

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands on 8 June 2018 as an exempted company with limited liability under the Cayman Companies Act. The registered office of our Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of our Company in Hong Kong is situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance, with Ms. HO Wing Tsz Wendy and Mr. NG Cheuk Ming appointed as the authorised representative of our Company under the Companies Ordinance for acceptance of service of process on behalf of our Company.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises the Memorandum and the Articles. A summary of the Memorandum and the Articles is set forth in Appendix V to this document. Appendix V to this document also contains certain provisions of the Cayman Companies Act.

2. Changes in share capital of our Company

The following changes in the share capital of our Company have taken place since the date of incorporation up to the date of this document:

- (a) On 8 June 2018, our Company was incorporated in the Cayman Islands under the Companies Act with limited liability with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00. On the same date, one ordinary Share of US\$1.0 was issued to the initial subscriber at par. The one Share was transferred to Continuous Profit on the same date for nominal consideration and our Company issued and allotted 49,999 Shares to Continuous Profit as fully-paid at par value.
- (b) On 30 October 2020, our sole Shareholder, i.e. Continuous Profit, passed written resolutions, pursuant to which (a) the authorised share capital of our Company has been increased to HK\$8,000,000,000 by the creation of 80,000,000,000 Shares; (b) the authorised share capital of our Company has been diminished by the cancellation of all unissued shares of par value of US\$1.0 each; and (c) the issued share capital has been increased to HK\$390,000 comprising of 3,900,000 Shares allotted and issued to Continuous Profit in consideration for the repurchase by our Company for cancellation from Continuous Profit the 50,000 shares of par value of US\$1.0 each of our Company.
- (c) On 18 November 2020, our Company allotted and issued 122,007,252 new Shares pursuant to the Cayman Share Swap and as a result, the Consent Chesir Pearl Equity Holders have become our Shareholders.
- (d) On 18 November 2020, Continuous Profit transferred 3,900,000 Shares to Ertian International for the consideration of HK\$10.0.

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- (e) On 18 November 2020, Guidong Electric has been allotted and issued 18,000,000 new Shares pursuant to the Guidong Share Swap.
- (f) On 18 November 2020, GF Qianhe has been allotted and issued 1,429,679 new Shares pursuant to the GF Share Swap.

The table below sets forth the details of the shareholding of our company following completion of the Reorganisation but before completion of the [REDACTED]:

Name of our Shareholders	Number of Shares in issue before completion of the [REDACTED]	Shareholding percentage
		(%)
Hongzun International	49,757,800	34.24
Guidong Electric	18,000,000	12.39
GX Land & Sea	12,787,724	8.80
Ertian International.	7,493,138	5.16
WEIXINGZHICHEN INTERNATIONAL INVESTMENT LTD.	5,622,260	3.87
LINGTAO Capital INT Group Limited	5,109,105	3.52
Zhejiang Venture Capital Group Co., Ltd	4,760,000	3.28
Seven Color Pearl Investment	4,506,862	3.10
Liuzhou Qise LP	4,551,200	3.13
Liuzhou Colorful LP	4,498,158	3.09
China Banyan Capital INT Holdings Ltd	3,214,200	2.21
Xuanhai Capital INT Group Limited	3,102,863	2.13
Dice Hongze Ltd	3,000,000	2.06
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Entreprise (Limited Partnership)	2,768,549	1.90
Zhuhai Gejin Guangfa XingDE Intelligent Manufacturing Industry Investment Fund (Limited Partnership)	2,682,000	1.85
Capital Pearls International Investment Ltd	2,656,000	1.83
Ronghui Longma Capital Ltd	2,207,739	1.52
China Huazhen Equity Investment Co., Ltd.	1,661,130	1.14
JINYI Technology & Innovation Investment Management Co., Ltd	1,558,140	1.07
GF Qianhe	1,429,679	0.98
CHUANFU INT CAPITAL GROUP LTD	1,415,964	0.97
Liu Zhihe	1,107,420	0.76
Dena Well Investment Limited	670,000	0.46
GUOLING CAPITAL MANAGEMENT LTD.	549,000	0.38
Liuzhou Lianrun LP	228,000	0.16
Total	145,336,931	100.00

- (g) Pursuant to the written resolutions passed by our Shareholders on [REDACTED], our Shareholders resolved that: (i) conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise the sum of HK\$[REDACTED] (or any such amount any one Director may determine) from the amount standing to the credit of the share premium account of our Company and apply such sum in paying up in full at par [REDACTED] Shares (or any such number of Shares by any one Director may determine) for allotment and issue to our Shareholders whose names appeared on the register of members of our Company at close of business on [REDACTED] (or another date as our Directors may direct) in proportion to their then existing Shareholdings and such Shares to be allotted and issued shall rank *pari passu* in all respects with our existing issued Shares and (ii) immediately following completion of the [REDACTED] (without taking into consideration any Share which may be issued upon any exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme), our issued share capital would be HK\$[REDACTED] divided into [REDACTED] Shares, as fully paid or credited as fully paid.

Other than pursuant to the General Mandate, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meetings, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above and as mentioned in the following paragraphs under “4. Resolutions passed by our Shareholders on [REDACTED]” there has been no alteration in the share capital of our Company two years immediately preceding the date of this document.

3. Changes in the share capital of the subsidiaries of our Company

A list of our Company’s subsidiaries is set forth in the Accountants’ Report. The following alterations in the share capital of our Company’s subsidiaries have taken place within the two years immediately preceding the date of this document:

(a) Generous Fortune

Generous Fortune was incorporated in the BVI on 15 June 2018 with the authority to issue up to 50,000 shares of one class with a par value of US\$1.00 each, and has been wholly-owned by our Company with one share in issue at US\$1.00 since 5 July 2018.

On 30 October 2020, the sole shareholder of Generous Fortune, i.e. our Company, passed written resolutions, pursuant to which, on, (a) the authorised share capital of Generous Fortune has been increased to HK\$8,000,000,000 by the creation of 80,000,000,000 shares of a par value of HK\$0.1 each; (b) the number of authorised shares of Generous Fortune has been diminished by the cancellation of all unissued shares of par value of US\$1.0 each; and (c) the number of issued shares of Generous Fortune has been increased to 3,900,000 shares of par value of HK\$0.1 each allotted and issued to our Company in consideration for the repurchase by Generous Fortune for cancellation from our Company the 50,000 shares of par value of US\$1.0 each of Generous Fortune.

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On 19 October 2020, the GX [REDACTED] Investment Agreement was entered into, pursuant to which GX Land & Sea has agreed to invest in Generous Fortune an aggregate of 12,787,724 shares for cash consideration of RMB125,319,695. On 30 October 2020, our Company transferred the existing 3,900,000 shares of Generous Fortune to GX Land & Sea in consideration of HK\$10. On 13 November 2020, Generous Fortune allotted and issued to GX Land & Sea 8,887,724 new shares for cash consideration of RMB125,319,695.

On 18 November 2020, the Chesir Pearl Equity Acquisition Agreement was entered into whereby Global New Material (HK) has agreed to acquire 113,119,528 shares of Chesir Pearl from the Consent Chesir Pearl Equity Holders in consideration for the same number of shares of Generous Fortune to be allotted and issued to the Consent Chesir Pearl Equity Holders (or their nominees). The table below sets forth the details of the shareholding of Generous Fortune following completion of this transaction:

<u>Name of shareholders of Generous Fortune</u>	Number of shares of Generous Fortune following completion of the Chesir Pearl Equity Acquisition Agreement	Shareholding percentage
		(%)
Hongzun International	49,757,800	39.52
GX Land & Sea	12,787,724	10.16
Ertian International.	7,493,138	5.95
Seven Color Pearl Investment	4,506,862	3.58
WEIXINGZHICHEN INTERNATIONAL INVESTMENT LTD.	5,622,260	4.47
LINGTAO Capital INT Group Limited	5,109,105	4.06
Zhejiang Venture Capital Group Co., Ltd.	4,760,000	3.78
Liuzhou Qise LP	4,551,200	3.61
Liuzhou Colorful LP	4,498,158	3.57
China Banyan Capital INT Holdings Ltd	3,214,200	2.55
Xuanhai Capital INT Group Limited	3,102,863	2.46
Dice Hongze Ltd	3,000,000	2.38
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Entreprise (Limited Partnership)	2,768,549	2.20
Zhuhai Gejin Guangfa XingDE Intelligent Manufacturing Industry Investment Fund (Limited Partnership).	2,682,000	2.13
Capital Pearls International Investment Ltd	2,656,000	2.11
Ronghui Longma Capital Ltd	2,207,739	1.75
China Huazhen Equity Investment Co., Ltd.	1,661,130	1.32
JINYI Technology & Innovation Investment Management Co., Ltd	1,558,140	1.24
CHUANFU INT CAPITAL GROUP LTD	1,415,964	1.12
Liu Zhihe	1,107,420	0.88
Dena Well Investment Limited	670,000	0.53
GUOLING CAPITAL MANAGEMENT LTD.	549,000	0.44
Liuzhou Lianrun LP	228,000	0.18
Total	<u>125,907,252</u>	<u>100.00</u>

On 18 November 2020, the Cayman Share Swap was implemented whereby all shareholders of Generous Fortune have transferred their shares of Generous Fortune to our Company for the same number of Shares to be allotted and issued to them (except for Ertian International of which 7,493,138 shares of Generous Fortune was transferred to our Company and our Company allotted and issued 3,593,138 Shares to Ertian International), credited as fully-paid.

As of the Latest Practicable Date, Generous Fortune has a total issued share capital of HK\$12,590,725.2 comprising 125,907,252 shares of HK\$0.1 each, all of which were held by our Company. Generous Fortune is a wholly-owned subsidiary of our Company and the sole shareholder of Global New Material (HK).

(b) *Global New Material (HK)*

Global New Material (HK) was incorporated in Hong Kong on 30 December 2019 with Generous Fortune as the sole shareholder of 10,000 shares in issue of HK\$1.0 each.

On 30 October 2020, Generous Fortune, as the sole shareholder of Global New Material (HK), approved the subdivision of every share of Global New Material (HK) of HK\$1.00 each into 10 shares of HK\$0.10 each and as a result, the number of issued shares has been increased to 100,000 shares which were then held by Generous Fortune.

On 19 October 2020, the GX [REDACTED] Investment Agreement was entered into, pursuant to which GX Land & Sea has agreed to invest in Generous Fortune an aggregate of 12,787,724 shares for cash consideration of RMB125,319,695.

On 30 October 2020, our Company transferred the existing 3,900,000 shares of Generous Fortune to GX Land & Sea in consideration of HK\$10.

On 13 November 2020, Generous Fortune allotted and issued to GX Land & Sea 8,887,724 shares for cash consideration of RMB125,319,695. Following the receipt of the amount of equity investment from GX Land & Sea pursuant to the GX [REDACTED] Investment Agreement, Generous Fortune used the same amount to subscribe for 100,000 new shares of Global New Material (HK) which, in turn, used the same amount to subscribe for 12,787,724 shares of Chesir Pearl.

On 28 November 2020, our Company transferred 19,429,679 shares of Chesir Pearl (previously acquired from Guidong Electric and GF Qianhe) to Global New Material (HK) for the allotment and issue of 100,000 new shares of Global New Material (HK) to Generous Fortune as directed by our Company.

As of the Latest Practicable Date, Global New Material (HK) has a total issued share capital of HK\$30,000 comprising 300,000 shares, all of which were held by Generous Fortune. Global New Material (HK) is a wholly-owned subsidiary of Generous Fortune and our Company.

(c) *Chesir France*

Chesir France was incorporated in France on 5 December 2016 with Chesir Pearl as the sole shareholder with its entire share capital of Euro 50,000 divided into 500 shares of Euro 100 each. Since its date of establishment, Chesir France has been a wholly-owned subsidiary of Chesir Pearl.

(d) Chesir Pearl

Chesir Pearl was incorporated in the PRC in the name of Guangxi Pearl Pigment Co., Ltd (廣西珠光顏料有限公司) on 29 March 2011 with limited liability and had an initial registered capital of RMB2.0 million. On 17 May 2011, its name was changed to Guangxi Chesir Pearl Effect Material Co., Ltd (廣西七色珠光效應材料有限公司).

Chesir Pearl Effect changed its name to Guangxi Chesir Pearl Material Co., Ltd. (廣西七色珠光材料股份有限公司) on 28 August 2014. On the same date, in contemplation of the listing on NEEQ, Chesir Pearl was converted from a limited liability company into a joint stock company with limited liability with a share capital of RMB60.0 million divided into 60,000,000 shares of RMB1.00 each. On 19 March 2015, its shares were listed on the NEEQ.

On the date of commencement of the Track Record Period, after a series of share transfers, increases of the registered capital and share allotments since the establishment of Chesir Pearl, Chesir Pearl had a registered capital of RMB83.1 million divided into 83,100,000 shares of RMB1.00 each.

On 16 February 2019, Chesir Pearl allotted and issued 33,673,467 shares. Following such allotment, Chesir Pearl had a registered capital of RMB116.8 million divided into 116,773,467 shares of RMB1.00 each.

On 31 May 2019, Chesir Pearl issued the 2019 Convertible Bonds in an aggregate principal amount of RMB72,240,000 at 8.0% coupon rate per annum. On 19 November 2020, Chesir Pearl allotted and issued 8,000,000 shares to Guidong Electric, being the then sole bondholder of the convertible bonds. Following the full conversion of the 2019 Convertible Bonds by Guidong Electric, Chesir Pearl has no outstanding amount due under the 2019 Convertible Bonds.

On 19 October 2020, pursuant to the GX [REDACTED] Investment Agreement, Chesir Pearl allotted and issued to Global New Material (Hong Kong) 12,787,724 shares for par value.

On 19 October 2020, pursuant to the SU Subscription Agreement, Chesir Pearl allotted and issued to Mr. SU 12,000,000 shares for par value.

On 16 November 2020, Global New Material (HK) entered into the Chesir Pearl Equity Acquisition Agreement for the acquisition of 113,119,528 shares of Chesir Pearl from the Consent Chesir Pearl Equity Holders in consideration of 113,119,528 shares to be allotted and issued by Generous Fortune at the direction of Global New Material (HK). Following completion of this acquisition, Global New Material (HK) holds 113,119,528 shares of Chesir Pearl, representing 84.19% of the equity interest in Chesir Pearl. On 28 November 2020, our Company transferred 19,429,679 shares of Chesir Pearl (previously acquired from Guidong Electric and GF Qianhe) to Global New Material (HK) for the allotment and issue of 100,000 new shares of Global New Material (HK) to Generous Fortune as directed by our Company.

As of the Latest Practicable Date, Chesir Pearl had a registered capital of RMB141.6 million divided into 141,561,191 of RMB1.00 each, of which 97.19% were held by Global New Material (HK) and 2.81% were held by Independent Third Parties. Chesir Pearl is a sino-foreign joint venture established in the PRC and a non-wholly owned subsidiary of our Company.

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(e) Chesir Luzhai

Chesir Luzhai was incorporated in the PRC on 20 September 2017 as a limited liability company with Chesir Pearl as the sole shareholder with an initial registered capital of RMB25.0 million.

On 16 October 2017, Chesir Pearl transferred the ownership of three registered PRC invention patents, namely “Preparation method for wet synthesized $\text{KMg}_3(\text{AlSi}_3\text{O}_{10})\text{F}_2$ crystal powder (一種濕法合成 $\text{KMg}_3(\text{AlSi}_3\text{O}_{10})\text{F}_2$ 晶體粉的製備方法)”, “Preparation method of electrically conductive sericite in powder (導電絹雲母粉的製備方法)” and “A method for film shaped powder material dispersion (一種片狀粉體材料的濕法分級方法)”, to Chesir Luzhai and the appraised value of these three invention patents was RMB162.4 million.

On 5 December 2017, the registered capital of Chesir Luzhai increased from RMB25.0 million to RMB63.0 million and contributed by Chesir Pearl by assigning the intellectual property rights and the tangible properties, the aggregate appraised value of which was RMB225.4 million, of which RMB63.0 million was treated as paid-in capital and RMB162.4 million was treated as capital reserve of Chesir Luzhai.

On 18 January 2018, Chesir Pearl, Chesir Luzhai and Liuzhou Industrial Investment entered into the Luzhai Capital Contribution Agreement, pursuant to which Liuzhou Industrial Investment agreed to subscribe for new capital in Chesir Luzhai in the aggregate cash contribution of RMB150.0 million. Of the RMB150.0 million new funding contributed by Liuzhou Industrial Investment to Chesir Luzhai, RMB41.9 million was accounted by Chesir Luzhai as paid-in capital and RMB108.0 million was accounted as capital reserve. Subsequent to the increase in capital on 18 January 2018, the registered capital of Chesir Luzhai increased from RMB63.0 million to RMB104.9 million and Chesir Luzhai was owned as to 60.04% by Chesir Pearl and 39.96% by Liuzhou Industrial Investment.

On 13 September 2018, Chesir Luzhai, Liuzhou Industrial Investment and Guangxi Industrial Investment entered into the equity interest transfer agreement, pursuant to which Liuzhou Industrial Investment transferred its RMB150.0 million capital contribution in Chesir Luzhai to Guangxi Industrial Investment for nil consideration. Guangxi Industrial Investment is wholly-owned by the PRC Government. Such transfer was resulted from the change of investment entity from Liuzhou Industrial Investment to Guangxi Industrial Investment as directed by the PRC Government. Subsequent to the transfer of equity interest, Chesir Luzhai was owned as to 60.04% by Chesir Pearl and 39.96% by Guangxi Industrial Investment.

As of the Latest Practicable date, Chesir Luzhai had a registered capital of RMB104.9 million and Chesir Luzhai was owned as to 60.04% by Chesir Pearl and 39.96% by Guangxi Industrial Investment.

(f) Shanghai Multicolour

Shanghai Multicolour was incorporated in the PRC on 14 January 2014 as a limited liability company with Chesir Pearl as the sole shareholder with an initial registered capital of RMB10.0 million. Since its date of establishment, Shanghai Multicolour has been a wholly-owned subsidiary of Chesir Pearl.

4. Resolutions passed by our Shareholders on [REDACTED]

Pursuant to resolutions passed by our Shareholders on [REDACTED] among others:

- (a) the Memorandum and Articles was approved and adopted conditional upon and with effect from the [REDACTED];
- (b) conditional upon both (i) the [REDACTED] granting [REDACTED] of, and permission to [REDACTED], on the Main Board, our Shares in issue and to be issued pursuant to the [REDACTED], the [REDACTED], the [REDACTED] and our Shares that may be issued upon the exercise of any option that may be granted under the [REDACTED] Share Option Scheme and (ii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and the [REDACTED] not being terminated in accordance with the terms of such agreements or otherwise:
 - (i) the [REDACTED] and the grant of the [REDACTED] were approved and our Directors were authorised to (a) implement the [REDACTED], the [REDACTED] and the [REDACTED]; (b) to allot and issue our [REDACTED] pursuant to the [REDACTED] and the [REDACTED] and such number of Shares as may be required to be allotted and issued on and subject to the terms and conditions stated in this document and the relevant [REDACTED]; and (c) to do all things and execute all documents in connection with or incidental to the [REDACTED], the [REDACTED] and the [REDACTED] subject to such modifications, amendments, variations or otherwise (if any) as may be made by our Board (or any committee of our Board thereof established by our Board) in its absolute discretion, and our Board or any such committee of our Board or any one Director was authorised and directed to effect such modifications, amendments variations or otherwise as necessary or appropriate;
 - (ii) conditional further on the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par [REDACTED] Shares for allotment and issue to the persons whose names appear on the principal register of members of our Company in the Cayman Islands at the close of business on [REDACTED] (or such other date as our Director may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing Shareholdings in our Company, each ranking equally in all respects with the then existing Shares in issue, and our Directors were authorised to give effect to such capitalisation and distributions;
 - (iii) the rules of the [REDACTED] Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (a) administer the [REDACTED] Share Option Scheme; (b) modify/amend the [REDACTED] Share Option Scheme from time to time as requested by the Stock Exchange; (c) grant options to subscribe for Shares under the [REDACTED] Share Option Scheme up to the limits referred to in the [REDACTED] Share Option Scheme; (d) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the [REDACTED] Share Option Scheme; (e) make application at the appropriate

time or times to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the [REDACTED] Share Option Scheme; and (f) take all such actions as they consider necessary;

- (iv) a general unconditional mandate was given to our Directors to allot, issue, and otherwise deal with our Shares or convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers (otherwise than pursuant to, or in consequence of, the [REDACTED], a rights issue, the exercise of any subscription rights which may be granted under any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for our Shares under any options and warrants or a special authority granted by our Shareholders) with an aggregate of not exceeding 20% of the total number of our Shares in issue immediately following completion of the [REDACTED], excluding our Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme;
- (v) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase our Shares with a total number of not more than 10% of total number of Shares in issue immediately following completion of [REDACTED], excluding Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme; and
- (vi) a general unconditional mandate as mentioned in paragraph (iv) above was extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of the number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (v) above, provided that the extended number of Shares shall not exceed 10% of the total number of Shares immediately following completion of the [REDACTED], excluding any Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme.

Each of the general mandates referred to in paragraphs (iv), (v), and (vi) above will remain in effect until the earlier of (a) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or (b) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

5. Reorganisation

Our Group underwent the Reorganisation in preparation for the [REDACTED]. See the section headed “History, Development and Reorganisation” in this document for further information.

6. Buy-back of our Shares by our Company

This section includes the information required by the Stock Exchange to be included in this document concerning the buy-back of our Shares or other securities, if applicable, by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buy-back their securities on the Stock Exchange subject to certain restrictions, a summary of which is set forth below:

(i) Shareholders' approval

The Listing Rules provide that all buy-back of securities (which must be fully paid up in the case of share for the purpose of Rule 10.06 (1)(a)(i) of the Listing Rules) on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Pursuant to the resolutions passed by our Shareholders on [REDACTED], the Buy-back Mandate was given to our Directors authorising them to exercise all powers of our Company to buy-back our Shares on the Stock Exchange or on any other stock exchange on which our Shares may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10.0% of the total number of our Shares in issue immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme), such mandate to remain in effect until whichever is the earliest of: (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held under the Cayman Companies Act or the Articles or (3) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of funds

Buy-back transactions must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles, the Listing Rules, the Cayman Companies Act and the applicable laws and regulations in Hong Kong. A listed company may not buy-back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Any buy-back by our Company may be made out of profits, out of the share premium account or out of an issue of new shares made for the purpose of the buy-back and, in the cases of any premium payable on the buy-back out of either or both of the profits of our Company or the share premium account of our Company. Subject to the provisions of the Cayman Companies Act, a buy-back by our Company of its Shares may also be paid out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may buy-back on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a buy-back (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such buy-back) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the buy-back would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a buy-back of securities discloses to the Stock Exchange such information with respect to the buy-back as the Stock Exchange may require.

(iv) Status of bought-back Shares

All bought-back securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under the Cayman Companies Act, unless, prior to the purchase, the directors of our Company resolve to hold the shares purchased by our Company as treasury shares, the bought-back shares will be treated as cancelled and the amount of our Company’s issued share capital shall be diminished by the nominal value of those shares. The purchase of shares shall not be taken to reduce the amount of the authorised share capital of our Company under Cayman law.

(v) Suspension of Buy-back

A listed company may not make any buy-back of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company’s results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not buy-back its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a buy-back of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to buy-back of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company’s annual report is required to disclose details regarding buy-back of securities made during the year, including a monthly analysis of the number of securities bought-back, the purchase price per share or the highest and lowest price paid for all such buy-back, where relevant, and the aggregate prices paid.

(vii) Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the listed company.

(b) Reasons for buy-back

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have the Buy-back Mandate. Such buy-back transactions may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net value of our Company and its assets and/or its earnings per Share and will only be made when our Directors believe that such buy-back transactions will benefit our Company and its Shareholders.

(c) Funding of buy-back transactions

In buying back securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Buy-back Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Buy-back Mandate, on the basis of [REDACTED] Shares in issue immediately after [REDACTED], would result in up to [REDACTED] Shares being bought back by our Company during the period in which the Buy-back Mandate remains in force.

(d) General

Neither our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken by way of deeds to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands. If, as a result of a securities buy-back, a Shareholder’s proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Codes. As a result, a Shareholder, a group of Shareholders acting in concert (within the meaning under the Takeovers Codes), depending on the level of increase of such Shareholders’ interest, could obtain or consolidate control of our Company and may become obliged under Rule 26 of the Takeovers Codes to make a mandatory offer unless a whitewash waiver is obtained. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Codes as a consequence of any buy-backs pursuant to the Buy-back Mandate.

Our Directors will not exercise the Buy-back Mandate if the buy-back would result in the number of Shares which are in [REDACTED] falling below 25% of the total number of our Shares in issue (or such other percentage as may be prescribed as the [REDACTED] under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he or she or it has a present intention to sell Shares to our Company, nor has he or she or it undertaken not to do so if the Buy-back Mandate is exercised.

Any repurchase of Shares that results in the number of Shares [REDACTED] being reduced to less than 25% of the total number of our Shares then in issue, being the relevant [REDACTED] as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the [REDACTED] under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient [REDACTED] as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

- (a) Convertible Bonds Subscription Agreement;
- (b) Convertible Bonds Conversion Agreement;
- (c) Convertible Bonds Transfer Agreement;

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- (d) GX [REDACTED] Investment Agreement;
- (e) SU Subscription Agreement;
- (f) Luzhai Capital Contribution Agreement;
- (g) Luzhai Supplemental Agreement;
- (h) Chesir Pearl Equity Acquisition Agreement;
- (i) a share transfer agreement dated 18 November 2020 entered into by Guidong Electric, GF Qianhe and our Company, pursuant to which our Company acquired 12.04% and 0.96% of the equity interest in Chesir Pearl from Guidong Electric and GF Qianhe, respectively, representing an aggregate of 13.00% of the total issued share capital of Chesir Pearl, and as consideration and in the form of the Guidong Share Swap and GF Share Swap, our Company allotted and issued 18,000,000 and 1,429,679 Shares credited as fully paid to Guidong Electric and GF Qianhe, respectively;
- (j) Guidong Lock-up Deed;
- (k) GX Lock-up Deed;
- (l) Other Shareholders Lock-up Deeds;
- (m) Deed of Non-Competition; and
- (n) [REDACTED].

2. Intellectual property

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which are material to our business:

No.	Trademark	Registrant	Place of registration	Class	Registration number	Validity period
1	ChesVelour	Chesir Pearl	PRC	2	24805274	21 June 2018 — 20 June 2028
2	ChesCrystal	Chesir Pearl	PRC	2	24797350	21 June 2018 — 20 June 2028

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No.	Trademark	Registrant	Place of registration	Class	Registration number	Validity period
3	ChesDiamond	Chesir Pearl	PRC	2	24793311	21 June 2018 — 20 June 2028
4	ChesEmerald	Chesir Pearl	PRC	2	24788184	21 June 2018 — 20 June 2028
5	ChesPearl	Chesir Pearl	PRC	2	24788064	21 June 2018 — 20 June 2028
6	ChesMica	Chesir Pearl	PRC	3	24782440	21 June 2018 — 20 June 2028
7	ChesSpher	Chesir Pearl	PRC	3	24782412	21 June 2018 — 20 June 2028
8	ChesColor	Chesir Pearl	PRC	3	24773318	28 June 2018 — 27 June 2028
9	ChesMatt	Chesir Pearl	PRC	3	24765640	28 June 2018 — 27 June 2028
10	Mistese	Chesir Pearl	PRC	3	22758043	21 February 2018 — 20 February 2028
11	Litodawn	Chesir Pearl	PRC	3	22757956	21 February 2018 — 20 February 2028
12		Chesir Pearl	PRC	2	13709118	7 March 2015 — 6 March 2025
13		Chesir Pearl	PRC	2	12132913	21 July 2014 — 20 July 2024

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As of the Latest Practicable Date, we had submitted the following trademark application in Hong Kong which are material to our business:

No.	Trademark	Applicant	Place of application	Class(s)	Trademark application number	Date of application
1		Chesir Pearl	Hong Kong	1, 2 and 3	305452830	19 November 2020

(b) Patents

As of the Latest Practicable Date, we had registered the following patents in the PRC which are material to our business:

No.	Patent	Type	Registered owner	Patent number	Date of application	Validity period
1	White and interference pigment colour dumb-ray film shaped package core pigment and its preparation method (白色及干涉色啞光片狀包核顏料及製備方法)	Invention	Chesir Pearl	ZL201610023146.7	14 January 2016	6 July 2018 — 5 July 2038
2	Magnetic pearlescent pigment with 3D effect and its preparation method (一種具有3D效果的磁性珠光顏料及其製備方法)	Invention	Chesir Pearl	ZL201510340610.0	18 June 2015	6 July 2016 — 5 July 2036
3	Pearlescent pigment with low oil absorption and its preparation method (一種低吸油值珠光顏料及其製備方法)	Invention	Chesir Pearl	ZL201510168735.X	10 April 2015	9 February 2018 — 8 February 2038

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No.	Patent	Type	Registered owner	Patent number	Date of application	Validity period
4	Blue-green series pigment with pearlescent Effect and preparation method (藍綠系列珠光效應顏料及其製備方法)	Invention	Chesir Pearl	ZL201510113750.4	16 March 2015	29 June 2016 — 28 June 2036
5	Pearlescent pigment with high heat resistance and its preparation method (一種耐高溫珠光顏料及其製備方法)	Invention	Chesir Pearl	ZL201410493495.6	25 September 2014	24 August 2016 — 23 August 2036
6	Pearlescent pigment with anatase type high colour saturation and its preparation method (銳鈦礦型高色飽和度珠光顏料及其製備方法)	Invention	Chesir Pearl	ZL201810100325.5	1 February 2018	25 November 2020 — 24 November 2040
7	Interference pearlescent pigment with rutile type high colour saturation and its preparation method (金紅石型高色飽和度干涉色珠光顏料及其製備方法)	Invention	Chesir Pearl	ZL201810100326.X	1 February 2018	25 November 2020 — 24 November 2040
8	Equipment for continuously preparing titanium dichloride solution (一種連續配製二氯氧鈦溶液的裝置)	Utility	Chesir Pearl	ZL202021351409.5	10 July 2020	10 December 2020 — 9 December 2040

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No.	Patent	Type	Registered owner	Patent number	Date of application	Validity period
9	Preparation method for wet synthesized $\text{KMg}_3(\text{AlSi}_3\text{O}_{10})\text{F}_2$ crystal powder (一種濕法合成 $\text{KMg}_3(\text{AlSi}_3\text{O}_{10})\text{F}_2$ 晶體粉的製備方法)	Invention	Chesir Luzhai	ZL200910058415.3	25 February 2009	8 December 2010 — 7 December 2030
10	A method for film shaped powder material dispersion (一種片狀粉體材料的濕法分級方法)	Invention	Chesir Luzhai	ZL200710049520.1	16 July 2007	30 September 2009 — 29 September 2029
11	Preparation method of electrically conductive sericite in powder (導電絹雲母粉的製備方法)	Invention	Chesir Luzhai	ZL200510021660.9	13 September 2005	7 March 2007 — 6 March 2027

As of the Latest Practicable Date, we had submitted the following patent applications in the PRC which are material to our business:

No.	Patent	Type	Applicant(s)	Patent application no.	Date of application
1.	Pearlescent pigment containing rutile and anatase TiO_2 layer and its preparation method (含有金紅石和銳鈦礦型 TiO_2 層的珠光顏料及其製備方法)	Invention	Chesir Pearl	201810100282	1 February 2018
2.	Lifting device for cover of reaction kettle (一種反應釜頂蓋升降裝置)	Invention	Chesir Pearl	201811177003.7	10 October 2018

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No.	Patent	Type	Applicant(s)	Patent application no.	Date of application
3.	Pearlescent pigment for powder coating, its preparation method and reaction device (用於粉末塗料的珠光顏料、製備方法及其反應裝置)	Invention	Chesir Pearl	202010586330.9	24 June 2020
4.	Pearlescent pigment for water-based paint, its preparation method and device for screening and removing impurities (水性塗料用珠光顏料及其製備方法和篩分除雜裝置)	Invention	Chesir Pearl	202010587485.4	24 June 2020
5.	Equipment and process for continuously preparing titanium oxychloride solution (一種連續配製二氯氧鈦溶液的裝置及工藝)	Invention	Chesir Pearl	202010664112.2	10 July 2020
6.	Equipment for packing of pearlescent pigment (珠光顏料打包裝置)	Utility	Chesir Pearl	202021648348.9	10 August 2020
7.	Equipment for mixing of pearlescent pigment powder (珠光顏料混粉裝置)	Utility	Chesir Pearl	202021648279.1	10 August 2020
8.	Equipment for storage of concentrated titanium (濃鈦存儲裝置)	Utility	Chesir Pearl	202021648280.4	10 August 2020
9.	Pearlescent pigment (珠光顏料)	Utility	Chesir Pearl	202021727757.8	18 August 2020
10.	Orange-red pearlescent pigment for cosmetics (用於化妝品的橙紅色相珠光顏料)	Utility	Chesir Pearl	202021727760.X	18 August 2020
11.	Pearlescent pigment (珠光顏料)	Utility	Chesir Pearl	202021727759.7	18 August 2020

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No.	Patent	Type	Applicant(s)	Patent application no.	Date of application
12.	Mixing device for toning of pearlescent pigment powder (珠光顏料調色混粉裝置)	Utility	Chesir Pearl	202021754309.7	20 August 2020
13.	Titanium oxychloride solution preparation device (二氯氧鈦溶液配製裝置)	Utility	Chesir Pearl	202021754307.8	20 August 2020
14.	Mixing device for pearlescent pigment powder (珠光顏料混粉裝置)	Utility	Chesir Pearl	202021777890.4	20 August 2020
15.	Exhaust gas recovery system for pearlescent pigment industry (珠光顏料行業用尾氣回收系統)	Utility	Chesir Pearl	202021784211.6	21 August 2020
16.	Mica segregation system (雲母分級系統)	Utility	Chesir Pearl	202021761803.6	21 August 2020
17.	Mica peeling system (一種雲母剝片系統)	Utility	Chesir Pearl	202021822048.8	27 August 2020
18.	Feeding system for pearlescent pigment hydrolysis workstation (一種用於珠光顏料水解車間的輸料系統)	Utility	Chesir Pearl	202021822055.8	27 August 2020
19.	A volatile material conveying system for pearlescent pigment production (一種用於珠光顏料生產的易揮發原料輸送系統)	Utility	Chesir Pearl	202021823068.7	27 August 2020
20.	Fine sand removal system for mica flakes (一種雲母片精細除沙系統)	Utility	Chesir Pearl	202021822036.5	27 August 2020
21.	Mica flake pressing and drying device for pearlescent pigment (一種用於珠光顏料的雲母片壓幹裝置)	Utility	Chesir Pearl	202021822044.X	27 August 2020

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No.	Patent	Type	Applicant(s)	Patent application no.	Date of application
22.	Golden pearlescent pigment (金色珠光顏料)	Utility	Chesir Pearl	202021933828.X	7 September 2020
23.	A pearlescent pigment production system based on network media control (一種基於網路媒介控制的珠光顏料生產系統)	Utility	Chesir Pearl	202021986256.1	11 September 2020
24.	Pearlescent pigment for ink coating (一種油墨塗用珠光顏料)	Utility	Chesir Pearl	202021984723.7	11 September 2020
25.	Multi-stage segregation and collection system for fine mica (一種微細雲母多級篩分收集系統)	Utility	Chesir Pearl	202021986260.8	11 September 2020
26.	A steam condensate loop recovery system for pearlescent pigment production (一種用於珠光顏料生產的蒸汽冷凝水迴圈回收系統)	Utility	Chesir Pearl	202021984714.8	11 September 2020
27.	Fluorophlogopite melting furnace (氟金雲母熔制爐體)	Utility	Chesir Luzhai	202021754311.4	20 August 2020

(c) Domain name

As of the Latest Practicable Date, we had registered the following domain names which are material to our business:

Domain name	Registrant	Registration date	Expiry date	ICP filing approval date	ICP filing number
chesir.net. . . .	Chesir Pearl	15 January 2013	15 January 2023	8 July 2019	桂ICP備17005021號

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(d) Software Copyright

As of the Latest Practicable Date, we owned the copyright of the following production systems:

<u>No.</u>	<u>Software Copyright</u>	<u>Owner</u>	<u>Place of registration</u>	<u>Date of registration</u>	<u>Registration number</u>	<u>Validity period</u>
1.	Production data management system V1.0 (生產數據管理系統V1.0)	Chesir Pearl	PRC	31 August 2016	2016SR243058	50 years
2.	Production visualization management software V1.0 (生產管理可視化軟件V1.0)	Chesir Pearl	PRC	17 August 2016	2016SR222548	50 years
3.	PLC-based fully automated packaging control system V1.0 (基於PLC的自動包裝機控制系統V1.0)	Chesir Pearl	PRC	4 August 2016	2016SR205539	50 years
4.	Formulation and recipe production management system V1.0 (配方配料生產管理系統V1.0)	Chesir Pearl	PRC	4 August 2016	2016SR204815	50 years

3. Summary of capital investments in Chesir Luzhai

The principal terms of the capital investments in Chesir Luzhai are as follows:

Date: Capital contribution agreement dated 18 January 2018 as amended by a supplemental agreement dated 13 September 2020;

Parties: (a) Liuzhou Industrial Investment, a State-owned management enterprise which is wholly-owned and managed by the State-owned Assets Supervision and Administration Commission of Liuzhou City Municipal Government (柳州市人民政府國有資產監督管理委員會);

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- (b) Chesir Pearl, the sole shareholder of Chesir Luzhai; and
- (c) Chesir Luzhai.

Following an equity interest transfer agreement dated 13 September 2018, Liuzhou Industrial Investment transferred all of its capital contribution to Guangxi Industrial Investment, a company wholly-owned by the People’s Government of Guangxi Zhang Autonomous Region. The terms of the capital investment remain unchanged with the rights and responsibilities of Liuzhou Industrial Investment being changed to Guangxi Industrial Investment.

Investment amount and registered capital:	Liuzhou Industrial Investment to contribute RMB150.0 million new funding into Chesir Luzhai, among which, RMB41.9 million was accounted as registered capital and RMB108.0 million was accounted as capital reserve.
Shareholdings following the capital investment:	Chesir Pearl to be interested in 60.04% shares of Chesir Luzhai; and Liuzhou Industrial Investment to be interested in 39.96% shares of Chesir Luzhai. Following the transfer of equity interest by Liuzhou Industrial Investment to Guangxi Industrial Investment, since 13 September 2018, Chesir Luzhai is owned as to 60.04% by Chesir Pearl and 39.96% by Guangxi Industrial Investment.
Use of funds:	The capital contribution shall be used for enhancement of production facilities for the purpose of achieving an annual production of 5,000 tonnes of synthetic mica and 10,000 tonnes of pearlescent pigment products. The capital contribution shall not be used in financial investments, pledges, sponsors, gifts, loans, or investment in restricted business.
Responsibilities of the parties:	Chesir Luzhai is responsible for achieving an annual production of 5,000 tonnes of synthetic mica and 10,000 tonnes of pearlescent pigment products within five years from the date of capital contribution.
Board of directors:	The board of directors of Chesir Luzhai comprises three directors, of which Liuzhou Industrial Investment shall appoint one director.
Supervisors:	Chesir Luzhai shall have three supervisors, of which Liuzhou Industrial Investment shall appoint one supervisor.

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Reserved matters:	<p>The following matters, among others, shall require unanimous approval of the shareholders:</p> <ul style="list-style-type: none">(i) increasing or reducing the registered capital;(ii) amendment of the articles of association;(iii) changing or addition of the principal business;(iv) deciding on purchasing of assets existing 5% of the existing assets;(v) deciding on Chesir Luzhai as guarantee or in providing any forms of financial assistance to any third party; or withdraw on rights of intellectual properties;(vi) connected transactions of more than RMB30,000; and(vii) deciding on annual financial budgets.
Distribution of profits:	<p>After this capital contribution, Chesir Luzhai’s newly formed profits and losses shall be shared or borne by each Chesir Luzhai’s shareholders in proportion to their shareholdings.</p> <p>During the investment period, if Chesir Luzhai has distributable profits for cash dividend distribution, it shall be calculated on pro rata basis of shareholdings.</p>
Transfer of equity interest	<p>Without the prior written consent of Liuzhou Industrial Investment, Chesir Pearl shall not transfer any of its equity interest in Chesir Luzhai, or create or permit to create any pledge, guarantee or any encumbrances over any of its equity interest in Chesir Luzhai.</p>
Information rights:	<p>Chesir Luzhai shall provide updates to Liuzhou Industrial Investment on the below matters:</p> <ul style="list-style-type: none">(i) quarter, interim and annual financial statements;(ii) investment returns;(iii) within three business days of occurrence and upon any material updates, legal proceedings or arbitrations;(iv) within three business days of occurrence on any incidents that may cause harm to the interest of Liuzhou Industrial Investment.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND OUR SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Disclosure of interests of Directors and chief executive

Immediately following completion of the [REDACTED] (without taking into consideration our Shares subscribed for under the [REDACTED] and that may be issued and allotted or sold pursuant to the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme), the interests and short positions of our Directors and the chief executive of our Company in our Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “Model Code”), will be as follows:

(i) Interest in our Company

Name of Director	Capacity	Immediately upon completion of the [REDACTED] (without taking into consideration any Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme) ⁽¹⁾	
		Number of Shares held	Percentage of Shareholding (%)
Mr. SU Ertian	Interest in controlled corporation ⁽²⁾	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽³⁾	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁴⁾	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁵⁾	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁶⁾	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁷⁾	[REDACTED]	[REDACTED]
Mr. ZHENG Shizhan	Interest in controlled corporation ⁽²⁾	[REDACTED]	[REDACTED]
Mr. JIN Zengqin	Interest in controlled corporation ⁽⁶⁾	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽⁷⁾	[REDACTED]	[REDACTED]
Mr. HU Yongxiang	Interest in controlled corporation ⁽⁸⁾	[REDACTED]	[REDACTED]

Notes:

- (1) Assuming the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme are not exercised.
- (2) Hongzun Investment is owned as to 51.0% and 49.0% by Mr. SU and Mr. ZHENG, respectively. Therefore, Mr. SU and Mr. ZHENG is deemed to be interested in all the Shares held by Hongzun Investment for the purpose of the SFO. Mr. SU and Mr. ZHENG are also chairman and vice chairman of Hongzun Investment, respectively.
- (3) Ertian International is wholly-owned by Mr. SU. Therefore, Mr. SU is deemed to be interested in all the Shares held by Ertian International for the purpose of the SFO. Mr. SU is the sole director of Ertian International.
- (4) Seven Color Pearl Investment is wholly-owned by Mr. SU. Therefore, Mr. SU is deemed to be interested in all the Shares held by Seven Color Pearl Investment for the purpose of the SFO. Mr. SU is the sole director of Seven Color Pearl Investment.
- (5) The general partner of Liuzhou Lianrun LP is Mr. SU who owns 11,000 shares. The original 24 individual equity holders of Chesir Pearl, who are limited partners and Independent Third Parties, own 217,000 shares. Therefore, Mr. SU is deemed to be interested in all the Shares held by Liuzhou Lianrun LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner contributed more than one-third of the capital contribution of Liuzhou Lianrun LP.
- (6) The general partner of Liuzhou Qise LP is Mr. SU who owns 10,000 shares. Mr. JIN, being one of the limited partners, owns 1,565,200 shares and the original 18 individual equity holders of Chesir Pearl, who are limited partners and Independent Third Parties, own 2,976,000 shares. Therefore, Mr. SU and Mr. JIN are deemed to be interested in all the Shares held by Liuzhou Qise LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner (except Mr. JIN) contributed more than one-third of the capital contribution of Liuzhou Qise LP.
- (7) The general partner of Liuzhou Colorful LP is Mr. SU who owns 10,000 shares. Mr. JIN, being one of the limited partners, owns 1,500,000 shares and the original 18 individual equity holders of Chesir Pearl, who are limited partners and Independent Third Parties, own 2,988,158 shares. Therefore, Mr. SU and Mr. JIN are deemed to be interested in all the Shares held by of Liuzhou Colorful LP for the purpose of the SFO. For the avoidance of doubt, there is no individual limited partner (except Mr. JIN) contributed more than one-third of the capital contribution of Liuzhou Colorful LP.
- (8) Mr. HU Yongxiang is the sole director of China Banyan Capital INT Holdings Limited who owns 50 shares. The original 12 individual equity holders of Chesir Pearl, who are Independent Third Parties, hold 49,950 shares. Therefore, Mr. HU Yongxiang is interested in the Shares held by China Banyan Capital INT Holdings Limited.

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(ii) Interest in associated corporation

Name of Director	Name of associated corporation	Nature of interest	Immediately upon completion of the [REDACTED] (without taking into consideration any Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme) ⁽¹⁾	
			Number of Shares held	Percentage of Shareholding (%)
Mr. SU Ertian	Hongzun Investment	Beneficial owner	(Note 2)	[REDACTED]
	Hongzun International	Interest in controlled corporation	(Note 3)	[REDACTED]
	Ertian International	Beneficial owner	[REDACTED]	[REDACTED]
	Seven Color Pearl Investment	Beneficial owner	[REDACTED]	[REDACTED]
	Liuzhou Qise LP	Beneficial owner	[REDACTED]	[REDACTED]
	Liuzhou Lianrun LP	Beneficial owner	[REDACTED]	[REDACTED]
Mr. ZHENG Shizhan	Liuzhou Colorful LP	Beneficial owner	[REDACTED]	[REDACTED]
	Hongzun Investment	Beneficial owner	(Note 2)	[REDACTED]
	Hongzun International	Interest in controlled corporation	(Note 3)	[REDACTED]
Mr. JIN Zengqin	Liuzhou Qise LP	Beneficial owner	[REDACTED]	[REDACTED]
	Liuzhou Colorful LP	Beneficial owner	[REDACTED]	[REDACTED]
Mr. HU Yongxiang	China Banyan Capital INT Holdings Ltd	Beneficial owner	[REDACTED]	[REDACTED]

Notes:

- (1) Assuming the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme are not exercised.
- (2) Hongzun Investment has a total registered share capital of RMB100.88 million, of which RMB51.45 million was contributed by Mr. SU and RMB49.43 million was contributed by Mr. ZHENG.
- (3) Hongzun International has one issued share which is owned by Hongzun Investment.

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(b) *Disclosure of interests under the provisions of Divisions 2 and 3 of Part XV of the SFO*

Save as disclosed in the section headed “Controlling Shareholders and Substantial Shareholders” in this document, each of the following persons will, immediately following the completion of the [REDACTED] (without taking into consideration any Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme) fall to disclose its interests (or short positions, if applicable) in our Shares or underlying shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Immediately after completion of the [REDACTED] (without taking into consideration any Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme)	
		Number of Shares held	%
Hongzun International	Beneficial owner	[REDACTED]	[REDACTED]
Hongzun Investment	Interest in controlled corporation ⁽¹⁾	[REDACTED]	[REDACTED]
Guidong Electric	Beneficial owner	[REDACTED]	[REDACTED]
Guangxi Zhengrun Development Group Co., Ltd.	Interest in controlled corporation ⁽²⁾	[REDACTED]	[REDACTED]
GX Land & Sea	Beneficial owner	[REDACTED]	[REDACTED]
Guangxi Land & Sea Connectivity Fund (Limited Partnership)	Interest in controlled corporation ⁽³⁾	[REDACTED]	[REDACTED]

Notes:

- (1) Hongzun International is wholly-owned by Hongzun Investment. Therefore, Hongzun Investment is deemed to be interested in all the Shares held by Hongzun International for the purpose of the SFO. Mr. SU is the sole director of Hongzun International.
- (2) Guidong Electric is a listed company on the Shanghai Stock Exchange (stock code: 600310) and is owned as to [50.03%] by Guangxi Zhengrun Development Group Co., Ltd. as of the Latest Practicable Date.
- (3) GX Land & Sea is wholly-owned by Guangxi Land & Sea Connectivity Fund (Limited Partnership), which is a limited partnership established in the PRC.

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2. Further information about our Directors

(a) Particulars of the service contracts with our executive Directors

Each of the executive Directors has entered into a service contract with our Company for an initial term of three years commencing on the [REDACTED]. The service contract shall continue thereafter and may only be terminated in accordance with the provisions therein contained by either party giving to the other not less than three months’ prior notice in writing.

The service agreement may be renewed in accordance with the Articles and the applicable laws and regulations.

Each executive Director will receive director fee in addition to his annual basic salary. The maximum annual basic salary of each executive Director under his service contract with our Company in 2021 is as follows:

<u>Name of the executive Directors</u>	<u>Maximum annual basic salary (including director fee)</u>
	<i>HK\$</i>
Mr. SU Ertian	[900,000]
Mr. ZHENG Shizhan	[600,000]
Mr. JIN Zengqin	[600,000]
Mr. ZHOU Fangchao	[700,000]

(b) Particulars of the letters of appointment with our non-executive Directors and independent non-executive Directors

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letter of appointment are similar in all material respects. Each of them is appointed with an initial term of three years commencing from the [REDACTED] (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). Our non-executive Directors, Mr. QIN Min and Mr. HU Yongxiang will not receive any director fee from the Company. The annual director fee for each independent non-executive Director is as follows:

<u>Name of the independent non-executive Directors</u>	<u>Annual Director’s fee</u>
	<i>HK\$</i>
Mr. MAK Hing Keung, Thomas	[180,000]
Professor HAN Gaorong	[180,000]
Mr. LEUNG Kwai Wah Alex	[180,000]

As the appointment of the independent non-executive Directors is effective from the [REDACTED], their entitlement to the annual Director fee during the year ending 31 December 2021 would be made on a pro rata basis.

Save as disclosed above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any other member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

3. Directors’ remuneration

The aggregate amount of fees, salaries, contributions to retirement benefits, discretionary bonuses, allowances, and other benefits in kind granted to our Directors (in a capacity as directors or employees of any subsidiary of our Group) for the Track Record Period were RMB2.0 million, RMB2.0 million, RMB2.3 million and RMB1.3 million, respectively. There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

Under the current arrangements, the aggregate amount of remuneration of our Directors for the year ending 31 December 2021 is expected to be HK\$[3.3] million (equivalent to RMB[2.8] million), excluding the discretionary bonus payable to our executive Directors.

4. Fees or commission received

Save as disclosed in this document, none of the Directors or any of the persons whose names are listed in the paragraphs under “E. Other information — 8. Consents of experts” below had received any commissions, discounts, agency fee, brokerage or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executives has any interests and short positions in our Shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code to be notified to us and the Stock Exchange, in each case once our Shares are [REDACTED] on the Stock Exchange;
- (b) so far as is known to any of our Directors or chief executives, no person has an interest or short position in our Shares and underlying shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

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- (c) none of our Directors nor any of the parties listed in the section headed “E. Other information — 8. Consents of experts” below is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us;
- (d) save as disclosed in this document or in connection with the [REDACTED], none of our Directors nor any of the parties listed in the section headed “E. Other information — 8. Consents of experts” below is materially interested in any contract or arrangement subsisting at the date in this document which is significant in relation to the business of our Group;
- (e) save in connection with the [REDACTED], none of the parties listed in the paragraph under “E. Other information — 8. Consents of experts” below (i) is interested legally or beneficially in any of our Shares or any share in any of our subsidiaries or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) none of our Directors or their respective associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued Share capital) has any interest in our five largest suppliers or customers during the Track Record Period; and
- (g) none of the Directors or any past Directors of any members of our Group has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining us or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

D. [REDACTED] SHARE OPTION SCHEME

Our Company conditionally adopted the [REDACTED] Share Option Scheme on [REDACTED] (the “**Adoption Date**”). The following is a summary of principal terms of the [REDACTED] Share Option Scheme. The terms of the [REDACTED] Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

Our Company will disclose details of the [REDACTED] Share Option Scheme in its annual and interim reports including but not limited to the number of options, date of grant, exercise price, exercise period and vesting period during the financial year in the annual/interim reports in accordance with the Listing Rules in force from time to time.

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the [REDACTED] Share Option Scheme.

Application has been made to the [REDACTED] for the [REDACTED] of and permission to [REDACTED] our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the [REDACTED] Share Option Scheme, being [REDACTED] Shares in total.

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1. Purpose

The purpose of the [REDACTED] Share Option Scheme is to enable our Company to grant Options (as defined below) to Eligible Participants (as defined below) as incentives or rewards for their contribution or potential contribution to our Group and to provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (a) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group;
- (b) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group; and/or
- (c) for such purposes as our Board may approve from time to time.

2. Conditions of the [REDACTED] Share Option Scheme

The [REDACTED] Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

- (a) subject to (b) and (c) below, the approval of our Shareholders for the adoption of the [REDACTED] Share Option Scheme;
- (b) the approval of the Stock Exchange for the [REDACTED] of and permission to [REDACTED], on the Main Board a maximum of [REDACTED] Shares to be allotted and issued pursuant to the exercise of the options (the “**Options**”) in accordance with the terms and conditions of the [REDACTED] Share Option Scheme;
- (c) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with its terms or otherwise; and
- (d) the commencement of dealing of our Shares on the Main Board.

3. Who may join

Our Board may, at its absolute discretion, offer Options to subscribe for such number of Shares in accordance with the terms set forth in the [REDACTED] Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (the “**Executive**”), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (the “**Employee**”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;

- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group; and
- (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.

(the persons referred above are the “**Eligible Participants**”)

4. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the [REDACTED] Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of our Shares in issue as of the [REDACTED], i.e. [REDACTED] Shares, excluding Shares which may fall to be issued upon the exercise of the [REDACTED] (the “**Scheme Mandate Limit**”), provided that:

- (a) Our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all Options to be granted under the [REDACTED] Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as of the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the [REDACTED] Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the [REDACTED] Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules.
- (b) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules.
- (c) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the [REDACTED] Share Option Scheme and any other schemes of our Group shall not exceed 30% of our Shares in issue from time to time. No Options may be granted under the [REDACTED] Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

5. Maximum number of Option to each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Shares in issue from time to time. Where any further grant of Options to such an Eligible Participant would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Participant, and containing the details and information required under the Listing Rules. The number and terms (including the exercise price) of the Options to be granted to such Eligible Participant must be fixed before the approval of our Shareholders and the date of our Board meeting proposing such grant shall be taken as the date of grant for the purpose of calculating the subscription price of those Options.

6. Offer and grant of Options

Subject to the terms of the [REDACTED] Share Option Scheme, our Board shall be entitled at any time within 10 years from the date of adopting the [REDACTED] Share Option Scheme to offer the grant of an Option to any Eligible Participant as our Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as our Board may (subject to the terms of the [REDACTED] Share Option Scheme) determine (provided the same shall be a board lot for dealing in our Shares on the Stock Exchange or an integral multiple thereof).

7. Granting Options to connected persons

Subject to the terms in the [REDACTED] Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company, or any of their respective associates, such offer must first be approved by the independent non-executive Directors (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

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

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and

- (b) (where the securities are [REDACTED] on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by our Shareholders (voting by way of a poll). Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a Eligible Participant who is a substantial shareholder or an independent non-executive Director, or any of their respective associates. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

8. Offer period and number accepted

An offer of the grant of an Option shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the offer date (the “**Offer Date**”), provided that no such grant of an Option may be accepted after the expiry of the effective period of the [REDACTED] Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Participant and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Participant, being a date not later than 28 days after the Offer Date (the “**Acceptance Date**”). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered, provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

9. Restriction on the time of grant of Options

Our Board shall not grant any Option under the [REDACTED] Share Option Scheme after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

10. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, our Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the [REDACTED] Share Option Scheme as our Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of all or any of our Shares shall vest, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the [REDACTED] Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as our Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

11. Amount payable for Options

The amount payable on acceptance of an Option is HK\$1.00.

12. Subscription price

The subscription price of a Share in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the date of grant.

13. Exercise of Option

- (i) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set forth in this [REDACTED] Share Option Scheme by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given. Within 30 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the [REDACTED] Share Option Scheme, our Company shall accordingly

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allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his legal personal representative(s)) share certificate(s) in respect of our Shares so allotted.

- (ii) The exercise of any Option may be subject to a vesting schedule to be determined by our Board in its absolute discretion, which shall be specified in the offer letter.
- (iii) The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised Share capital of our Company.
- (iv) Subject as hereinafter provided:
 - (a) in the case of the grantee ceasing to be an Eligible Participant by reason of death or permanent disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with our Group under paragraph 16(e) below has occurred, the grantee or the personal representative(s) of the grantee shall be entitled within a period of 12 months (or such longer period as our Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised);
 - (b) in the event that the grantee ceases to be an Eligible Participant for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or termination on the ground
 - (c) if a general offer is made to all Shareholders and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
 - (d) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it despatch notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his legal representatives or receiver) may until the expiry of the earlier of:
 - (i) the Option period (in respect of any particular Option, the period commencing immediately after the business day (as defined in the Listing Rules) on which the Option is deemed to be granted and accepted in accordance with the [REDACTED]

Share Option Scheme and expiring on a date to be determined and notified by our Directors to each grantee, provided that such period shall not exceed the period of 10 years from the date of the grant of a particular Option but subject to the provisions for early termination thereof contained in the [REDACTED] Share Option Scheme);

(ii) the period of two months from the date of such notice; or

(iii) the date on which such compromise or arrangement is sanctioned by the court,

exercise in whole or in part his Option;

- (e) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatch such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

14. Ranking of Shares

Our Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of our Company and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the re-opening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date.

A Share issued upon the exercise of an Option shall not carry rights until the registration of the grantee (or any other person) as the holder thereof.

15. Life of [REDACTED] Share Option Scheme

Subject to the terms of the [REDACTED] Share Option Scheme, the [REDACTED] Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further Options will be granted or offered but the provisions of the [REDACTED] Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the [REDACTED] Share Option Scheme.

16. Lapse of Option

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

- (a) the expiry date relevant to that Option;
- (b) the expiry of any of the period referred to paragraphs related to exercise of Option;
- (c) the date of the commencement of the winding-up of our Company;
- (d) the date on which the scheme of arrangement of our Company becomes effective;
- (e) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with our Group on any one or more of the following grounds:
 - (i) that he has been guilty of serious misconduct;
 - (ii) that he has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of our Group;
 - (iii) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or
 - (iv) on any other ground as determined by our Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the grantee’s service contract with our Group. A resolution of our Board or our board of directors of the relevant subsidiary to the effect that the relationship of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; and
- (f) the date on which our Board shall exercise our Company’s right to cancel the Option at any time after the grantee commits a breach of the restriction on transferability of Option or the Options are cancelled.

No compensation shall be payable upon the lapse of any Option, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

17. Adjustment

In the event of any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of our Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

- (a) the number of our Shares subject to any outstanding Options;
- (b) the subscription price of each Option;
- (c) our Shares to which the Option relates;
- (d) the method of exercise of the Option; and/or
- (e) any combination thereof,

as the auditors or an approved independent financial adviser shall at the request of our Company or any grantee, certify in writing either generally or as regards any particular grantee, to be fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option scheme) as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees. The costs of the auditors or the independent financial adviser to our Company shall be borne by our Company. Notice of such adjustment shall be given to the grantees by our Company.

18. Cancellation of Options

Our Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “**Cancellation Date**”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of the restriction on transferability of Option or any terms or conditions attached to the grant of the Option;
- (b) the grantee makes a written request to our Board for the Option to be cancelled; or
- (c) if the grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as of the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

19. Termination

Our Company may by resolution in general meeting or the Board may at any time terminate the operation of the [REDACTED] Share Option Scheme. Upon termination of the [REDACTED] Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the [REDACTED] Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the [REDACTED] Share Option Scheme. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the [REDACTED] Share Option Scheme.

20. Transferability of Options

The Option or an offer (the “Offer”) of the grant of 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 create any interest (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any Offer made to him or attempt so to do (save that the grantee may nominate a nominee in whose name our Shares issued pursuant to the [REDACTED] Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such grantee.

21. Amendment

The [REDACTED] Share Option Scheme may be altered in any respect by a resolution of our Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting, provided always that the amended terms of the [REDACTED] Share Option Scheme shall comply with the applicable requirements of the Listing Rules: (i) any material alteration to its terms and conditions of the [REDACTED] Share Option Scheme or any change to the terms of Options granted (except where the alterations take effect automatically under the terms of the [REDACTED] Share Option Scheme); (ii) any alteration to the provisions of the [REDACTED] Share Option Scheme in relation to the matters set forth in Rule 17.03 of the Listing Rules to the advantage of grantees or the Eligible Participants (as the case may be); and (iii) any alteration to the aforesaid termination provisions.

E. OTHER INFORMATION

1. No estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands and Hong Kong.

2. Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group that would have a material adverse effect on our Group’s results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set forth in Rule 3A.07 of the Listing Rules.

The Sole Sponsor, has made an application on behalf of our Company to the [REDACTED] for [REDACTED] of, and permission to [REDACTED], our Shares in issue, Shares to be issued pursuant to the [REDACTED], the [REDACTED] and our Shares which may be issued pursuant to the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme.

The Sole Sponsor is entitled to an aggregate sponsor fee of HK\$[REDACTED].

4. Compliance adviser

Our Company has appointed Essence Corporate Finance (Hong Kong) Limited as the compliance adviser upon [REDACTED] in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary expenses

No preliminary expenses have been incurred or are proposed to be incurred by our Company.

6. Promoter

We have no promoter for the purpose of the Listing Rules. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX VI STATUTORY AND GENERAL INFORMATION

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
Essence Corporate Finance (Hong Kong) Limited	A corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
RSM Hong Kong	Certified public accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.,	Independent industry consultant
Conyers Dill & Pearman	Legal advisers as to Cayman Islands law
Allbright Law Offices Fuzhou Office	Legal advisers as to PRC law
Squire Patton Boggs (UK) LLP	Legal advisers as to French law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

8. Consents of experts

Each of the experts named in paragraph 7 has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it appears.

As of the Latest Practicable Date, none of the experts named in the paragraphs under “E. Other information — 7. Qualifications of experts” above has any shareholding interests in our Group or any right (whether legally enforceable or not) to subscribe for or, to nominate persons to subscribe for securities in any member of our Group.

9. Binding effect

This document shall have the effect if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders, management or deferred shares of our Company or, any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of our Share or any share in any of our subsidiaries.
- (b) No member of our Group is presently listed on any stock exchange or traded on any trading system.
- (c) Our Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2020 (being the date to which the latest audited consolidated financial statements of our Group were prepared);
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this document.
- (d) The principal register of members of our Company is maintained in the Cayman Islands by the [REDACTED] and the branch register of members of our Company is maintained in Hong Kong by our [REDACTED]. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the [REDACTED] and may not be lodged in the Cayman Islands.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into [REDACTED] for clearing and settlement.
- (f) Save as disclosed in this document, we had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

11. Bilingual document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).