from time to time;
“Residual Cash”	(a) any Contributed Amount, if received by the Trust for subscription for or purchase of Shares, which is unutilised and, if applicable, un-refunded to the Company or such other person who contributed the Contributed Amount; (b) any Contributed Amount received by the Trust for any purpose other than subscription for or purchase of Shares; and (c) other cash in the Trust Fund (including without limitation (i) any cash income or dividends derived from or in respect of Shares held under the Trust; (ii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iii) all interest or income derived from deposits maintained with licensed or regulated banks in Hong Kong or elsewhere);
“Scheme”	the “Ximei Resources Holding Limited Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Mandate Limit”	shall bear the meaning as defined in Paragraph 9.1;
“Selected Participant(s)”	Eligible Participant(s) selected by the Board pursuant to Paragraph 5.2(A) for participation in the Scheme (or in the case of a Selected Participant, his legal personal representative or lawful successor as the case may be);
“Senior Manager”	a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 to the Listing Rules (as may be amended from time to time);
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“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;
“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;
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning given under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“substantial shareholder”	shall bear the meaning as defined in the Listing Rules;
“Termination Date”	shall bear the meaning as defined in Paragraph 12;
“Trust”	the trust constituted by 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”	<p>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), including without limitation:</p> <ul style="list-style-type: none">(a) HK\$100 as initial sum;(b) all Shares acquired by the Trustee for the purpose of the Trust (including but not limited to any Awarded Shares whether or not vested in a Selected Participant) and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust;(c) any Residual Cash;(d) all issued shares in the capital of the Holdco and its specified subsidiary; and(e) all other properties from time to time representing (a), (b) and (c) above;
“Trust Period”	shall have the meaning as set out in 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;
“US”	the United States of America;
“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 Paragraph 5.3(A) and other terms of the Scheme; and
“Vesting Instrument”	has the meaning ascribed to it in Paragraph 5.3(C).
“Vesting Period”	in relation to any Selected Participant, the period commencing on the date on which the Awarded Shares have been provisionally set aside pursuant to an Award to such Selected Participant and ending on the Vesting Date (both dates inclusive).

- (B) In these rules of the Scheme, save where the context otherwise requires:–
- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of the Scheme;
 - (ii) references to Paragraphs are references to paragraphs of these rules of the Scheme;
 - (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
 - (iv) expressions in the singular shall include the plural and vice versa;
 - (v) expressions in any gender shall include other genders; and
 - (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2 PURPOSES AND OBJECTIVES

- (A) The specific objectives of the 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.
- (B) These rules serve to set out the terms and conditions upon which the incentive arrangement for the Eligible Participants shall operate.

3 DURATION

Subject to any early termination as may be determined by the Board pursuant to Paragraph 12, the Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date, and after the expiry of such ten (10)-year term no further Awards may be made but these rules of the Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

4 ADMINISTRATION

- (A) The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding.
- (B) The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

5 OPERATION OF SCHEME**5.1 Contribution to the Trust**

- (A) 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, 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 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 Scheme regardless whether they are purchased, subscribed for or otherwise acquired by the Trust or transferred, gifted, assigned, or conveyed to the Trust.
- (B) In the case of subscription for or purchase of Shares, the Board shall determine the number of Shares to subscribe for or purchase and, prior to the intended subscription or purchase, cause to be paid to the Trustee a Contributed Amount sufficient for the Trustee to complete the intended subscription or purchase unless it is determined by the Trustee that the Residual Cash then held by the Trustee is sufficient to complete the intended subscription or purchase. For the subscription for or purchase of Shares as described in Paragraphs (C) to (E) below, the Trustee shall first apply the Contributed Amount, and if the Contributed Amount is utilised in full, the Trustee may apply Residual Cash to the extent necessary to complete the subscription or purchase (as the case may be). If any portion of a Contributed Amount intended for a subscription for or purchase of the Shares was not fully utilised for such subscription or purchase, if instructed by the Board in writing within 30 days from the date of the completion of the subscription or purchase, the Trustee shall arrange for such unutilised portion to be refunded to the Company (or such other person who contributed the Contributed Amount). If no written instruction is received by the Trustee within the prescribed 30-day period, such unutilised portion of the Contributed Amount shall form part of the Residual Cash.

- (C) Subject to Paragraphs 5.5(B) and 9, in the event that the Board determines that it is appropriate for the Awarded Shares to be allotted and issued as new Shares under the Scheme Mandate Limit for the purpose of the Trust, the Board shall instruct the Trustee in writing on the subscription for Shares. As soon as practicable but in any event not later than five (5) Business Days after the receipt of the Board's instruction, the Trustee shall pay the subscription price from the Contribution Amount and/or the Residual Cash for the Company to allot and issue to the Trustee or the Holdco such number of new Shares corresponding to the aforesaid total subscription price and such new Shares shall be held upon trust for the relevant Selected Participant subject to the terms and conditions set out herein and in the Trust Deed. The Company shall allot and issue such new Shares at not less than nominal value to the Trustee or the Holdco (as the case may be). The Company shall comply with the relevant Listing Rules and the Articles of Association of the Company when allotting and issuing any new Shares under the Scheme Mandate Limit and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued to the Trustee or the Holdco pursuant to this Paragraph 5.5(C). Notwithstanding anything to the contrary in the Trust Deed, the Trustee is under no obligation to subscribe for or procure the Holdco to subscribe for new Shares as instructed by the Board unless, in the opinion of the Trustee, the total subscription price and all necessary expenses to complete the intended subscription can be funded in full by the Contributed Amount and/or Residual Cash.
- (D) Subject to Paragraphs 5.5(B) and 9, 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. Once purchased or received, the Shares are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust on and subject to the terms and conditions of the Scheme and the Trust Deed. On each occasion when the Board instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

- (E) As soon as practicable after receiving the notice setting out the instructions from the Company under Paragraph 5.1(D) with respect to the purchase of the Shares on the Stock Exchange and during such period until being notified by the Board to suspend or cease the purchase, the Trustee shall apply such amount as required from the Contributed Amount and/or the Residual Cash towards the purchase of such maximum board lot of Shares at the prevailing market price according to the instructions set out in the notice. The Trustee shall also pay the related purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy and Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of the Shares out of the Contributed Amount and/or Residual Cash. For the avoidance of doubt, the Shares so purchased shall form part of the Trust Fund. The Trustee is not obliged to purchase any Shares unless the prevailing market price of the Shares falls within the range of prices in accordance with Paragraph 5.1(D) and that the Trustee has sufficient funds in the Trust to undertake the purchase of such Shares.
- (F) The Trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. If, for any reason, the Trustee shall not be able to purchase any or all of the Shares with the maximum amount of funds (where the range of prices at which such Shares are to be purchased has been specified by the Board) so specified in the notice within ten (10) Business Days on which the trading of the Shares has not been suspended on the Stock Exchange after being instructed by the Board to do so, the Trustee shall notify the Board in writing. The Board shall then decide on whether to instruct the Trustee to continue with such purchase and the conditions thereof.

5.2 Grant of Awarded Shares to Selected Participants

- (A) Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs 5.5(B) and 9, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 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.

- (B) 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,
 - (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group;
 - (b) the general financial condition of the Group;
 - (c) the Group's overall business objectives and future development plan; and
 - (d) any other matters which the Board considers relevant.

- (C) The Board is entitled to impose any conditions, as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares to the Selected Participant, and shall inform the Trustee and such Selected Participant the relevant conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the Scheme, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions referred to in this Paragraph 5.2(C).

- (D) 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 INEDs (excluding any INED who or whose associate is the Selected Participant of the Awarded Shares). The requirements for the grant of Awarded Shares to a Director or chief executive of the Company set out in this Paragraph 5.2(D) do not apply where the Selected Participant is only a proposed Director or proposed chief executive of the Company.

- (E) Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

- (F) After the Board has decided to make a grant of Awarded Shares to any Eligible Participant, the Board shall procure the Company and the Eligible Participant to execute a written instrument in substantially the form set out in Appendix 1 (the “**Grant Instrument**”) which sets out the number of Awarded Shares so granted and the conditions (if any) upon which such Awarded Shares were granted. Upon the due execution of the Grant Instrument by the Company and the relevant Eligible Participant, the Awarded Shares are considered as having been granted to and accepted by the Eligible Participant, who shall become the Selected Participant. The Board shall, within five (5) Business Days after the Grant Instrument is duly executed by the Company and the Selected Participant, notify in writing the Trustee of the terms and conditions of such grant (including without limitation the name of the Selected Participant, the number of granted Awarded Shares, vesting schedule and conditions (if any) thereof, if applicable). The number of Awarded Shares specified in the Grant Instrument shall constitute the definitive number of Awarded Shares being granted to such Selected Participant.
- (G) If an Eligible Participant fails to execute the Grant Instrument within five (5) Business Days after the Grant Instrument was provided to such Eligible Participant for execution, the relevant Awarded Shares shall be considered as having never been granted to such Eligible Participant and the Awarded Shares shall remain as 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.

5.3 Vesting of Awarded Shares

- (A) Subject to the terms and conditions of the Scheme and the fulfillment of all vesting conditions applicable to the vesting of the Awarded Shares on such Selected Participant, the respective Awarded Shares held by the Trustee on behalf of the Selected Participant pursuant to the provision hereof 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 Paragraph 5.3(C).
- (B) The Vesting Period in respect of any Awarded Shares granted to any Selected Participant shall not be shorter than 12 months provided that where the Selected Participant:
- (a) is a Director or a Senior Manager specifically identified by the Company, the Remuneration Committee shall, or
 - (b) is not a Director nor a Senior Manager specifically identified by the Company, the Directors shall

have the authority to determine a shorter Vesting Period, if the Remuneration Committee (or, as the case may be, the Directors) considers that a shorter Vesting Period is appropriate to align with the purpose of this Scheme, including only where:

- (i) grants of “make-whole” Awarded Shares to Selected Participants who newly joined the Group to replace the share awards they forfeited when leaving the previous employers;
 - (ii) grants to a Selected Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (iii) grants of Awarded Shares with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria;
 - (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include Awarded Shares that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Awarded Shares would have been granted if not for such administrative or compliance requirements;
 - (v) grants of Awarded Shares with a mixed or accelerated vesting schedule such that the Awarded Shares may vest evenly over a period of 12 months; and
 - (vi) grants of Awarded Shares with a total vesting and holding period of more than 12 months.
- (C) Upon the vesting of the Awarded Shares,
- (i) barring any unforeseen circumstances, unless otherwise agreed between the Board, and the Trustee, at least thirty (30) Business Days prior to the Vesting Date of the Awards granted to a Selected Participant, the Board shall procure the Company and the Selected Participant to execute a written instrument to confirm the vesting of the Awards in substantially the form set out in Appendix 2 (the “**Vesting Instrument**”). Before issuing the Vesting Instrument to the Selected Participant, the Board shall confirm in advance with the Trustee whether certain transfer documents are required to be signed by the Selected Participant in order to effect the vesting and transfer of the Awarded Shares, and if so confirmed by the Trustee, the Board shall, in the Vesting Instrument or in a separate notice, require the Selected Participant to execute the transfer documents;
 - (ii) in the event the Selected Participant (or his legal personal representative or lawful successor as the case may be) fails to execute the Vesting Instrument at least ten (10) Business Days prior to the Vesting Date, the Awarded Shares which would have otherwise vested in such Selected Participant shall be automatically forfeited and remain as part of the Trust Fund; and

- (iii) for the purpose of the vesting of Awarded Shares in a Selected Participant, subject to the receipt by the Trustee of (a) a written notice from the Company confirming that all vesting conditions having been fulfilled and instructing the Trustee to transfer the Awarded Shares (or where applicable, to sell the Awarded Shares and transfer the net sale proceeds) to the Selected Participant, (b) the original transfer documents (if any) prescribed by the Trustee and duly signed by the Selected Participant; and (c) client due diligence documents of the Selected Participant required in accordance with the Trustee's client due diligence policy at least ten (10) Business Days prior to the Vesting Date, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Participant as soon as practicable on or after the Vesting Date and in any event not later than ten (10) Business Days after the Vesting Date. Notwithstanding the preceding provisions, if the Board considers appropriate, the Board may direct the Trustee to, as soon as practicable after the Vesting Date, sell, on-market at the prevailing market price, the Shares so vested in the Selected Participant and, within a reasonable time period in satisfaction of the Award, pay the Selected Participant the proceeds in cash arising from such sale (net of brokerage, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and any other applicable costs).
- (D) Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.
- (E) The Board may at its discretion, with or without further conditions, grant additional Shares or cash award out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to a Selected Participant upon the vesting of any Awarded Shares. In such case the Board shall procure the Company and the Selected Participant who wishes to accept the grant to execute a Grant Instrument, which specifies the number of additional Shares and/or cash amount to be granted to the Selected Participant. The Board shall, within five (5) Business Days after the Grant Instrument is duly signed by the Company and the relevant Selected Participant, notify in writing the Trustee of the terms and conditions of the such grant (including without limitation the name of the Selected Participant, the number of additional Shares and/or cash amount, vesting schedule and conditions (if any) thereof, if applicable). The Trustee shall transfer the specified number of additional Shares and/or the cash award, together with the Awarded Shares, to the Selected Participant on or after the Vesting Date in accordance with Paragraph 5.3(C)(iii).

5.4 Disqualification of Selected Participant

- (A) 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 Paragraph 5.4(B), 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.
- (B) Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:
- (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
 - (ii) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
 - (iii) where such person has been convicted of any criminal offence; or
 - (iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.
- (C) In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group. If the accelerating vesting under the circumstances of death or retirement by agreement results in the Vesting Period being shorter than 12 months, approval by the Remuneration Committee or the Directors (as the case may be) is required in accordance with Paragraph 5.3(B).

- (D) (i) In the event of the death of a Selected Participant, the Trustee shall directly or indirectly hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust to transfer the same to the legal personal representatives or lawful successors of the Selected Participant within (a) two years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time) or (b) the Trust Period (whichever is shorter); or
- (ii) If the Benefits fail to be transferred within the time stipulated in sub-paragraph (i) above or would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall remain part of the Trust Fund.
- (E) In the event that prior to or on the Vesting Date, a Selected Participant ceased to be an employee, officer or director of any member of the Group for any reason other than his death, retirement and the circumstances described in Paragraph 5.4(B), 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. For the avoidance of doubt, the Trustee shall cause the Awarded Shares already vested to be transferred to such Selected Participant in accordance with Paragraph 5.3(C).

5.5 Other terms and conditions

- (A) For the avoidance of doubt,
- (i) subject to Paragraph 5.3(E), 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;
- (ii) a Selected Participant shall have no rights in the Residual Cash or Shares or such other Trust Fund or property held by the Trust;
- (iii) 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;
- (iv) the Trustee shall abstain and, where applicable, shall procure the Holdco to 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);
- (v) subject to Paragraph 5.3(E), all cash income and the sale proceeds of non-scrip distribution declared in respect of a Share held upon the Trust will be applied towards the payment of the fees, costs and expenses of the Trust and the remainder shall remain as part of the Trust Fund;

- (vi) unless otherwise waived by the Board, in the event that the vesting conditions specified in the 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; and
 - (vii) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives or lawful successors of the Selected Participant is made within the period prescribed in Paragraph 5.4(D), and the legal personal representatives or lawful successors of the Selected Participant shall have no claims against the Company or the Trustee.
- (B) No Award shall be made by the Board pursuant to Paragraph 5.2(A) and no instructions to acquire any Shares shall be given to the Trustee under the Scheme pursuant to Paragraphs 5.1(C) and (D) 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:
- (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 (and including) the trading day after such inside information has been publicly announced in accordance with the application 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 SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

The Board may, at any time after it has instructed the Trustee to purchase or acquire any Shares in accordance with Paragraphs 5.1(C) and (D), instruct the Trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice (without specifying any reasons therefor). The Board may also instruct the Trustee in writing to cease receiving any transfer, gift, assignment or conveyance of Shares or to suspend receiving any transfer, gift, assignment or conveyance of Shares until further notice (without specifying any reasons therefor).

- (C) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

6 CANCELLATION OF AWARDS

- 6.1 Subject to the terms and conditions of this Scheme and Chapter 17 of the Listing Rules, any unvested Award granted may not be cancelled except with the prior written consent of the relevant Selected Participant of the Award and the approval of the Directors.
- 6.2 Where the Company cancels any unvested Award and grants new Award(s) to the same Selected Participant, the grant of such new Award(s) may only be made with available Scheme Mandate Limit approved by the shareholders of the Company pursuant to Paragraph 9.2(a) or 9.2(b). The Awards cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

7 PERFORMANCE TARGETS AND CLAWBACK MECHANISM

- 7.1 Subject to the terms and conditions of this Scheme,
 - (i) in respect of any Selected Participant who is a Director or a Senior Manager, the Remuneration Committee may; or
 - (ii) in respect of any other Selected Participant, the Directors may

establish performance targets against the attainment of which the Awards granted to the Selected Participant concerned. The Directors shall have the authority, after the grant of any Award which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors.

- 7.2 Proposed performance targets include business, financials, operations and creation of capital value for the Group's business segments (such as increase in revenue and net profit after tax) as well as that for the Eligible Participants based on individual performance indicators relevant to their roles and responsibilities (such as revenue growth rate by existing/new markets or by existing/new products, number of new product development, production yield). The Directors (or, as the case may be, the Remuneration Committee) will conduct assessment at the end of the performance period by comparing the performance of the business segments and the individual performance of the Eligible Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.
- 7.3 Notwithstanding the terms and conditions of this Scheme, the Directors may provide in the Grant Instrument that any Award may be subject to clawback or a longer Vesting Period if any of the Clawback Events stated in Paragraph 7.4 shall occur.
- 7.4 If any of the following events ("**Clawback Event**") shall occur during the Vesting Period:
- (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement; or
 - (ii) the Selected Participant being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or
 - (iii) if the Award is linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

the Directors may by notice in writing to the Selected Participant concerned (aa) claw back all or a specified part of the Awarded Shares awarded as the Directors may consider appropriate; or (bb) extend the Vesting Period (regardless of whether the initial Vesting Date has occurred) in relation to all or a specified part of the Awarded Shares (to the extent not already sold) to such longer period as the Directors may consider appropriate. The Awarded Share(s) that are clawed back pursuant to this Paragraph 7.4 will be regarded as cancelled and the Awarded Shares so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

8 TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME

- (A) Notwithstanding any other provision provided herein, if there occurs an event of change in control of the Company (whether by way of offer, merger, scheme of arrangement or otherwise) or the Company's withdrawal of its listing from the Stock Exchange pursuant to the Listing Rules prior to the Vesting Date, the Board shall determine at its discretion whether such Awarded Shares shall vest in the Selected Participant and the time at which such Awarded Shares shall vest. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within seven (7) Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares to the Selected Participant in accordance with Paragraph 5.3(C)(iii). For the purpose of this Paragraph 8(A), "control" shall have the meaning as specified in the Codes on Takeovers and Mergers and Share Buy-backs from time to time.
- (B) In the event the Company undertakes a capitalisation issue, rights issue, subdivision or consolidation of the Shares, or reduction of the share capital of the Company (each an "**Adjustment Event**"), such Selected Participant shall be entitled to the same proportion of those Awarded Shares (rounded to the nearest whole share) as that to which such Selected Participant was immediately entitled prior to such Adjustment Event, and the Board shall as soon as reasonably practicable after such Adjustment Event has been effected, notify such Selected Participant (with a copy of the notification to the Trustee) the adjustment on the number of Awarded Shares that he has become entitled to on vesting after such Adjustment Event, provided that:
- (i) no such adjustments may be made to the extent that a Share would be issued at less than its nominal value; and
 - (ii) in respect of any adjustments other than an adjustment made on a capitalisation issue, the auditors or an independent financial adviser of the Company must confirm to the Directors in writing that the such adjustment(s) satisfies the requirements of the relevant provisions of the Listing Rules.

The issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

- (C) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held directly or indirectly by the Trustee under the Scheme, the Trustee shall not subscribe for, and, where applicable, shall procure the Holdco not to subscribe for, any new Shares. In the event of a rights issue, the Trustee shall sell or cause to be sold such amount of the nil-paid rights allotted to it or the Holdco on the market as is appropriate and, subject to Paragraph 5.3(E), the net proceeds of sale of such rights shall be held as part of the Trust Fund.

- (D) In the event the Company issues bonus warrants in respect of any Shares which are held directly or indirectly by the Trustee, the Trustee shall not subscribe for, and, where applicable, shall procure the Holdco not to subscribe for, any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell or cause to be sold the bonus warrants created and granted to it on the market, subject to Paragraph 5.3(E), the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.
- (E) In the event that the Company undertakes an issue of bonus Shares, subject to Paragraph 5.3(E), the bonus Shares allotted with respect to any Shares which are held directly or indirectly by the Trustee shall be held as part of the Trust Fund.
- (F) In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect or, where applicable, procure the Holdco to elect to receive scrip Shares and, subject to Paragraph 5.3(E), scrip Shares allotted with respect to any Shares which are held directly or indirectly by the Trustee shall be held as part of the Trust Fund.
- (G) In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held upon the Trust, the Trustee shall dispose of or, where applicable, procure the Holdco to dispose of such distribution and, subject to Paragraph 5.3(E), the net sale proceeds thereof shall be deemed as cash income of a Share held as part of the Trust Fund.
- (H) If notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its discretion whether such Awarded Shares shall vest in the Selected Participant and the time at which such Awarded Shares shall vest. If the Board determines that any Awarded Shares shall vest, it shall promptly notify the Selected Participant (with a copy of the notification to the Trustee) and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the Awarded Shares which are to become vested in such Selected Participant to such Selected Participant.

9 SCHEME MANDATE LIMIT

- 9.1 Without prejudice to Paragraph 9.2, the maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) shall not exceed ten (10) per cent. of the number of Shares in issue as at the Adoption Date ("**Scheme Mandate Limit**"). Unless expressly approved by the shareholders of the Company in general meeting and expressly allowed by the Stock Exchange, no option or awards may be granted under this Scheme or any other Share Scheme(s), if the grant of such option or award will result in the limit referred to in this Paragraph 9.1 being exceeded.

9.2 Subject to Paragraph 9.1 and without prejudice to:

(a) Paragraph 9.2(b), the Company may seek approval of its shareholders in general meeting to refresh the Scheme Mandate Limit under this Scheme, provided that:

(i) the total number of Shares which may be allotted and issued in respect of all Awards to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) must not exceed ten (10) per cent. of the Shares in issue as at the date of approval of the refreshed limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, Awards lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised;

(ii) where the refreshment of the Scheme Mandate Limit is sought:

(A) within three years from the date of shareholders approval for the last refreshment (or, as the case may be, the Adoption Date):

(A1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding INEDs) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and

(A2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this Paragraph 9.2(a)(ii)(A) do not apply if the refreshment is made immediately after an issue of securities by the Company to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share; and

(B) after three years from the date of shareholders approval for the last refreshment (or, as the case may be, the Adoption Date), the requirements under Paragraph 9.2(a)(ii)(A) shall not be applicable;

- (b) Paragraph 9.2(a), the Company may seek separate shareholders' approval in general meeting to grant Awards under this Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in Paragraph 9.2(a) to Selected Participants specifically identified by the Company before such approval is sought. The number and terms of Awards to be granted to such Selected Participant must be fixed before shareholders' approval.
- 9.3 Subject to Paragraph 9.4, where any grant of Awards to a Selected Participant under this Scheme would result in Shares issued and to be issued in respect of all options or awards granted to such person (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over one (1) per cent. of the issued share capital of the Company ("**1% Individual Limit**"), such grant of Awards must be separately approved by shareholders of the Company 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 Selected Participant must be fixed before shareholders' approval.
- 9.4 Without prejudice to Paragraph 5.2(D), where any grant of Awards under this Scheme to a Director (other than an INED) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the issued share capital of the Company, such grant of Awards must be approved by shareholders of the Company in general meeting (with such Selected Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).
- 9.5 Without prejudice to Paragraph 5.2(D), where any grant of Awards under this Scheme and options and awards to be granted under any other Share Scheme(s) to an INED or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the issued share capital of the Company, such grant of Awards must be approved by shareholders of the Company in general meeting (with such Selected Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

- 9.6 Any change in the terms of Awards granted to any Selected Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by shareholders of the Company in general meeting in the manner as set out in Paragraphs 9.4 and 9.5, if the initial grant of the Awards requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- 9.7 The requirements for the grant of Awards to a Director or chief executive of the Company set out in Paragraphs 9.4 to 9.6 do not apply where the Selected Participant is only a proposed Director or a proposed chief executive of the Company.
- 9.8 For the purpose of seeking the approval of the shareholders of the Company under Paragraphs 9.2 to 9.6, the Company must send a circular to its shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

10 DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board whose decision shall be final and binding.

11 ALTERATION OF THE SCHEME

- (A) Subject to Paragraphs 11(B) and 11(C), this Scheme may be altered in any respect by a resolution of the Directors except that:
- (i) any alterations to the terms and conditions of this Scheme which are of a material nature, including but not limited to the provisions of this Scheme as to the definitions of "Eligible Participant(s)", "Selected Participant(s)" and "Termination Date" in Paragraph 1(A);
 - (ii) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants;

shall not be altered except with the sanction of a resolution of the shareholders of the Company 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.

- (B) Subject to Paragraph 11(C), any change to the terms of any Award granted to a Selected Participant must be approved by the Directors, the Remuneration Committee, the INEDs and/or the shareholders of the Company in general meeting (as the case may be) if the initial grant of the Awards was approved by the Directors, the Remuneration Committee, the INEDs and/or the shareholders of the Company in general meeting (as the case may be), in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules. The foregoing provisions of this Paragraph 11(B) shall not apply where the alterations take effect automatically under the existing terms of this Scheme.
- (C) Any change to the authority of the Directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the shareholders of the Company in general meeting.
- (D) The terms of this Scheme and/or any Awards amended pursuant to this Paragraph 11 must comply with the applicable requirements under Chapter 17 of the Listing Rules.
- (E) Where the terms of this Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Eligible Participants all details relating to changes in the terms of this Scheme during the life of this Scheme.

12 TERMINATION

- (A) The Scheme shall terminate on the Termination Date, which is earlier of:
 - (i) the tenth (10) anniversary date of the Adoption Date; 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 Participant hereunder.

- (B) Upon termination of the Scheme,
 - (i) no further grant of Awarded Shares may be made under the Scheme;
 - (ii) all the Awarded Shares of the Selected Participants granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Participants according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Participant.
 - (iii) upon the expiration of the Trust Period, all Shares (except for any Awarded Shares subject to vesting on the Selected Participants) remaining in the Trust Fund shall be sold by the Trustee within twenty-eight (28) Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine);

- (iv) upon the expiration of the Trust Period all net proceeds of sale referred to in Paragraph 12(B)(iii) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to Paragraph 12(B)(iii)).
- (C) For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

13 WITHHOLDING

- (A) The Company or any Subsidiary shall be entitled to withhold, and any Selected Participant shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Awarded Shares.
- (B) The Board may establish appropriate procedures to provide for any such payment so as to ensure that the Company or any Subsidiary receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the Company or such Subsidiary any tax deduction resulting from the occurrence of such event.
- (C) The Company or any Subsidiary may, by notice to the Selected Participant and subject to any rules as the Board may adopt, require that the Selected Participant pay at the time of the Award an amount estimated by the Company or any Subsidiary to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Award.

14 MISCELLANEOUS

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

- (B) The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Paragraph 14(D), expenses, stamp duty, transaction levies and normal registration fees incurred in the purchase of Shares by the Trustee and the transfer of Awarded Shares to Selected Participants on the relevant Vesting Date; PROVIDED THAT, in respect of any gift, assignment, conveyance or transfer of Shares to the Trust, any tax or expenses of such other nature (including without limitation the stamp duty) payable shall be borne by the relevant party gifting, assigning, conveying or transferring such Shares to the Trust. For the avoidance of doubt, the Company shall not be liable for any tax or expenses of such other nature payable on the part of any Eligible Participant in respect of any sale, purchase, vesting or transfer of Shares.
- (C) In the event that any tax, duty, levy or social security contribution in any jurisdiction is payable by any Selected Participant in connection with the grant of any Awarded Shares or the vesting (or otherwise the transfer) of any Awarded Shares, such Selected Participant shall be responsible for the prompt payment of such tax, duty, levy or social security contribution (as the case may be) and shall indemnify the Company and the Trustee against any loss, damage, liability, costs and expenses arising from or in connection with any default or delay in the payment thereof.
- (D) Any notice or other communication in connection with the Scheme from any person may be given by sending the same by (a) prepaid post or by personal delivery to, in the case of the Company or Trustee, its head office and principal place of business in Hong Kong or such other address as notified to the sender from time to time, and in the case of an Eligible Participant, his address as notified to the sender from time to time, (b) email to the designated email address of the recipient, (c) fax to the designated fax number of the recipient, or (d) messaging on the ESOP System (if available) to the account of the recipient (provided that communication services through ESOP System are made available for the purpose of the Scheme). For the avoidance of doubt, the Company may send copies of Grant Instruments or Vesting Instruments to the Trustee via ESOP System (if available). Any notice or other communication served shall be deemed to have been served (a) if by post, 24 hours after the same was put in the post, (b) if by email, when the relevant receipt of such email being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such email, (c) if by fax, when the relevant delivery receipt is received by the sender, or (d) if via ESOP System (if available), when data transmission is completed.
- (E) The Company, the Board, the Trust and the Trustee shall not be responsible for any failure by any Eligible Participant to obtain any consent or approval required for such Eligible Participant to participate in the Scheme as a Selected Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- (F) Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme, and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.

- (G) For the avoidance of doubt, a contribution of Shares by way of gift, assignment, conveyance or transfer by any party to the Trust does not confer on such party any power, right or interest in respect of the Trust or any part of the Trust Fund; PROVIDED THAT should any such party be a Selected Participant, any power, right or interest conferred on such party in the capacity of a Selected Participant shall be unaffected.

15 GOVERNING LAW

- (A) The Scheme shall operate subject to the Articles of Association of the Company and any applicable law and regulations to which the Company is subject.
- (B) The Scheme is governed by and shall be construed in accordance with the laws of Hong Kong.
- (C) Hong Kong courts shall be the exclusive venue for resolving dispute relating to or arising from the Scheme.

16 DISCLOSURE RIGHTS

- (A) Notwithstanding anything to the contrary in this Scheme, the Trustee shall be entitled to disclose to any person such documents and information relating to the Trust for any one or more of the following purposes:
- (a) where the disclosure is required by applicable law or contract or by an order from a court of competent jurisdiction;
 - (b) where the disclosure is required by the fiscal authorities of any government of any jurisdiction in respect of any duties or taxes in connection with the Trust Fund, the Trust, any company the shares of which are held directly or indirectly by the Trustee under the Trust, any Selected Participant, the Company, the Board or any other person interested in the Trust;
 - (c) where the disclosure is required under any legislation regulating transactions in securities and any rules of any stock exchange or regulated market or authority in any place in which the securities or other assets comprising the Trust Fund (or part of it, directly or indirectly) is situated;
 - (d) where the disclosure is, in the opinion of the Trustee, necessary or appropriate to comply with (i) any reporting obligation or requirement to any governmental authorities including taxation authorities, financial services authorities and other regulatory authorities, in respect of the Trust, pursuant to the proper law of the Trust; or (ii) the relevant laws and legislation of any jurisdiction to which any of the Trustee, the Trust, the assets comprising the Trust Fund, any Selected Participant, the Company, the Board or any other person interested in the Trust is connected;

- (e) where the disclosure is, in the opinion of the Trustee, necessary or appropriate for the administration of the Trust (including without limitation, disclosure to any party (including an affiliate of the Trustee) to whom the Trustee has delegated directly or indirectly any of its powers, duties, discretions or functions or any party holding power or office in the Trust or any company the shares of which directly or indirectly comprised in the Trust Fund to the extent necessary or appropriate to discharge their, his or her duties and obligations);
 - (f) where the disclosure is to any person who is engaged by the Trustee or any affiliates of the Trustee to perform any outsourced function in relation to the Trust; or
 - (g) where the disclosure is to any bank or financial institution for the purposes of opening or maintaining any account.
- (B) Without limit to the generality of the foregoing,
- (a) the Company has authorised the Trustee to make such disclosures to the Trustee's affiliates of such documents and information relating to the Trust as the Trustee may consider necessary or appropriate for the administration of the Trust including but not limited to any delegation of part of the Trustee's powers and discretions to such affiliates (if such delegation is permitted under the Trust Deed);
 - (b) if the Company (including the Board) provides the Trustee with Personal Data of any individual, the Company undertakes, represents and warrants to the Trustee that, to the extent required by law in relation to the Trustee's collection, processing, use, transfer and disclosure of Personal Data, the Company has obtained such individual's consent for, and consents on behalf of such individual to the collection, processing, use, transfer and disclosure of his Personal Data by the Trustee in accordance with the data policy of the Trustee and that such Personal Data provided is true, accurate and complete.
 - (c) any consent given by the Company (including the Board) or any individual in relation to Personal Data shall survive death, incapacity, dissolution, bankruptcy or insolvency of the Company or any such individual and the termination of the Trust.

- (C) Without prejudice to the generality of the provisions in Paragraphs 16(A) and 16(B) and otherwise notwithstanding anything to the contrary contained in the Scheme, the Trustee shall, in furtherance of the Trustee's obligation under or pursuant to IRO or CRS or any analogous law, regulation, rule, ordinance or treaty (collectively "**Compliance Laws**") and such other obligations and duties as required by any taxation or government authorities anywhere in the world howsoever and wheresoever arising and whether legally enforceable or not (collectively "**Compliance Obligations**") as the Trustee may in its absolute discretion deem necessary or appropriate, have the power to:
- (i) keep information relating to the identity, citizenship and tax residence and status and such other necessary information (as required under the Compliance Laws or by any taxation or government authorities) of the Company, the Eligible Participants or other Controlling Person (as such term is defined under the relevant Compliance Laws, the "**Controlling Person**") for the purpose of compliance with such Compliance Obligations; and
 - (ii) disclose or report such information referred to in Paragraph (i) above to any relevant government or tax authority or third party financial institution in any jurisdiction for any purpose as such government or tax authority or third party financial institution may deem appropriate in the circumstances at their discretion.
- (D) Notwithstanding anything to the contrary contained in the Scheme, in the absence of wilful misconduct, gross negligence or fraud, the Trustee shall not be liable for any penalty or withholding imposed under the Compliance Laws and all local or foreign statute, law, regulation, ordinance, rule, judgment, decree, voluntary code, directive, sanctions regime, court order, treaty, agreement with or demands or request by such authorities resulting from the reporting of incomplete or incorrect information, or the failure to report such information and the Company shall indemnify the Trustee on a full indemnity basis against any such penalty or withholding.

APPENDIX 1
INSTRUMENT OF GRANT AND ACCEPTANCE OF AWARD

DATE: [], 202[].

PARTIES:

- (1) **Ximei Resources Holding Limited**, a company incorporated under the laws of the Cayman Islands having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the “**Company**”);
- (2) [**Eligible Participant**], [of [*insert address*]] or [holder of [*insert type of ID document*] No. [*insert document no.*]] (the “**Selected Participant**”).

WHEREAS

- A. The Company adopted a share award scheme named “Ximei Resources Holding Limited Share Award Scheme” on [•] 2022 (the “**Share Award Scheme**” and the rules of the Share Award Scheme shall be referred to as “**Scheme Rules**”). In order to facilitate and implement the Share Award Scheme, the Company established a trust (the “**Trust**”) with Futu Trustee Limited as trustee (the “**Trustee**”) by way of a trust deed dated [] (the “**Trust Deed**”). Except as otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Scheme Rules and the Trust Deed (where applicable).
- B. The Scheme Rules and the Trust Deed require that Awards are granted and accepted by way of a Grant Instrument. The Company wishes to confirm the decision of the board of directors of the Company (the “**Board**”) to grant certain Awards to the Selected Participant and the Selected Participant wishes to confirm his/her acceptance of the Awards by execution of this Instrument.

THIS INSTRUMENT WITNESSETH as follows:

1. The Company hereby confirms that the Board decided on [•] to grant the Selected Participant the following Award:

[[•] Awarded Shares OR [•] Awarded Shares in cash equivalent from proceeds of sale]

which shall be subject to the terms and conditions of the Share Award Scheme (including without limitation, the vesting conditions set out in Paragraphs 5.3(C) and 5.4 of the Scheme Rules), the Trust Deed and this Instrument (including without limitation the vesting schedule [and vesting conditions] set out below).

Vesting Schedule: the Award granted to the Selected Participant herein will become vested in the Selected Participant in the proportion and on the dates as follows:

[insert vesting schedule from scheme rules or as determined by the Board (if any)]

[Vesting Conditions: the grant is also being made subject to the following conditions:

[Insert any additional Conditions and/or performance target(s)]

2. The Selected Participant hereby confirms his/her acceptance of the Award granted to him/her in this Instrument. The Selected Participant agrees and accepts that the grant and administration of the Award are subject to the terms and conditions of the Scheme Rules, the Trust Deed and this Instrument (where applicable) and the Selected Participant agrees to be bound by those terms and conditions.
3. The Selected Participant hereby consents to the collection, processing, use, transfer and disclosure by the Company and/or the Trustee of the Personal Data and other information of the Selected Participant which is considered necessary or appropriate by the Trustee/Company for the administration of the Scheme and the Trust.
4. The Selected Participant
 - a. confirms that he/she is a tax resident of _____ *[please complete jurisdiction]*; and
 - b. undertakes that he/she shall notify the Company within 30 days after the change of his/her tax residency.
5. This Instrument may be amended by the Company by written notice to the Selected Participant provided any such amendment may not take effect unless with the Selected Participant's consent if such amendment may affect materially and adversely any subsisting rights of the Selected Participant.
6. This Instrument may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.
7. This Instrument shall be governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China.

[Execution Page Follows]

In witness whereof, the parties have executed this Instrument on the date and year first above written.

For and on behalf of the Company

Authorised signatory(ies)

Name:

Selected Participant

APPENDIX 2
VESTING INSTRUMENT

DATE: [], 202[].

- (1) **Ximei Resources Holding Limited**, a company incorporated under the laws of the Cayman Islands having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the “**Company**”); and
- (2) [*insert name of the Eligible Participant*], [of [*insert address*]] or [holder of [*insert type of ID document*]] No. [*insert document no.*] (the “**Selected Participant**”).

WHEREAS

- A. The Company adopted a share award scheme named “Ximei Resources Holding Limited Share Award Scheme” on [•] 2022 (the “**Share Award Scheme**” and the rules the Share Award Scheme shall be referred to as “**Scheme Rules**”). In order to facilitate and implement the Share Award Scheme, the Company established a trust (the “**Trust**”) with Futu Trustee Limited as trustee (the “**Trustee**”) by way of a trust deed dated [*insert date*] (the “**Trust Deed**”). Except as otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Scheme Rules and the Trust Deed (where applicable).
- B. By a Grant Instrument (the “**Grant Instrument**”) made between the Company and the Selected Participant dated [*insert date*], the Selected Participant has accepted the grant of certain Awards. The Company and the Selected Participant wish to confirm the matters related to the vesting of part or all of the Awards by this Instrument.

THIS INSTRUMENT WITNESSETH as follows:

1. It is hereby confirmed by the Company and acknowledged by the Selected Participant that in accordance with the vesting conditions set out in the Grant Instrument, [[•] Awarded Shares OR [•] Awarded Shares in cash equivalent from proceeds of sale] (the “**Vesting Award**”) granted to and accepted by the Selected Participant and currently being held directly or indirectly by the Trustee under the Trust will become vested in the Selected Participant on [*insert date*] (the “**Vesting Date**”), subject to the Selected Participant remaining an Eligible Participant on such date and all of the other conditions set out in the Grant Instrument being satisfied.
2. The Selected Participant hereby authorises the Company to instruct the Trustee to procure the transfer of the Vesting Award to the Selected Participant by depositing them into the following securities account/bank account (where applicable) in accordance with the Trust Deed and Scheme Rules (where applicable):

For Vesting Shares

Name of custodian/broker: _____

CCASS No. of custodian/broker: _____

Contact Person of custodian/broker: _____

Telephone number of custodian/broker: _____

Account Name: _____

(Note: The Account must be in the sole name of the Selected Participant)

Account Number: _____

For Cash Award

Name of designated bank: _____

Account name: _____

(Note: The Account must be in the sole name of the Selected Participant)

Account number: _____

3. It is confirmed by the Company and acknowledged by the Selected Participant that, for the vesting of the Awards, the Company requires that the transfer documents comprising [*please describe the documents*] attached to this Instrument shall be executed by the Selected Participant within [30] days from the date of this Vesting Instrument.
4. This Instrument may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.
5. This Instrument shall be governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China.

*[Execution Page Follows]** *delete as appropriate*

In witness whereof, the parties have executed this Instrument on the date and year first above written.

For and on behalf of the Company

Authorised signatory(ies)

Name:

Selected Participant

XIMEI RESOURCES HOLDING LIMITED
稀美資源控股有限公司

SHARE OPTION SCHEME

I, Wu Lijue, a director of Ximei Resources Holding Limited (稀美資源控股有限公司), hereby certify that pursuant to paragraph 2.4 of the rules of the Share Option Scheme hereto attached, that the condition set out in paragraph 2.1(b) of such rules was satisfied on the date set out below and that such date is the “Adoption Date” as defined in such rules:

Adoption Date:

Name: Wu Lijue
Position: Director

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1. DEFINITIONS

1.1 In this Scheme the following expressions shall have the following meanings:

<u>“1% Individual Limit”</u>	<u>in respect of an Eligible Participant, the number of Shares issued or falling to be issued to that Eligible Participant under all options and Awards granted to him over any 12-month period up to and including the date of the proposed Grant, must not, unless specially approved by shareholders in general meeting in accordance with the Listing Rules, exceed 1% of the total number of Shares in issue and shall bear the meaning as defined in paragraph 8.3;</u>
“Adoption Date”	the date on which this Scheme is adopted upon fulfilment of the condition set out in paragraph 2.1(b);
“associate”	shall bear the meaning as defined in the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
<u>“Award”</u>	<u>Shares granted or to be granted under any Share Award Scheme;</u>
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“close associate”	shall bear the meaning as defined in the Listing Rules;
“Companies Law”	the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Company”	Ximei Resources Holding Limited (稀美資源控股有限公司), an exempted company incorporated in the Cayman Islands on 26 May 2017 with limited liability;
“connected person”	shall bear the meaning as defined in the Listing Rules;
“core connected person”	shall bear the meaning as defined in the Listing Rules;
“Directors”	the directors of the Company for the time being; or a duly authorised committee thereof;

APPENDIX II THE PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

“Eligible Employee Participant”	any employee (whether full time or part time, including any executive director, but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity or any of its Subsidiaries (and including persons who are granted options under this Scheme or any other Share Scheme(s) as an inducement to enter into employment contracts with these companies);
“Eligible Participants”	the persons who may be invited by the Directors to take up Options as referred to in paragraph 4.1, and “Eligible Participant” shall be construed accordingly;
“Grant”	<u>including “offer”, “issue” and grant of options under this Scheme;</u>
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 6.4(a)) his Personal Representative;
“Group”	the Company and the Subsidiaries and “member(s) of the Group” shall be construed accordingly;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested EntityINED(s)”	any entity in which any member of the Group holds any equity interest <u>independent non-executive director(s) of the Company from time to time;</u>
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Offer”	an offer for the grant of an Option made in accordance with paragraph 4.4;
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant;
“Option”	an option to subscribe for the Shares granted pursuant to this Scheme;
“Option Period”	in respect of any particular Option, a period (which may not be later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraph 7; and (ii) 10 years from the Offer Date of that Option;

<u>“Personal Representative(s)”</u>	<u>the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);</u>
<u>“Related Entity Participant”</u>	<u>any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company;</u>
<u>“Remuneration Committee”</u>	<u>the remuneration committee established by the board of Directors from time to time;</u>
<u>“Scheme Mandate Limit”</u>	<u>this Share Option Scheme in its present form or as may be amended from time to time in accordance with paragraph 13 shall bear the meaning as defined in paragraph 8.1;</u>
<u>“Senior Manager”</u>	<u>a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 to the Listing Rules (as may be amended from time to time);</u>
<u>“Share(s)”</u>	share(s) of \$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or reduction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or reduction;
<u>“Share Award Scheme(s)”</u>	<u>any scheme adopted or to be adopted by the Company, involving the grant of new Shares by the Company;</u>
<u>“Share Scheme(s)”</u>	<u>including this Scheme and any Share Award Scheme(s);</u>
<u>“Stock Exchange”</u>	The Stock Exchange of Hong Kong Limited or other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which the Shares are for the time being listed or traded;
<u>“Subscription Price”</u>	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option, as determined in accordance with paragraph 5.1;

“Subsidiaries”	the companies which are for the time being and from time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the British Virgin Islands, the People’s Republic of China or elsewhere, and “Subsidiary” shall be construed accordingly;
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date; and
<u>“this Scheme”</u>	<u>this Share Option Scheme (involving the grant of options over Shares) in its present form or as may be amended from time to time in accordance with paragraph 13;</u>
<u>“Vesting Date”</u>	<u>in relation to any Grantee, the earliest date on which the Option (or a tranche thereof) granted to him may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Option;</u>
<u>“Vesting Period”</u>	<u>in relation to any Grantee, the period commencing on the date on which the Grantee accepts the Option granted to him and ending on the Vesting Date (both dates inclusive); and</u>
“\$”	Hong Kong dollars, <u>the lawful currency of Hong Kong.</u>

1.2 In this Scheme:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. CONDITIONS

- 2.1 This Scheme is conditional upon:
- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares representing the General Scheme Mandate Limit (as defined in paragraph 8.12) to be issued and allotted by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
 - (b) the passing of the necessary resolution(s) to approve and adopt this Scheme in general meeting ~~by the shareholder(s)~~ or by way of written resolution(s) of all shareholder(s) of the Company.
- 2.2 If the conditions referred to in paragraph 2.1 are not satisfied on or before the date falling 30 days after the date of the prospectus of the Company in connection with its application for listing of the Shares on the Stock Exchange, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 2.3 Reference in paragraph 2.1(a) to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.
- 2.4 A certificate of a Director that the conditions set out in paragraph 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

3. PURPOSE, DURATION AND ADMINISTRATION

- 3.1 The purposes of this Scheme ~~is~~ are (i) to enable the Group Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the Grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.
- 3.2 This Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in paragraph 4.2 which shall be approved in the manner referred to therein, or and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

- 3.3 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the vesting and exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.
- 3.4 A Grantee shall ensure and, by accepting an Offer, shall be deemed to have represented and undertaken to the Company, that the acceptance of an Offer, the vesting, holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are and will be valid and will comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of an Option, require an Eligible Participant to produce such evidence as they may reasonably require for such purpose.

4. GRANT OF OPTIONS

- 4.1 Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of this Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall, subject to paragraph 9, determine:
- (a) any ~~Eligible~~-Employee Participant;
 - (b) any non-executive directors (including independent non-executive directors) of the Company; ~~or any Subsidiary or any Invested Entity~~; and
 - (c) any ~~supplier of goods or services to any member of the Group or any Invested Entity~~Related Entity Participant.;
 - (d) ~~any customer of any member of the Group or any Invested Entity~~
 - (~~g~~) ;
 - (e) any ~~person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity~~;
 - (f) any ~~shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity~~;

~~(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and~~

~~(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;~~

~~and, for the purposes of this Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants.~~

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under this Scheme.

- 4.2 Without prejudice to paragraph 8.4 below, the making of an Offer to any Director, chief executive or substantial shareholder of the Company or any of their respective associates, must be approved by the ~~independent non-executive Directors~~ INEDs (excluding any ~~independent non-executive Director~~ INED who or whose associate is the proposed Grantee of ~~an Option~~ the Options). The requirements for the Grant to a Director or chief executive of the Company set out in this paragraph 4.2 do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of the Company.
- 4.3 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.
- 4.4 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares, the Option Period and the ~~Option~~ Vesting 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 this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.
- 4.5 An Offer shall state, in addition to the matters specified in paragraph 4.4, the following:
- (a) the name, address and position of the Eligible Participant;
 - (b) the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;

- (~~e~~)(d) the earliest Vesting Date (and other subsequent Vesting Date(s), if any) on which the Grantee may exercise the Option granted to him and subscribe for Shares (or, as the case may be, separate tranches of Shares) comprised in the Offer;
- (~~d~~)(e) the last date by which the Offer must be accepted (which may not be later than 21 days from the Offer Date);
- (~~e~~)(f) the procedure for acceptance;
- (gf) the performance target(s) (if any, including without limitation to those mentioned in Section 4A of this Scheme) that must be attained by the Eligible Participant before any Option can be exercised;
- (~~h~~g) such other terms and conditions of the Offer as may be imposed by the Directors (or (i) in respect of Employee Participants, by the Remuneration Committee, or (ii) in respect of particular Eligible Participant as provided in this Scheme, by the INEDs) as are not inconsistent with this Scheme; and
- (ih) a statement 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 this Scheme including, without limitation, the conditions specified in paragraphs 3.4, 6.1, 15.98 to 15.124, inclusive.
- 4.6 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 4.6 or 4.7, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 4.6 or 4.7, it will be deemed to have been irrevocably declined.

4.9 The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.

4.10 The Vesting Period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:

(a) an Employee Participant who is a Director or a Senior Manager specifically identified by the Company, the Remuneration Committee shall, or

(b) an Employee Participant who is not a Director nor a Senior Manager specifically identified by the Company, the Directors shall

have the authority to determine a shorter Vesting Period, if the Remuneration Committee (or, as the case may be, the Directors) considers that a shorter Vesting Period is appropriate to align with the purpose of this Scheme, including only where:

(i) grants of “make-whole” Options to Employee Participants who newly joined the Group to replace the share options they forfeited when leaving the previous employers;

(ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;

(iii) grants of Options with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria;

(iv) grants that are made in batches during a year for administrative or compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;

(v) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months; and

(vi) grants of Options with a total vesting and holding period of more than 12 months.

4.11θ Options will not be listed or dealt in on the Stock Exchange.

4.12~~+~~ For so long as the Shares are listed on the Stock Exchange:

- (a) the Directors may not make any Offer to an Eligible Participant after inside information has come to the Company's knowledge until (and including) the trading day after it has announced the information in accordance with the requirements of the Listing Rules. In particular, no Offer may be made during the period commencing one month immediately preceding the earlier of:
- (i) 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
 - (ii) 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 Offer may be made during any period of delay in publishing a results announcement; and
- (b) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

4A. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

4A.1 Subject to the terms and conditions of this Scheme,

- (i) in respect of any Employee Participant who is a Director or a Senior Manager, the Remuneration Committee may; or
- (ii) in respect of any other Employee Participant, the Directors may

establish performance targets against the attainment of which the Options granted to the Eligible Participant concerned may be exercised either in whole or in part. The Directors shall have the authority, after the grant of any Option which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during an Option Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors.

4A.2 Proposed performance targets include business, financials, operations and creation of capital value for the Group’s business segments (such as increase in revenue and net profit after tax) as well as that for the Eligible Participants based on individual performance indicators relevant to their roles and responsibilities (such as revenue growth rate by existing/new markets or by existing/new products, number of new product development, production yield). The Directors (or, as the case may be, the Remuneration Committee) will conduct assessment at the end of the performance period by comparing the performance of the business segments and the individual performance of the Eligible Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.

4A.3 Notwithstanding the terms and conditions of this Scheme, the Directors may provide in the notice of Offer that any Option prior to it being exercised may be subject to clawback or a longer Vesting Period if any of the Clawback Events stated in paragraph 4A.4 shall occur.

4A.4 If any of the following events (“Clawback Event”) shall occur during an Option Period:

- (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement; or
- (ii) the Grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or;
- (iii) if a Grant or the exercise of any Option is linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

the Directors may by notice in writing to the Grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Directors may consider appropriate; or (bb) extend the Vesting Period (regardless of whether the initial Vesting Date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate. The Options that are clawed back pursuant to this paragraph 4A.4 will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

5. SUBSCRIPTION PRICE

5.1 The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date which must be a Business Day;

- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) (where applicable) the nominal value of a Share.

6. EXERCISE OF OPTIONS

- 6.1 An Option shall be personal to the Grantee and shall not be transferable or assignable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of 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 all unvested any Options granted to such Grantee and to cancel any vested Options granted to such Grantee to the extent not already exercised.
- 6.2 ~~Unless otherwise determined by the Directors and stated in the Offer to a Grantee, Subject to paragraph 4.10, and unless otherwise determined by the Directors and stated in the Offer to a Grantee, (i) a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him; and (ii) any Option granted is not subject to the clawback mechanism referred to in paragraph 4A.~~
- 6.3 Subject to paragraphs 3.4 and 15.8 and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.4 and 6.5 by 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 (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to paragraph 6.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 9, 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 a Personal Representative pursuant to paragraph 6.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for the Shares so allotted and issued.

- 6.4 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
- (a) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary ~~or the Invested Entity~~ whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Option pursuant to paragraph 6.4(c) or 6.4(d) respectively. In respect of those Options that have met the 12-month (or such shorter vesting period as determined by the Directors under paragraph 4.10) but have not been vested because the performance targets stated in the Offer have not been satisfied, the Directors may, by reference to the level of attainment of the prescribed performance targets and other equitable factors, determine that the Grantee or, his Personal Representative, may exercise such number of Options and within such time as the Directors may consider appropriate, subject to any conditions or limitations as they may impose. For the avoidance of doubt, save as provided in the foregoing, all unvested Options shall be forfeited and cancelled on the date of cessation of employment;
 - (b) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 7.1(c) before exercising the Option in full, the Option (to the extent vested and not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of paragraph 6.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in sub-paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Option pursuant to paragraph 6.4(c) or 6.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary ~~or the Invested Entity~~ whether salary is paid in lieu of notice or not. For the avoidance of doubt, all unvested Options shall be forfeited and cancelled on the date of cessation or termination of employment;

- (c) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent vested and not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.3 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be; and
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up; and.
- (e) ~~if the Grantee is a company wholly owned by one or more Eligible Participants:~~
- ~~(i) the provisions of paragraphs 6.4(a), 6.4(b), 7.1(c) and 7.1(d) shall apply to the Grantee and to the Options granted to such Grantee, mutatis mutandis, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 6.4(a), 6.4(b), 7.1(c) and 7.1(d) shall occur with respect to the relevant Eligible Participant; and~~

- ~~(ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.~~

6.5 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with the then 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 (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

7. EARLY TERMINATION OF OPTION PERIOD

- 7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on and will not in any event be exercisable since the earliest of:
- (a) the expiry of the Option Period;
 - (b) the expiry of any of the periods referred to in paragraph 6.4;
 - (c) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his 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 any member of the Group or ~~the Invested Entity~~ into disrepute);

- (d) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group ~~or any Invested Entity~~ on the other part; or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Option.
- 7.2 A resolution of the Directors to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in paragraph 7.1(c) or that any event referred to in paragraph 7.1(d)(i) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- 7.3 Transfer of employment of a Grantee who is an Eligible Employee from one member of the Group to another member of the Group shall not be considered cessation of employment. It shall not be considered cessation of employment if a Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 8.1 Without prejudice to paragraph 8.2, ~~the~~ the maximum number of Shares which may be allotted and issued upon exercise in respect of all outstanding options granted Options and yet Awards to be exercised granted under this Scheme and any other share option schemes adopted by the Group Share Scheme(s) ("Scheme Mandate Limit") shall not exceed 30-10 per cent. of the number of Shares in issue as at the date of approval of this Scheme. Unless expressly approved by the shareholders of the Company in general meeting and expressly allowed by the Stock Exchange, no option or award may be granted under this Scheme or any other Share Scheme(s) if the grant of such option or award will result in the limit referred to in this paragraph 8.1 being exceeded. share capital of the Company in issue from time to time. No options may be granted under this Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph 8.1 being exceeded.

8.2 ~~The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of this Scheme and any other share option scheme of the Group) to be granted under this Scheme and any other share option scheme of the Group must not in aggregate exceed 10 per cent. of the number of Shares in issue as at the date of approval of this Scheme by the shareholders of the Company (“**General Scheme Limit**”) provided that:~~

~~(a) Ssubject to paragraph 8.1 and without prejudice to:~~

~~(a) paragraph 8.2(b), the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Mandate Limit under this Scheme, provided that:~~

~~(i) provided that the total number of Shares which may be allotted and issued upon exercise of all options Options to be granted under this Scheme and all options and awards to be granted under any other share option scheme Share Scheme(s) of the Group must not exceed 10 per cent. of the number of Shares in issue as at the date of approval of the refreshed limit, and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, Scheme Mandate Limit, Options lapsed or exercised in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other share option scheme of the Group) previously granted under this Scheme and any other share option scheme of the Group Share Scheme(s) will not be counted regarded as utilised;~~

~~(ii) where the refreshment of the Scheme Mandate Limit is sought; and~~

~~(A) within three years from the date of shareholders approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme):~~

~~(A1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding INEDs) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and~~

~~(A2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),~~

provided that the requirements under this paragraph 8.2(a)(ii)(A) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share; and

(B) after three years from the date of shareholders approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme), the requirements under paragraph 8.2(a)(ii)(A) shall not be applicable;

~~(b) subject to paragraph 8.1 and without prejudice to paragraph 8.2(a), the Company may seek separate shareholders' approval in general meeting to grant Options under this Scheme beyond the General Scheme Mandate Limit or, if applicable, the extended refreshed limit referred to in paragraph 8.2(a) to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such Grant should be taken as the date of Grant for the purpose of calculating the Subscription Price under paragraph 5.1.~~

8.3 ~~Subject to paragraph 8.4, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1 per cent. of the number of Shares in issue for the time being. Where any further grant~~Subject to paragraph 8.4, where any Grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all ~~options~~ Options and Awards ~~granted and proposed to be granted to such person (including exercised, cancelled and outstanding options)~~excluding any Options and Awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s) under this Scheme and any other ~~share option schemes of the Group~~Share Scheme(s)-in the 12-month period up to and including the date of such ~~further grant~~ Grant representing in aggregate over 1 per cent. of the total number of Shares in issue ("1% Individual Limit"), such ~~further grant~~Grant shall be subject to the issue of a circular to the shareholders of the Company and the approval of the shareholders of the Company in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person of the Company) abstaining from voting. The number and terms of Options or Awards to be granted to such participant must be fixed before shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price under paragraph 5.1.

- 8.4 Without prejudice to paragraph 4.2, where any ~~grant~~Grant of Options or Awards to an INED or ~~to~~ a substantial shareholder of the Company or ~~an independent non-executive Director~~ or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options and Awards already granted and to be granted (including excluding any Options and Awards exercised, cancelled and outstanding) lapsed in accordance with the terms of this Scheme or any other Share Scheme(s) to such person in the 12-month period up to and including the date of such Ggrant:
- (a) representing in aggregate over 0.1 per cent. of the total number of Shares in issue; ~~and~~
 - (b) ~~having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of \$5 million;~~
- ~~s, such further grant~~ grant of Options or Awards must be approved by ~~the~~ shareholders of the Company in general meeting. The Grantee, his associates and A all core connected persons of the Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing). The number and terms of Options or Awards to be granted to such participant must be fixed before shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price under paragraph 5.1.
- 8.5 Any change in the terms of Options or Awards granted to any Grantee who is a Director, chief executive or substantial shareholder of the Company or ~~an independent non-executive Director~~, or any of their respective associates, must be approved by ~~the~~ shareholders of the Company in general meeting in the manner as set out in paragraph 8.3, if the initial grant of the Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- 8.6 The requirements for the Grant to a Director or chief executive of the Company set out in paragraphs 8.4 and 8.5 do not apply where the Eligible Participant is only a proposed Director or a proposed chief executive of the Company.
- 8.67 For the purpose of seeking the approval of the shareholders of the Company under paragraphs 8.2, 8.3, 8.4 and 8.5, the Company must send a circular to its shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

9. ADJUSTMENTS TO THE SUBSCRIPTION PRICE

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

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

- (aa) any such adjustment shall give the Grantee the same proportion of issued share capital of the Company (rounded to the nearest whole share) as that to which such Grantee was entitled immediately prior to such adjustment;
- (bb) no such adjustment may be made to the extent that a Share would be issued at less than its nominal value;
- (cc) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring any such adjustment; and
- (dd) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.3, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.
- 9.3 In giving any certificate under this paragraph 9, the Auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

10. CANCELLATION OF OPTIONS

- ~~10.1 Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.~~
- 10.1 Subject to paragraph 6.1, paragraph 4A and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.
- 10.2 Where the Company cancels any unvested Option granted to a Grantee or any vested (but not yet exercised) Option and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available ~~unissued Options (excluding, for this purpose, the Options so cancelled)~~ within the General Scheme Mandate Limit ~~or the limits approved by the shareholders of the Company pursuant to paragraph 8.2(a) or 8.2(b). The Options cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.~~

11. SHARE CAPITAL

- 11.1 The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

12. DISPUTES

- 12.1 Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under paragraph 9.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

13. ALTERATION OF THIS SCHEME

13.1 Subject to paragraphs 13.2 and 13.4, this Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) any alterations to the terms and conditions of this Scheme which are of a material nature, including but not limited to the provisions of this Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in paragraph 1.1;
- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of the Grantees or prospective Grantees;

~~shall not be altered to the advantage of Grantees or prospective Grantees~~ except with the prior sanction of a resolution of the shareholders of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees 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.

13.2 Subject to paragraph 13.3, ~~any alterations to the terms and conditions of this Scheme which are of a material nature or any change to the terms of any Options granted to a Grantee~~ must shall be approved by the Directors, the Remuneration Committee, the INEDs and/or the shareholders of the Company in general meeting except (as the case may be) if the initial grant of the Options was approved by the Directors, the Remuneration Committee, the INEDs and/or the shareholders of the Company in general meeting (as the case may be), in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules. The foregoing provisions of this paragraph 13.2 shall not apply where the alterations take effect automatically under the existing terms of this Scheme.

13.3 Any change to the authority of the Directors or the administrators of this Scheme ~~in relation to any alteration to alter~~ the terms of this Scheme must be approved by the shareholders of the Company in general meeting.

13.4 The terms of this Scheme and/or any Options amended pursuant to this paragraph 13 must comply with the applicable requirements ~~of under~~ Chapter 17 of the Listing Rules.

13.5 Where the terms of this Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Eligible Participants all details relating to changes in the terms of this Scheme during the life of this Scheme.

14. TERMINATION

14.1 The Company by resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and (subject to vesting in accordance with the terms of the Offer) exercisable in accordance with this Scheme.

15. MISCELLANEOUS

15.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary ~~or any Invested Entity~~ and any Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.

15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares.

15.5 The Company must comply with Chapter 14A of the Listing Rules for providing financial assistance (if any) to any Grantee who is a connected person for purpose of facilitating such Grantee's subscription of Shares under the Option.

15.6~~5~~ Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.

- 15.76 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 15.87 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- (a) one (1) day after the date of posting, if sent by mail; and
 - (b) when delivered, if delivered by hand.
- 15.98 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liabilities referred therein.
- 15.109 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.
- 15.110 By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 15.121 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

** * * End of this Scheme * * **

APPENDIX III PRECAUTIONARY MEASURES FOR THE EGM

The health and safety of the Shareholders, staff and stakeholders of the Company is of paramount importance to the Company. In view of (i) the recent outbreak of the Novel Coronavirus (COVID-19) brought by the divergent variants of COVID-19 in Hong Kong and the PRC; and (ii) travel restrictions between Hong Kong and the PRC, the following arrangements will be made for the EGM:

- (a) The Company reminds all Shareholders that attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and returning the proxy form attached to this circular.
- (b) In appointing the chairman of the meeting as proxy, the duly completed and signed proxy form must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the meeting (i.e. 11:00 am on Saturday, 3 December 2022, Hong Kong time) or any adjourned meeting.

In case the Shareholders or their proxies choose to attend the meeting in person, please comply with the policies and requirements of Guangzhou City and Guangdong Province (where applicable) regarding the prevention and control of COVID-19 pandemic. The Company will also implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders of the Company from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) The Company encourages each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats. Please note that no masks will be provided at the meeting venue and attendees should bring and wear their own masks.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Attendees who do not comply with the precautionary measures (i) to (iii) above or have been found to have the symptom(s) of an upper respiratory system disease or be obeying a quarantine order may be denied entry to the meeting venue at the absolute discretion of the Company as permitted by law.

APPENDIX III PRECAUTIONARY MEASURES FOR THE EGM

If any Shareholder has any question relating to the meeting, please contact Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong. Contact information is as follows:

Computershare Hong Kong Investor Services Limited
1712–1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990
Website: www.computershare.com/hk/contact

NOTICE OF EGM

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)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Ximei Resources Holding Limited (the “**Company**”) will be held at the conference room, 19th Floor, Building A3, Poly Tai To Wun, No. 290, East Hanxi Avenue, Panyu District, Guangzhou City, Guangdong Province, the People’s Republic of China on Monday, 5 December 2022 at 11:00 a.m. to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modification):

ORDINARY RESOLUTIONS

1. “**THAT** the share award scheme of the Company (the “**Share Award Scheme**”), the rules of which are contained in the document marked “A” produced to this meeting and, for the purposes of identification, signed by the chairman of the meeting and disclosed in Appendix I to the circular of the Company (the “**Circular**”) dated 16 November 2022, be and is hereby approved and adopted and the directors of the Company (the “**Directors**”) be and are hereby authorised to do such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Award Scheme, without limitation:
 - (a) administering the Share Award Scheme and granting awards under the Share Award Scheme;
 - (b) modifying and/or amending the rules of the Share Award Scheme from time to time provided that such modification and/or amendment is effective in accordance with the provision of the Share Award Scheme relating to modifications and/or amendment and the requirements of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”);
 - (c) issuing and allotting from time to time such number of shares in the capital of the Company as may be required pursuant to the awards granted under the Share Award Scheme; and
 - (d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any shares of the Company (the “**Shares**”) or any part thereof that may from time to time be issued and allotted pursuant to the granting of awards under the Share Award Scheme.”

NOTICE OF EGM

2. **“THAT**

- (a) the proposed amendments (the **“Proposed Amendments”**) to the share option scheme of the Company currently in force (the **“Share Option Scheme”**) as set out in Appendix II to the circular of the Company dated 16 November 2022 be and are hereby approved and adopted, and the Directors be and are hereby authorised to do such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed Amendments; and
- (b) the amended share option scheme which incorporates all of the Proposed Amendments, a copy of which has been produced to this meeting and marked **“B”** and signed by the chairman of this meeting for identification purpose be and is hereby approved and adopted in substitution for, and to the exclusion of, the Share Option Scheme with immediate effect after the close of this meeting.”

By order of the Board
Ximei Resources Holding Limited
Mr. Wu Lijue
Chairman and executive Director

Hong Kong, 16 November 2022

NOTICE OF EGM

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of 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 not less than 48 hours before the time appointed for holding of the meeting (i.e. not later than Saturday, 3 December 2022 at 11:00 a.m.) or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint registered holders of a share in the Company, any one of such joint holders may vote, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. The register of members of the Company will be closed from 1 December 2022 to 5 December 2022 (both days inclusive) during which period no transfer of shares will be registered. To be qualified for attending and voting at the forthcoming extraordinary general meeting, all share transfer documents must be lodged with 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, for registration not later than 4: 30 p.m. on 30 November 2022.
6. All the resolutions set out in this notice shall be decided by poll.

As at the date of this notice, the executive directors of the Company are Mr. Wu Lijue and Mr. Mao Zili, the non-executive director of the Company is Ms. Ouyang Ming, and the independent non-executive directors of the Company are Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Mr. Yin Fusheng.