

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated on August 3, 2020 in the Cayman Islands under the Companies Act as an exempted company with limited liability. Accordingly, our Company's corporate structure and its constitution, comprising its Memorandum of Association and Articles of Association are subject to relevant laws of the Cayman Islands. A summary of the Cayman Islands company law and of our Memorandum of Association and Articles of Association are set out in Appendix IV to this document. Our registered office is at [REDACTED], 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

Our principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 10, 2021. Ms. Mak Po Man Cherie, a Hong Kong resident whose correspondence address is 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As at the date of this document, our Company's headquarters was located at No. 1, Building 1, Graphite Development Zone, Yanjun Farm, Luobei County, Hegang City, Heilongjiang Province, the PRC.

2. Changes in authorized and issued share capital of our Company

As at the date of incorporation, our Company had an initial authorized share capital of HK\$380,000.00 divided into 380,000,000 shares with a nominal or par value of HK\$0.001 each.

The following changes in the share capital of our Company took place since its incorporation:

- (a) on August 3, 2020, upon the incorporation, our Company issued fully paid one Share with par value of HK\$0.001 to AGS Nominees 1 Limited, an Independent Third Party, which in turn was subsequently transferred to Sandy Mining Limited at nominal consideration on the same day; and
- (b) immediately following the completion of the Loan Consideration Capitalization, the [REDACTED] and the [REDACTED] without taking into account any Shares which may be issued upon the exercise of [REDACTED] and any options granted or to be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$[REDACTED] divided into [REDACTED] Shares of HK\$[REDACTED] each.

Save as disclosed above, there has been no other alteration in the share capital of our Company since its incorporation.

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3. Changes in share capital of our subsidiaries

Our Company’s subsidiaries are set out in the Accountant’s Report in Appendix I to this document.

Saved as disclosed in the section headed “History, Reorganization and Corporate Structure — Our Corporate Development” in this document, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions in writing of the then sole Shareholder of our Company passed on [●]

The following resolutions were passed by the then sole Shareholder of our Company in writing on [●]:

- (a) our Company approved and adopted the Memorandum of Association and the Articles of Association conditionally upon fulfillment of the Conditions (as defined below), and with effect from [REDACTED];
- (b) our Company increased its authorized share capital from HK\$380,000 divided into 380,000,000 shares of par value HK\$0.001 each to HK\$[REDACTED] divided into [REDACTED] shares of par value HK\$[REDACTED] each by the creation of [REDACTED] additional shares of par value HK\$[REDACTED] each, each ranking pari passu in all respects with the Shares in issue at the date of passing of these resolutions;
- (c) subject to the conditions of the [REDACTED] as set out in this document having been fulfilled and the obligations of the [REDACTED] under the [REDACTED] having become unconditional (including, if relevant, as a result of the waiver of any condition(s) thereunder by the [REDACTED] for itself and on behalf of the [REDACTED] and such obligations not having been terminated in accordance with their respective terms (the “**Conditions**”):
 - (i) the [REDACTED], the [REDACTED], the Loan Consideration Capitalization, the [REDACTED] and the [REDACTED] were approved, subject to such modifications as our Directors (or any committee established by the Board) may in their sole discretion determine, and our Directors or any committee established by the Board were authorized to do all such things as they consider necessary to give effect to the [REDACTED], the [REDACTED], the Loan Consideration Capitalization, the [REDACTED] and the [REDACTED];
 - (ii) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the [REDACTED] by our Company pursuant to the [REDACTED], our Directors authorized to capitalise the sum 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 Shareholder(s) whose name(s) appear on the register of members of our Company or the principal share register of our Company at the close of business on the day on which the resolution of the Shareholder(s) of the Company approving the Capitalization

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Issue was passed (or as each of them 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 respective shareholdings in our Company, and the Shares allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares;

- (iii) a general unconditional mandate was granted to our Directors to, *inter alia*, allot, issue and deal with Shares or securities convertible into Shares or options, warranties or similar rights to subscribe for Shares or such convertible securities and to make or grant general offers, agreements or options which might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to (a) the exercise of any subscription rights, warrants which may be issued by our Company from time to time; (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; (c) a specific authority granted by the shareholders in general meeting, shall not exceed the aggregate of (i) 20% of the total number of the Shares in issue upon completion of the [REDACTED] (excluding any Shares to be issued upon the [REDACTED]); and (ii) the total number of the Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (d) below, such mandate to main effect during the period from the passing of the resolution until the earliest of the conclusion of our earliest annual general meeting, the expiration of the period within which we are required by any applicable law of the Cayman Islands or the Articles to hold our next annual general meeting or the date on which the authority given to the Directors is renewed, varied or revoked by an ordinary resolution of the shareholders at a general meeting of our Company (the "**Applicable Period**");
- (iv) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to repurchase Shares with a total number of not more than 10% of the Shares in issue immediately following the completion of the Loan Consideration Capitalization Issue, the [REDACTED] and the [REDACTED] (excluding any Shares to be issued upon the exercise of [REDACTED] or any options granted or to be granted under the Share Option Scheme), such mandate to remain effect during the Applicable Period; and
- (v) the general unconditional mandate mentioned in paragraph (iii) above to be extended by the addition to the aggregate number of the Shares which may be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares purchased by our Company pursuant to the repurchase mandate referred to in paragraph (iv) above, provided that such extended amount shall not exceed 10% of the aggregate number of the Shares in issue immediately following the completion of the Loan Consideration Capitalization, the [REDACTED] and the [REDACTED] (excluding any Shares to be issued upon the [REDACTED] or any options granted or to be granted under the Share Option Scheme).

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5. Corporate Reorganization

For details of the Reorganization, see the section headed “History, Reorganization and Corporate Structure — Reorganization” in this document.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of its own securities.

(a) Shareholders’ approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction. Pursuant to a resolution passed in a meeting of the Shareholders held on [●], the Repurchase Mandate was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate number of the issued Shares of our Company immediately following completion of the Loan Consideration Capitalization, the [REDACTED] and the [REDACTED] but excluding any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, the Companies Act or applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever is the earliest.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Companies Act. A listed company may not repurchase 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. Under the Companies Act, any repurchases by our Company may be made out of profits of our Company, out of the share premium account of the Company, or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorized by the Articles and subject to the provisions of the Companies Act, out of capital. Any premium payable on a repurchase over the par value of the Shares to be repurchased must have been provided for out of either or both of the profits of our Company or the share premium account of our Company, before or at the time the Shares are repurchased, or, if authorized by the Articles and subject to the provisions of the Companies Act, out of capital.

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(c) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit our Company and the Shareholders.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

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

- (a) the Deed of Indemnity;
- (b) the equity transfer agreement dated December 14, 2020, entered into between Mr. Zhao and the WFOE in relation to Yixiang Graphite;
- (c) the equity transfer agreement dated December 14, 2020, entered into between Mr. Zhao Changshan and the WFOE in relation to Yixiang Graphite;
- (d) the equity transfer agreement dated December 14, 2020, entered into between Ms. Song Meixin and the WFOE in relation to Yixiang Graphite;
- (e) the equity transfer agreement dated December 14, 2020, entered into between Mr. Zhao and the WFOE in relation to Yixiang New Energy;
- (f) the equity transfer agreement dated December 14, 2020, entered into between Mr. Zhao Changshan and the WFOE in relation to Yixiang New Energy;
- (g) the equity transfer agreement dated December 14, 2020, entered into between Ms. Song Meixin and the WFOE in relation to Yixiang New Energy;
- (h) the agreement for assignment of loan dated May 15, 2021 entered into among Mr. Zhao, Mr. Zhao Changshan, Mr. Zhao Ming and Yixiang Graphite;
- (i) the agreement for assignment of loan dated May 15, 2021 entered into among Mr. Zhao, Yixiang Graphite and the WFOE;
- (j) the agreement for assignment of loan dated May 15, 2021 entered into among Mr. Zhao, Yixiang New Energy and the WFOE;
- (k) the deed for loan novation dated May 27, 2021 entered into among Mr. Zhao, WFOE, Yixiang Graphite, Yixiang New Energy and the Company;

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- (l) the loan consideration capitalisation deed dated May 27, 2021 entered into among the Controlling Shareholders the WFOE, Yixiang Graphite, Yixiang New Energy and the Company; and
- (m) the [REDACTED].

2. Intellectual Property Rights

(a) Trademarks

(i) Registered trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

<u>No.</u>	<u>Trademark</u>	<u>Class</u>	<u>Registered owner</u>	<u>Place of registration</u>	<u>Registration number</u>	<u>Expiry date</u>
1.		1	Yixiang Graphite	the PRC	17895475	July 27, 2027
2.		1, 37, 40, 42	China Graphite Holdings Group (HK) Limited	Hong Kong	305457790	November 23, 2030

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(b) Patents

(i) Registered patents

As at the Latest Practicable Date, we have the following registered patents which we consider to be material to our business:

<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Registered owner</u>	<u>Place of application</u>	<u>Registration number</u>	<u>Date of expiry</u>
1.	A full-section airlift microbubble flotation machine for the use of mines	Invention	Yixiang Graphite	PRC	2018104167312	May 3, 2038
2.	A digital grinding concentration control device	Utility model	Yixiang Graphite	PRC	2021220812479	August 31, 2031
3.	A reciprocating ball mill feeding device	Utility model	Yixiang Graphite	PRC	2021220784163	August 31, 2031
4.	A ball mill gear sealing device	Utility model	Yixiang Graphite	PRC	2021215982658	July 14, 2031
5.	A flotation machine automatic ore discharge device	Utility model	Yixiang Graphite	PRC	2021215999447	July 14, 2031
6.	A graphite crushing device with dust removal function	Utility model	Yixiang Graphite	PRC	2021215982696	July 14, 2031
7.	A stirring device for graphite mills	Utility model	Yixiang Graphite	PRC	202121534332X	July 7, 2031
8.	A high-efficiency dust removal device for graphite processing	Utility model	Yixiang Graphite	PRC	2021215343368	July 7, 2031
9.	A water mist dust removal device for graphite production	Utility model	Yixiang Graphite	PRC	2021215343315	July 7, 2031
10.	A crusher feeding device for graphite production	Utility model	Yixiang Graphite	PRC	202121534011X	July 7, 2031
11.	A flotation machine scraper with adjustment function	Utility model	Yixiang Graphite	PRC	202121454482X	June 29, 2031
12.	A flotation machine liquid level control device	Utility model	Yixiang Graphite	PRC	2021214548816	June 29, 2031
13.	A ball mill automatic ball feeding device	Utility model	Yixiang Graphite	PRC	2021214548888	June 29, 2031
14.	A transportation device for graphite production	Utility model	Yixiang Graphite	PRC	2021214548905	June 29, 2031
15.	A flake graphite classification device	Utility model	Yixiang Graphite	PRC	2021213832660	June 22, 2031
16.	A flake graphite packaging device	Utility model	Yixiang Graphite	PRC	2021213832694	June 22, 2031
17.	A dust recovery device	Utility model	Yixiang Graphite	PRC	2021213836089	June 22, 2031
18.	A graphite crushing and screening device	Utility model	Yixiang Graphite	PRC	202121383638X	June 22, 2031

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<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Registered owner</u>	<u>Place of application</u>	<u>Registration number</u>	<u>Date of expiry</u>
19.	A dryer dust recovery device	Utility model	Yixiang Graphite	PRC	2021213836695	June 22, 2031
20.	A filter press feeding device	Utility model	Yixiang Graphite	PRC	2021213409229	June 17, 2031
21.	A large angle screw feeding device	Utility model	Yixiang Graphite	PRC	202121341120X	June 17, 2031
22.	A flotation machine stator device	Utility model	Yixiang Graphite	PRC	2021213411498	June 17, 2031
23.	A flotation machine wave blocking device	Utility model	Yixiang Graphite	PRC	2021213411500	June 17, 2031
24.	A diaphragm filter press airbag board	Utility model	Yixiang Graphite	PRC	2020230537971	December 17, 2030
25.	A defoaming device	Utility model	Yixiang Graphite	PRC	202023017077X	December 16, 2030
26.	A foam pump for graphite beneficiation	Utility model	Yixiang Graphite	PRC	202023017101X	December 16, 2030
27.	An automatic device for controlling the liquid level of the graphite flotation machine	Utility model	Yixiang Graphite	PRC	2020230170801	December 16, 2030
28.	A multi-stage device for graphite dust recovery	Utility model	Yixiang Graphite	PRC	2020230171039	December 16, 2030
29.	A graphite fine powder slag removing device	Utility model	Yixiang Graphite	PRC	202023027771X	December 16, 2030
30.	A new practical device for self-adjusting anti-clogging feedstock overflowing graphite	Utility Model	Yixiang Graphite	PRC	2020230277669	December 16, 2030
31.	A grinder for graphite beneficiation use with stirring and fine grinding	Utility Model	Yixiang Graphite	PRC	2020230277692	December 16, 2030
32.	A flue gas drying device	Utility model	Yixiang Graphite	PRC	2020230076157	December 15, 2030
33.	A device for preventing media loss	Utility model	Yixiang Graphite	PRC	2020230076458	December 15, 2030
34.	A powder classification device	Utility model	Yixiang Graphite	PRC	2020230135704	December 15, 2030
35.	A device for recovering fine graphite powder from flue gas dryers	Utility model	Yixiang Graphite	PRC	2020230135776	December 15, 2030
36.	A filter press feeding pump for graphite beneficiation	Utility model	Yixiang Graphite	PRC	202023017084X	December 16, 2030
37.	A check valve device	Utility model	Yixiang Graphite	PRC	2020230134468	December 15, 2030
38.	A type of diaphragm filter press	Utility Model	Yixiang Graphite	PRC	2020230134650	December 15, 2030

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<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Registered owner</u>	<u>Place of application</u>	<u>Registration number</u>	<u>Date of expiry</u>
39.	A moisture-removing fine graphite powder recovery device	Utility model	Yixiang Graphite	PRC	2020230076142	December 15, 2030
40.	A drying, cooling and collecting device for spherical graphite production	Utility Model	Yixiang New Energy	PRC	2021207474610	April 13, 2031
41.	A detection and sampling device for spherical graphite	Utility model	Yixiang New Energy	PRC	2021207458745	April 13, 2031
42.	A protection device for graphite anode material processing	Utility model	Yixiang New Energy	PRC	2021207082718	April 8, 2031
43.	A graphite anode material winnowing device	Utility Model	Yixiang New Energy	PRC	2021207084836	April 8, 2031
44.	A device for grading graphite anode materials	Utility Model	Yixiang New Energy	PRC	2021207085186	April 8, 2031
45.	A raw material screening device for graphite anode material	Utility model	Yixiang New Energy	PRC	202120692173X	April 6, 2031
46.	A kind of graphite anode material conveying device	Utility model	Yixiang New Energy	PRC	2021206931500	April 6, 2031
47.	A drying and charging device for spherical graphite production	Utility model	Yixiang New Energy	PRC	2021206700224	April 1, 2031
48.	A spherical graphite multi-stage grinding device	Utility model	Yixiang New Energy	PRC	2021206705730	April 1, 2031
49.	A demagnetization device for graphite anode material	Utility model	Yixiang New Energy	PRC	2021206705891	April 1, 2031
50.	A multi-stage screening device for graphite negative electrode material processing	Utility model	Yixiang New Energy	PRC	2021206318884	April 1, 2031
51.	A graphite anode material feeding device	Utility model	Yixiang New Energy	PRC	2021206324550	April 1, 2031
52.	A pulverizing device for producing graphite negative electrode material	Utility model	Yixiang New Energy	PRC	202120632471X	April 1, 2031
53.	A sieving device for spherical graphite production	Utility Model	Yixiang New Energy	PRC	2021206700101	April 1, 2031

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<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Registered owner</u>	<u>Place of application</u>	<u>Registration number</u>	<u>Date of expiry</u>
54.	A detection device for the production of graphite anode materials	Utility Model	Yixiang New Energy	PRC	202120670582X	April 1, 2031
55.	A cleaning device for processing graphite anode materials	Utility Model	Yixiang New Energy	PRC	2021206187500	March 26, 2031
56.	A high-efficiency polishing device for graphite anode material production	Utility Model	Yixiang New Energy	PRC	2021206187680	March 26, 2031
57.	A graphite anode material mixing and kneading device	Utility Model	Yixiang New Energy	PRC	2021205953856	March 24, 2031
58.	A device for drying graphite anode materials	Utility Model	Yixiang New Energy	PRC	2021205953979	March 24, 2031
59.	A cooling device for producing graphite negative electrode material	Utility model	Yixiang New Energy	PRC	2021205959797	March 24, 2031
60.	A kind of heat preservation device for production of negative electrode material of lithium battery	Utility model	Yixiang New Energy	PRC	2021205885562	March 23, 2031
61.	A discharging device for spherical graphite production	Utility Model	Yixiang New Energy	PRC	2021205885810	March 23, 2031
62.	A device for drying spherical graphite production	Utility Model	Yixiang New Energy	PRC	2021205885793	March 23, 2031
63.	A vibrating screen for the production of graphite negative electrode material	Utility model	Yixiang New Energy	PRC	2021205635406	March 19, 2031
64.	A dust collector for graphite anode material	Utility model	Yixiang New Energy	PRC	2021205637562	March 19, 2031
65.	A multi-stage screening device for spherical graphite production	Utility Model	Yixiang New Energy	PRC	2021205424710	March 16, 2031
66.	A device for mixing and kneading spherical graphite anode material	Utility Model	Yixiang New Energy	PRC	2021205281736	March 15, 2031
67.	A dust recovery device for the production of graphite negative electrode materials	Utility model	Yixiang New Energy	PRC	2021205156543	March 11, 2031

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<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Registered owner</u>	<u>Place of application</u>	<u>Registration number</u>	<u>Date of expiry</u>
68.	A stirring device for graphite anode material production	Utility model	Yixiang New Energy	PRC	202120515676X	March 11, 2031
69.	A feeder for feeding powder continuously and evenly	Utility model	Yixiang New Energy	PRC	2020213339151	July 9, 2030
70.	A mixing device	Utility model	Yixiang New Energy	PRC	20192222676128	December 17, 2029
71.	A piece of equipment for direct drying	Utility model	Yixiang New Energy	PRC	20192222602139	December 17, 2029
72.	A feeder for feeding evenly	Utility model	Yixiang New Energy	PRC	20192222688619	December 17, 2029
73.	A pulse collecting device	Utility model	Yixiang New Energy	PRC	20192223263781	December 20, 2029
74.	A piece of washing equipment	Utility model	Yixiang New Energy	PRC	20192222675604	December 17, 2029
75.	A new type of reactor	Utility model	Yixiang New Energy	PRC	2019222277791	December 17, 2029
76.	A noise cancelling device for spherical graphite blower fan	Utility model	Yixiang New Energy	PRC	20192222688623	December 17, 2029
77.	A new type of mobile dust removal device	Utility model	Yixiang New Energy	PRC	2019222174850	December 12, 2029
78.	A new type of feeding and slag removal equipment	Utility model	Yixiang New Energy	PRC	201922217769X	December 12, 2029
79.	A cyclone separator for prevention of accumulation of ash	Utility model	Yixiang New Energy	PRC	2017218284346	December 25, 2027
80.	A self-adjusting cyclone separator	Utility model	Yixiang New Energy	PRC	2017218194034	December 23, 2027
81.	A horizontal cyclone separator	Utility model	Yixiang New Energy	PRC	2017218169352	December 22, 2027
82.	A high-efficiency cyclone separator with a central tube	Utility model	Yixiang New Energy	PRC	2017218170504	December 22, 2027
83.	A cyclone separator	Utility model	Yixiang New Energy	PRC	2017218171032	December 22, 2027

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(ii) Patent applications pending

As at the Latest Practicable Date, we have applied for the registration of the following patents which we consider to be material to our business:

<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Applicant</u>	<u>Place of application</u>	<u>Application number</u>	<u>Date of application</u>
1.	A flake graphite purification process and device with a strong acid method	Invention	Yixiang Graphite	PRC	2021110330328	September 3, 2021
2.	A natural spherical graphite chemical purification and wastewater treatment process	Invention	Yixiang Graphite	PRC	2021110330332	September 3, 2021
3.	A graphite electrode material and the preparation method thereof	Invention	Yixiang New Energy	PRC	202110378107X	April 8, 2021
4.	An equipment for preparing graphitized mixed materials	Invention	Yixiang New Energy	PRC	2021103676054	April 6, 2021
5.	A production process of carbon coating material	Invention	Yixiang New Energy	PRC	2021103682303	April 6, 2021
6.	A device and process for protecting graphite flakes	Invention	Yixiang Graphite	PRC	202011589854X	December 29, 2020
7.	A treating process and device for graphite flotation ore	Invention	Yixiang Graphite	PRC	2020115893404	December 29, 2020
8.	Process method and device for synthesizing fine particle natural graphite	Invention	Yixiang Graphite	PRC	2020115741810	December 28, 2020
9.	An intelligent process method and device for graphite grinding and floating	Invention	Yixiang Graphite	PRC	2020115569788	December 25, 2020
10.	A circulating processing system and method for spherical graphite tailing charge	Invention	Yixiang New Energy	PRC	2020106553831	July 9, 2020
11.	A process for the production of spherical graphite raw material	Invention	Yixiang New Energy	PRC	2020106555521	July 9, 2020
12.	A demagnetization process for spherical graphite with low magnetic substance	Invention	Yixiang New Energy	PRC	2019113361636	December 23, 2019

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<u>No.</u>	<u>Patent</u>	<u>Type</u>	<u>Applicant</u>	<u>Place of application</u>	<u>Application number</u>	<u>Date of application</u>
13.	A high-temperature purified graphene carbonene lithium-ion battery anode materials and the production method thereof	Invention	Yixiang Graphite	PRC	2021108481048	July 27, 2021
14.	A production method of high-performance natural graphite lithium-ion battery anode materials	Invention	Yixiang Graphite	PRC	2021108481052	July 27, 2021

(c) Domain Names

As at the Latest Practicable Date, we have registered the following domain name(s) which we consider to be material to our business:

<u>No.</u>	<u>Domain name</u>	<u>Registered owner</u>	<u>Date of registration</u>	<u>Expiry date</u>
1.	<u>yxny.cn</u>	Yixiang Graphite	January 7, 2014	January 7, 2022

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of the Directors and the chief executives

Immediately following completion of the [REDACTED], the Loan Consideration Capitalization and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account the Shares which may be issued upon any options granted or to be granted under the Share Option Scheme), so far as our Directors are aware, the interests or short positions of our Directors and chief executives in our Shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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, pursuant to the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are [REDACTED], will be as follows:

Name of Director	Capacity/Nature of interest	Number of Shares held⁽¹⁾	Approximate percentage of issued share capital⁽²⁾
Mr. Zhao Liang	Interest of controlled corporation ⁽³⁾	[REDACTED]	[REDACTED]

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] Shares in issue immediately after the completion of the Loan Consideration Capitalization, the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and without taking into account the Shares which may be issued upon any options granted or to be granted under the Share Option Scheme).
- (3) Sandy Mining Limited is wholly-owned by Mr. Zhao Liang. Accordingly, Mr. Zhao Liang is deemed to be interested in such number of Shares held by Sandy Mining Limited for the purpose of Part XV of the SFO.

(b) Interests of the substantial shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, our Directors are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the Shares or the underlying Shares which, once the Shares are [REDACTED], would fall to be disclosed to our Company and the

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Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

2. Particulars of service contracts

Each of our executive Directors, has entered into a service agreement with our Company with an initial term of three years commencing from the [REDACTED], and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other (subject always to re-election as and when required under the Memorandum and Articles of Association). Each of our executive Directors are entitled to their respective basic salary set out below.

Each of our independent non-executive Directors will enter into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our independent non-executive Directors is appointed with an initial term of three years commencing from the [REDACTED] subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any members of our Group (other than contracts expiring or determinate by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Director's Remuneration

The aggregate remuneration (including wages, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses and other allowances and other benefits in kind) incurred for each of the three years ended December 31, 2021 were approximately RMB0.7 million, RMB0.7 million and RMB1.5 million, respectively.

Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for each of the three years ended December 31, 2021.

Pursuant to the existing arrangements that are currently in force as at the date of this document, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2022 is estimated to be approximately RMB1.7 million in aggregate.

4. Agent fees or commissions received

Save in connection with the [REDACTED], none of our Directors nor any of the parties listed in the paragraph headed "9. Qualifications of experts" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any capital of our Company or any member of our Group within the two years preceding the date of this document.

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5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors has any interest or short position in the shares, underlying shares and debentures of our Company or our associated incorporation (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 for Securities Transactions by Directors and Listed Issuers 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 our Directors, no person has an interest or short position in the 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 10% 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;
- (c) none of our Directors nor any of the parties listed in the paragraph headed "9. Qualifications of experts" in this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the date of this document, been acquired or disposed of by or leased to our Company or any member of our Group, or are proposed to be acquired or disposed of by or leased to our Company or any member of our Group;
- (d) save in connection with the [REDACTED], none of our Directors nor any of the parties listed in the paragraph headed "9. Qualifications of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of 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 headed "9. Qualifications of experts" in this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any member of our Group; 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; and
- (f) none of our Directors or their close 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 our five largest customers.

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D. OTHER INFORMATION

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by written resolutions of our Shareholder(s) passed on [●], 2022.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to grant options to Eligible Participants (as defined in paragraph (b) below) as incentives or rewards for their contribution to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below: (i) any full-time or part-time employees of our Company, any of its subsidiaries or any entity in which any member of the Group holds any equity interest (“**Invested Entity**”); (ii) any non-executive director (including independent non-executive directors) of our Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of our Company of HK\$1 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to

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grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and 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 exercise price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of our Shares so allotted and issued.

The exercise of any option shall be subject to our Shareholders in a general meeting approving any necessary increase in the authorized share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the [REDACTED], the Loan Consideration Capitalisation and the [REDACTED] (assuming the [REDACTED] is not exercised), being [REDACTED] Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, and/or other information required under the Listing Rules.

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Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), and/or other information required under the Listing Rules; and
- (ii) the approval of our Shareholders in general meeting with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:
 - (a) the name, address and position of the Eligible Participant;
 - (b) the offer date;
 - (c) the number of Shares in respect of which the offer is made and the subscription price for such Shares (including the manner of payment for the subscription price on and in consequence of the exercise of the option;

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- (d) the option period in respect of which the offer is made or, as the case may be, the option period in respect of separate parcels of Shares comprised in the offer;
- (e) the last date by which the offer must be accepted (which may not be later than 21 days from the offer date);
- (f) the procedure for acceptance of the offer;
- (g) how the expiry date in relation to that option is ascertained;
- (h) the method of exercise of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and
- (i) the performance target(s) (if any) that must be attained by the Eligible Participant before any option can be exercised; and
- (j) such other terms and conditions of the Offer as may be imposed by the Directors as are not inconsistent with this Scheme.

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person under

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the Share Option Scheme and any other share option schemes of our Company in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the date of such grant; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant which shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of options

A grant of options may not be made after inside information has come to the knowledge of our Company until it has been published pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

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- (ii) the deadline for our Company to publish an announcement of results for (i) any year or half-year period in accordance with the Listing Rules, and (ii) where the Company has elected to publish them, any quarterly or other interim period, and ending on the date of actual publication of the results announcement, and
- (iii) where an option is granted to a Director:
 - (aa) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (bb) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) *Rights are personal to grantee*

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option held by him/her or any other relating to the grant of an option 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 Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) *Time of exercise of option and duration of the Share Option Scheme*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time commencing the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period commencing on the [REDACTED] and ending on the tenth anniversary of the [REDACTED] (both dates inclusive), after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

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(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment or death

In the event of the grantee of an option ceasing to be an Eligible Participant for any reason other than on his/her death, ill-health, injury, permanent disability or retirement the grantee may exercise the option up to his/her entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month (or such longer period as the Board may determine) following the date of such cessation (which date shall be, in relation to a grantee who is an Eligible Participant by reason of his/her employment with our Company or any of our subsidiaries, the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not).

In the case of the grantee of an option ceasing to be an Eligible Participant by reason of death, ill-health, permanent disability or retirement (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his/her relationship with our Company and/or any of our subsidiaries under paragraph (m) has occurred, the grantee or his/her personal representative(s) shall be entitled within a period of 12 months (or such longer period as the 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).

(m) Rights on dismissal

In the event of the grantee of an option ceasing to be an Eligible Participant by reason of the termination of his/her relationship with our Company and/or any of our subsidiaries on any one or more of the following grounds:

- (i) that he/she has been guilty of serious misconduct;
- (ii) that he/she has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of our Company and/or any of our subsidiaries;
- (iii) that he/she has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally; or
- (iv) on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or the relevant subsidiary,

his/her option will lapse automatically and not be exercisable (to the extent not already exercised) from the date of cessation of being an Eligible Participant.

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(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror (as defined in the Takeovers Code)), our Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the options granted to them, Shareholders). If such offer becomes or is declared unconditional, the grantee of an option (or his/her legal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

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 forthwith give notice thereof to all grantees and thereupon, each grantee (or in the case of the death of the grantee, his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than two business days prior to the proposed general meeting of our Company referred to above 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 immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members and/or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the Companies Act, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members and/or creditors summoning the meeting to consider such a compromise or arrangement and thereupon each grantee shall be entitled to exercise all or any of his/her options in whole or in part at any time prior to 12 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the

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relevant court or upon any other terms as may be approved by such court) the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(q) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will subject to all the provisions of the Articles and rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. Shares issued on the exercise of an option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an approved independent financial adviser shall (other than in respect of an adjustment made on a capitalisation issue) certify in writing to the Board to be in their/his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and/or such other requirements prescribed under the Listing Rules from time to time and the note thereto. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe had he exercised all the options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

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(s) Expiry of option

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his or her relationship with our Company and/or any of its subsidiaries on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty, or in relation to an employee of our Group, or has been insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally or any other ground as determined by the Board that would warrant the termination of his or her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board or the 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; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme),

shall first be approved by our Shareholders in general meeting provided that the amended terms of the Share Option Scheme or the options shall remain in compliance with Chapter 17 of the Listing Rules, and if the proposed alteration shall adversely affect the terms of issue of

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any option granted or agreed to be granted prior to the date of alteration, or reduce the proportion of equity capital to which any person was entitled pursuant to such option prior to such alteration, such alteration shall be further subject to the grantees' *approval in accordance with the terms of the Share Option Scheme*.

(u) Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (i).

(v) Termination of the Share Option Scheme

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

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the [REDACTED] of the Stock Exchange granting approval (whether subject to conditions or not) of this Scheme and any Options which may be granted hereunder, and the [REDACTED] of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the passing of the necessary resolution to approve and adopt this Share Option Scheme and to authorize the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under this Share Option Scheme in general meeting or by way of written resolution of the shareholder(s) of the Company;
- (iii) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the [REDACTED] acting for and on behalf of the [REDACTED]) and not being terminated in accordance with the terms of the [REDACTED] or otherwise; and

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- (iv) the commencement of [REDACTED] on the Main Board of the Stock Exchange.

If the conditions in paragraphs (i) to (iv) above are not satisfied on or before the date falling 30 days after the date of the Document:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(z) *Present status of the Share Option Scheme*

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

2. Estate duty and other indemnities

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any member of our Group.

Deed of Indemnity

Mr. Zhao and Sandy Mining Limited (the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favor of our Company (for itself and as trustee for and on behalf of each of its subsidiaries) whereby conditional on the conditions set out in the section headed “Structure and Conditions of the [REDACTED]” in this document having been fulfilled, the Indemnifiers have given indemnities in connection with, among other matters:

- (a) any duty which is, at the date of the Deed of Indemnity, or thereafter becomes payable by the members of the Group or any of them by virtue of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of the members of the Group or any of such assets being deemed for the purpose of Estate Duty to be included in the property passing on his death by reason of that person making or having made a transfer of any property which he/she transferred

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in a fiduciary capacity being a transfer made on or before the Effective Date (as defined below) and such a transfer means any transaction of the kind "a transfer of any property other than an interest limited to cease on his death or property which he transferred in a fiduciary capacity" in section 35 of the Estate Duty Ordinance interpreted in accordance with the provisions contained in section 3 of the Estate Duty Ordinance ("Relevant Transfer") to the members of the Group or any of them at any time on or prior to the date on which the [REDACTED] becomes unconditional (the "Effective Date"); and/or

- (b) any amount recovered (as at the date of the Deed of Indemnity or thereafter) against the members of the Group or any of them under the provisions of section 43(7) of the Estate Duty Ordinance in respect of any duty payable under section 43(1) or 43(6) of the Estate Duty Ordinance (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of the Group or any of such assets being deemed for the purpose of the estate duty payable under the Estate Duty Ordinance and the estate duty (or any similar tax or duty) payable under the laws and regulations of, or otherwise payable in, any other jurisdictions and which includes any interest, penalty or other liability arising in connection with the imposition or non-payment or delay in payment of such duty ("Estate Duty") to be included in the property passing on his death by reason of that person making or having made a Relevant Transfer to the members of the Group or any of them at any time on or prior to the Effective Date; and/or
- (c) any amount of duty which the members of the Group or any of them is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) in respect of the death of any person in any case where the assets of another company or any of them are deemed for the purpose of Estate Duty to be included in the property passing on that person's death by reason of that person making or having made a Relevant Transfer to that other company and by reason of the members of the Group or any of them having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance, in each case at any time on or prior to the [REDACTED], but only to the extent to which the members of the Group or any of them are/is unable to recover an amount or amounts in respect of that duty from any other person under the provisions of section 43(7)(a) of the Estate Duty Ordinance; and/or
- (d) any claim which has arisen or may arise wholly or partly in respect of or in consequence of any act or omission occurring on or before the [REDACTED].

The Indemnifiers agreed with each of the members of the Group that they will jointly and severally indemnify and at all times keep them and each of them fully and effectively indemnified on demand against Taxation (as defined in the Deed of Indemnity) and Taxation Claim (as defined in the Deed of Indemnity), together with all costs (including all legal and other professional costs), expenses, all interests, penalties or other liabilities which any of the members of the Group may incur in connection with (i) the investigation, assessment,

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contesting or any claim under the Deed of Indemnity; (ii) the settlement of any claim under the Deed of Indemnity; (iii) any legal proceedings in which any of the members of the Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any of the members of the Group; or (iv) the enforcement of any such settlement or judgment referred to in (ii) and (iii) above, falling on any of the members of the Group, (i) resulting from or by reference to any income, profits or gains transactions, events, matters or things earned, accrued, received, entered into or occurring (or deemed to be so earned, accrued, received, entered into or occurring) on or before the Effective Date (ii) resulting from or by reference to any event or transaction occurring or deemed to occur on or before the Effective Date whether alone or in conjunction with another event or transaction or other events or transactions; (iii) in respect of or in consequence of any act or omission of any members of the Group regarding the inter-companies transactions on or before the Effective Date; or (iv) in conjunction with any other circumstances whenever occurring and whether or not such Taxation or Taxation Claim is chargeable against or attributable to any other person, firm or company, including any and all Taxation resulting from the receipt by any members of the Group of any amounts paid by the Indemnifiers under the Deed of Indemnity.

The indemnity mentioned in this subsection shall not apply:

- (a) to the extent that provision or reserve has been made for such Taxation in the audited accounts of any of the members of the Group for the years ended December 31, 2019, 2020 and 2021 which arises in the ordinary course of business of the Group as described in the section entitled "Business" in the Document; or
- (b) to the extent that such Taxation Claim or liability for such Taxation falls on any of the members of the Group in respect of its accounting period commencing on or after January 1, 2019 unless such Taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, the Indemnifiers, the members of the Group or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets, before the Effective Date;
- (c) to the extent that such Taxation Claim or liability for such Taxation would not have arisen but for a voluntary act or transaction carried out or effected (other than pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity) by the relevant member of the Group after the date of Deed of Indemnity;
- (d) to the extent that such Taxation Claim or liability for such Taxation arises or is incurred as a result of the imposition of Taxation as a consequence of any retrospective change in the law, rules and regulations, or the interpretation or practice thereof by the Inland Revenue Department of the government of Hong Kong or the taxation authority of the PRC or any other relevant authority (whether in Hong Kong or the PRC, the British Virgin Islands or the Cayman Islands or any

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other part of the world) coming into force after the date of Deed of Indemnity or to the extent such Taxation Claim arises or is increased by an increase in rates of Taxation after the date of Deed of Indemnity with retrospective effect; or

- (e) to the extent of any provision or reserve made for Taxation in the audited accounts of any of the members of the Group up to December 31, 2020 and which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such Taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this sub-paragraph (e) to reduce the Indemnifiers' liability in respect of Taxation shall not be available in respect of any such liability arising thereafter.

3. Litigation

As at the Latest Practicable Date, we were not 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 by or against us, that would have a material adverse effect on our results of operations or financial conditions.

4. Sole Sponsor

The Sole Sponsor has made an [REDACTED] on our behalf to the [REDACTED] for the [REDACTED] of, and the permission to deal in [REDACTED] as mentioned in this document (including the Shares which may be issued pursuant to the exercise of the [REDACTED]). The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The fees payable to the Sole Sponsor in respect of its services as sponsor for the [REDACTED] are approximately HK\$6.8 million and are payable by us.

5. Preliminary Expenses

The preliminary expenses of our Company are estimated to be approximately HK\$54,288 and have been paid by our Company.

6. Promoter

Our Company has no promoter for the purposes of the Listing Rules. 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.

7. Bilingual Document

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

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8. Binding Effect

This document shall have effect, if an application is made in pursuance of it, 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 so far as applicable.

9. Qualifications of Experts

The following are the qualifications of experts (as defined under the Listing Rules and the Companies Ordinance) who have given opinions or advice which are contained or referred to in this document:

Name	Qualifications
Lego Corporate Finance Limited	Licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
SRK Consulting (Hong Kong) Limited	Independent technical consultant
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Tian Yuan Law Firm	Legal adviser to our Company as to PRC law
Appleby	Legal adviser to our Company as to Cayman Islands law
Frost & Sullivan (Beijing) Inc. Shanghai Branch Co.	Independent industry consultant
Roma Appraisals Limited	Independent property valuer
(Gavin) Heung Ngai Chan	Competent person (within the meaning of Chapter 18 of the Listing Rules)

10. Consent of Experts

Each of the experts as referred to in the section headed "9. Qualifications of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

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None of the experts named above has any shareholders' interests in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for interests in our Company or any member of our Group.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2021 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

- (a) Save as disclosed in this document:
 - (i) within the two years immediately preceding the date of this document, neither our Company, nor any member of our Group has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
 - (ii) neither our Company, nor any member of our Group has granted or agreed to grant commissions, discounts, brokerages or other special terms in connection with the issue or sale of any share or loan capital;
 - (iii) within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to the [REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any member of our Group;
 - (iv) no founder, management or deferred shares of our Company or any member of our Group have been issued or agreed to be issued;
 - (v) our Company has no outstanding convertible debt securities or debentures;
- (b) no share or loan capital of our Company, or any member of our Group is under opinion or is agreed conditionally or unconditionally to be put under option;
- (c) none of the persons named in the paragraph headed "D. Other Information — 9. Qualifications of Experts" in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;
- (d) there is no arrangement under which the future dividends are waived or to be waived;
- (e) our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document;

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- (f) our principal share register will be maintained by our principal share registrar, [REDACTED] in the Cayman Islands and our Hong Kong share register will be maintained by our [REDACTED]. All transfers and other documents of title of the Shares must be lodged for registration with and registered by our register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to [REDACTED]; and
- (g) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought.