

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Smoore International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Smoore International Holdings Limited

思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6969)

**PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES
AND
GRANT OF OPTIONS UNDER THE POST-IPO
SHARE OPTION SCHEME
AND
PROPOSED AMENDMENTS TO POST-IPO SHARE OPTION SCHEME
AND
PROPOSED AMENDMENTS TO SHARE AWARD PLAN
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

The notice convening the Extraordinary General Meeting of Smoore International Holdings Limited to be held at Theatre A, The Hong Kong General Chamber of Commerce, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 18 February 2025 at 3:00 p.m. is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 3:00 p.m. on Sunday, 16 February 2025 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.smooreholdings.com>).

8 January 2025

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	8
2. General Mandates to Repurchase and to Issue Shares	8
3. Grant of Options under the Post-IPO Share Option Scheme	9
4. Proposed Amendments to the Existing Post-IPO Share Option Scheme	18
5. Proposed Amendments to the Existing Share Award Plan	23
6. Extraordinary General Meeting and Proxy Arrangement	30
7. Responsibility Statement	31
8. Recommendation	31
Appendix I — Explanatory Statement on the Repurchase Mandate	I-1
Appendix II — Summary of the Principal Terms of the Amended Post-IPO Share Option Scheme	II-1
Appendix III — Summary of the Principal Terms of the Amended Share Award Plan	III-1
Notice of Extraordinary General Meeting	EGM-1

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Amended Post-IPO Share Option Scheme”	the amended share option scheme proposed to be adopted by the Company at the Extraordinary General Meeting
“Amended Share Award Plan”	the amended share award plan proposed to be adopted by the Company at the Extraordinary General Meeting
“Amendment Date”	18 February 2025, being the proposed date on which the Amended Post-IPO Share Option Scheme and/or the Amended Share Award Plan is approved by the resolutions in the Extraordinary General Meeting
“Articles of Association”	the articles of association of the Company currently in force
“Award(s)”	the award(s) granted pursuant to the Existing Share Award Plan or to be granted pursuant to the Amended Share Award Plan
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to a provisional award made in accordance with the Existing Share Award Plan or the Amended Share Award Plan, as the case may be
“Board”	the board of Directors
“Business Day(s)”	day(s) on which Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Committee”	other person(s) from time to time delegated by the Board with the power and authority to administer the Existing Share Award Plan or the Amended Share Award Plan, as the case may be

DEFINITIONS

“Company”	Smoore International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	the eligible participant(s) of the Amended Post-IPO Share Option Scheme and the Amended Share Award Plan as set out in Appendix II and Appendix III to the circular, as the case may be, respectively
“Excluded Participant(s)”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Amended Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
“Existing Post-IPO Share Option Scheme”	the existing share option scheme adopted by the Company pursuant to a resolution passed by the Shareholders on 15 June 2020
“Existing Share Award Plan”	the existing share award plan adopted by the Board on 2 September 2021
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Theatre A, The Hong Kong General Chamber of Commerce, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 18 February 2025 at 3:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages EGM-1 to EGM-5 of this circular, or any adjournment thereof
“Grant”	the conditional grant of 61,000,000 Options to Mr. Chen made by the Company on 27 December 2024 under the Post-IPO Share Option Scheme

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders excluding Mr. Chen, his associates and all core connected persons of the Company who must abstain from voting in favour of the proposed ordinary resolution contained in item 7 of the notice of the Extraordinary General Meeting
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares (including any sale or transfer of Treasury Shares out of treasury) of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 2 of the notice of the Extraordinary General Meeting
“Latest Practicable Date”	3 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	the date on which dealings in the Shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Max Shares Threshold”	the additional maximum limit of (i) the number of Shares which may be held by the Trustee, and (ii) the number of Awarded Shares which may be granted, under the Existing Share Award Plan or the Amended Share Award Plan, as the case may be
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
“Mr. Chen”	Mr. Chen Zhiping, chairman of the Board, executive Director and substantial shareholder of the Company

DEFINITIONS

“Option(s)”	option(s) to subscribe for or acquire Shares which was granted pursuant to the Existing Post-IPO Share Option Scheme or will be granted pursuant to the Amended Post-IPO Share Option Scheme
“Option-holder”	a person holding an option which was granted under the Existing Post-IPO Share Option Scheme or to be granted under the Amended Post-IPO Share Option Scheme (and, where relevant, includes his personal representatives)
“Post-IPO Share Option Scheme”	the Existing Post-IPO Share Option Scheme and the Amended Post-IPO Share Option Scheme (as appropriate)
“PRC”	the People’s Republic of China (for the purpose of this circular excludes Hong Kong, Macao Special Administrative Region and Taiwan region)
“Pre-IPO Share Option Scheme”	the share option scheme approved and adopted by the Shareholders on 30 September 2019, the principal terms of which were summarised in the paragraphs under “D. Share Option Schemes — 1. Pre-IPO Share Option Scheme” in Appendix IV of the Prospectus
“Prospectus”	the prospectus of the Company dated 29 June 2020
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 1 of the notice of the Extraordinary General Meeting
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Scheme Mandate Limit”	the limit that the total number of Shares which may be issued together with Treasury Shares which may be transferred in respect of the Grant (if approved by the Independent Shareholders) and all Options and Awards to be granted under the Post-IPO Share Option Scheme, the Amended Share Award Plan and any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue (excluding the Treasury Shares) as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Extraordinary General Meeting
“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an award under the Existing Share Award Plan or the Amended Share Award Plan, as the case may be
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) of US\$0.01 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Award Plan”	the Existing Share Award Plan and the Amended Share Award Plan (as appropriate)
“Share Pool”	the pool of Share from which the award under the Existing Share Award Plan or the Amended Share Award Plan, as the case may be, shall be made
“Shareholder(s)”	holder(s) of Share(s) (excluding Treasury Shares)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Treasury Shares”	Shares repurchased and held by the Company in treasury, including Shares repurchased by the Company and held or deposited in CCASS for sale on the Stock Exchange

DEFINITIONS

“Trust Deed”	the trust deed entered into between the Company as settlor and the Trustee as trustee on 2 September 2021 in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time
“Trust Fund”	the funds and properties held under the trust constituted by the Trust Deed and managed by the Trustee for the benefit of the Eligible Participants in accordance with the terms of the Existing Share Award Plan and the Amended Share Award Plan, as the case may be, and the Trust Deed
“Trustee”	Tricor Trust (Hong Kong) Limited or such other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed for the administration of the Existing Share Award Plan and the Amended Share Award Plan, as the case may be
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



Smooore International Holdings Limited

思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6969)

Executive Directors:

Mr. CHEN Zhiping
Mr. XIONG Shaoming
Mr. WANG Guisheng
Ms. WANG Xin

Non-executive Director:

Ms. JIANG Min

Independent Non-executive Directors:

Mr. ZHONG Shan
Mr. YIM Siu Wing, Simon
Dr. WANG Gao

Registered Office:

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head Office in the PRC:

No. 16, Dongcai Industrial Zone
Gushu Community, Xixiang Street
Bao'an District, Shenzhen
Guangdong, China

Principal Place of Business in Hong Kong:

Office B, 28/F, EGL Tower
No. 83 Hung To Road
Kowloon
Hong Kong

8 January 2025

To the Shareholders

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES
AND
GRANT OF SHARE OPTIONS UNDER THE POST-IPO
SHARE OPTION SCHEME
AND
PROPOSED AMENDMENTS TO POST-IPO SHARE OPTION SCHEME
AND
PROPOSED AMENDMENTS TO SHARE AWARD PLAN
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the Extraordinary General Meeting to be held for the purpose of considering the proposed grant of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the conditional grant of 61,000,000 Options to Mr. Chen, and the proposed amendments to the Existing Post-IPO Share Option Scheme and Existing Share Award Plan.

2. GENERAL MANDATES TO REPURCHASE AND TO ISSUE SHARES

At the annual general meeting of the Company held on 24 May 2024, general mandates were granted to the Directors to repurchase and to issue and allot Shares. As at the Latest Practicable Date, these general mandates had not been exercised.

With effect from 11 June 2024, the Listing Rules were amended to introduce flexibility for listed companies to allow repurchased Shares to be held in treasury with detailed rules to govern the resale of treasury shares. Following such changes to the Listing Rules, subject to obtaining Shareholders' approval in general meeting, if the Company repurchases Shares pursuant to the Repurchase Mandate, the Company may (i) cancel the repurchased Shares and/or (ii) hold such Shares in treasury as Treasury Shares, subject to market conditions and the capital management needs of the Company at the relevant time such repurchases of Shares are made. If the Company holds Shares in treasury, any resale of Treasury Shares shall be made in accordance with the Listing Rules and applicable laws and regulations of Cayman Islands.

In order to give the Company the flexibility to hold repurchase Shares as Treasury Shares, and to resale and/or transfer Treasury Shares, ordinary resolutions will be proposed at the Extraordinary General Meeting to replace the general mandates granted to the Directors at the annual general meeting of the Company held on 24 May 2024 with the following:

- (1) The Repurchase Mandate to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 1 of the notice of the Extraordinary General Meeting (i.e. a total of 618,025,799 Shares based on 6,180,257,991 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date and on the basis that such number of Shares in issue (excluding Treasury Shares) remains unchanged on the date of passing of the proposed ordinary resolution). In this connection, an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

- (2) The Issue Mandate to allot, issue or deal with additional Shares (including any sale or transfer of Treasury Shares out of treasury) of not exceeding 20% of the total number of issued Shares (excluding Treasury Shares) of the Company as at the date of passing of the proposed ordinary resolution contained in item 2 of the notice of the Extraordinary General Meeting (i.e. a total of 1,236,051,598 Shares based on 6,180,257,991 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date and on the basis that such number of Shares in issue (excluding Treasury Shares) remains unchanged on the date of passing of the proposed ordinary resolution).
- (3) Subject to the passing of the Repurchase Mandate, extending the Issue Mandate by adding the number of Shares repurchased by the Company pursuant to the Repurchase Mandate to the Issue Mandate.

Subject to the passing of the relevant ordinary resolutions at the Extraordinary General Meeting, the proposed Repurchase Mandate, Issue Mandate and extension to the Issue Mandate will continue to be in force for the period from the passing of such resolutions until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; and (iii) the date on which such authority is revoked or varied by ordinary resolution of the Shareholders at a general meeting of the Company.

As at the Latest Practicable Date, the Company did not have plan to issue Shares under the proposed Issue Mandate or to repurchase Shares under the proposed Repurchase Mandate.

3. GRANT OF OPTIONS UNDER THE POST-IPO SHARE OPTION SCHEME

Introduction

Reference is made to the announcement of the Company dated 27 December 2024 in relation to, among others, the Grant. On 27 December 2024, the Board has approved the Grant, namely a conditional grant of 61,000,000 Options to Mr. Chen under the Amended Post-IPO Share Option Scheme. The Grant is conditional on the following:

- (1) Shareholders' approval of the Amended Post-IPO Share Option Scheme;
- (2) Shareholders' approval of the Scheme Mandate Limit; and
- (3) Independent Shareholders' approval of the Grant.

LETTER FROM THE BOARD

Terms of the Grant

Details of the terms and conditions of the Grant are as follows:

Date of Grant:	27 December 2024
Exercise price of Options granted:	<p>Each Option shall entitle its holder to subscribe for one Share (or to purchase one Treasury Share subject to the proposed amendments to the Existing Post-IPO Share Option Scheme being approved by the Shareholders) upon exercise of such Option at an exercise price of HK\$11.26 per Share, which is not less than the highest of:</p> <ul style="list-style-type: none">(i) the closing price of HK\$11.26 per Share as stated in the Stock Exchange's daily quotations sheet on the date of the Grant;(ii) the average closing price of HK\$10.35 per Share as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the Grant; and(iii) the nominal value of US\$0.01 per Share.
Number of Options granted:	An aggregate of 61,000,000 Options (representing approximately 0.99% of the issued Shares (excluding Treasury Shares) as at the Latest Practicable Date)
Closing price of Shares on the date of the Grant:	HK\$11.26 per Share
Validity period of the Options granted:	The Options conditionally granted shall be valid for the period of 10 years from the date of the Grant. Any Options not exercised by 26 December 2034 shall lapse.
Vesting period of the Options:	The Options conditionally granted shall vest in phases after the 12 months vesting period.
Exercise period of the Options:	The Options conditionally granted shall be exercisable within the validity period upon being vested in phases.

LETTER FROM THE BOARD

Performance targets:

The Options may vest after the 12 months vesting period if during the period between 1 January 2025 and 31 December 2030:

- the average market capitalisation of the Company for any 15 consecutive Business Days first reaches or exceeds HK\$300,000,000,000, 30% of the Options conditionally granted (18,300,000 Options) may vest;
- the average market capitalisation of the Company for any 15 consecutive Business Days first reaches or exceeds HK\$400,000,000,000, 60% of the Options conditionally granted (36,600,000 Options) may vest;
- the average market capitalisation of the Company for any 15 consecutive Business Days first reaches or exceeds HK\$500,000,000,000, all 100% of the Options conditionally granted (61,000,000 Options) may vest;

In the event that the market capitalisation of the Company is affected by any spin-off or share alteration of the Company, the market capitalisation targets stated above may be adjusted upwards or downwards in such manner as the independent non-executive Directors of the Company determine, in writing, to be fair and reasonable. Any such adjustments will be announced as soon as practicable thereafter and be subject to approval by Shareholders in general meeting as contemplated under paragraph 18 in Appendix II of this circular.

LETTER FROM THE BOARD

For the avoidance of doubt:

- in the event that the average market capitalisation of the Company for any 15 consecutive Business Days first reaches or exceeds a target market capitalisation and the Options granted had already been vested due to the same or other target milestone being met, the Options which are capable of being vested will be reduced accordingly (by way of example, if the HK\$400,000,000,000 market capitalisation target is reached and Options vest, it is intended that 60% will vest if the HK\$300,000,000,000 market capitalisation target was not met before; however, if the HK\$300,000,000,000 market capitalisation target was achieved before and 30% of the Options had vested, only an additional 30% may vest if the HK\$400,000,000,000 market capitalisation target is subsequently achieved);
- the average market capitalisation of the Company for any 15 consecutive Business Days is to be calculated by dividing the sum of the market capitalisation of the Company for each of those 15 Business Day by 15; and
- the market capitalisation of the Company for a Business Day is to be calculated by multiplying the closing price of the Shares and the number of issued Shares (excluding Treasury Shares, if any) on that day.

To the extent any of the performance targets is not met by 31 December 2030, the relevant Options shall lapse.

Clawback mechanism:

The Options conditionally granted were subject to the clawback mechanism as set out in the terms of the Post-IPO Share Option Scheme. Please refer to paragraph 15 in Appendix II of this circular for details of the clawback mechanism under the Post-IPO Share Option Scheme.

LETTER FROM THE BOARD

Under the terms of the Post-IPO Share Option Scheme, no dividends (and distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to any of the Options which has not been exercised. The Options and any rights in respect of any of the Options may not be transferred, assigned, otherwise disposed of to any other person, whether voluntarily or involuntarily (except for transmission on the death).

No financial assistance has been provided or will be provided by the Group to Mr. Chen to facilitate his subscription or purchase of Shares under the Grant. Mr. Chen is required to pay HK\$1 as consideration for the acceptance of the Grant within such period (not exceeding 30 days inclusive of, and from, the date of the Grant) as the Board may determine.

Scheme Mandate Limit

As disclosed in the Company's announcement dated 27 December 2024 titled "Grant of Share Options", the scheme mandate limit remaining for the Post-IPO Share Option Scheme is 7,995,340 Shares, which is not sufficient to cover the Grant. As such, the Grant is conditional on, among others, the Shareholders' approval of the Scheme Mandate Limit pursuant to Chapter 17 of the Listing Rules as set out in item 6 of the notice of the Extraordinary General Meeting. Assuming the Shareholders approves the Amended Post-IPO Share Option Scheme, the Scheme Mandate Limit and the Grant, and that there is no change to the number of issued Share of the Company from the Latest Practicable Date to the Extraordinary General Meeting, a total of 557,025,799 Shares will be available for future grant under the Scheme Mandate Limit.

Reasons for the Grant

Mr. Chen founded the Group in 2009. As chairman of the Board and chief executive officer of the Group, Mr. Chen is responsible for the overall management and business operation of the Group, including coordinating Board affairs, formulating strategies and operational plans and making major business decisions.

According to the independent market research report issued by industry consultant Frost & Sullivan ("Sullivan") in March 2024 (the "Sullivan Report"), the electronic atomisation industry that the Group has been focusing in has huge potential for growth. As examples, the Sullivan Report expected that the market size of the global vaping device market and the global heat-not-burn products market by revenue (by ex-factory price) to reach approximately US\$19.86 billion and approximately US\$19.42 billion, respectively, in 2028, representing a projected compound growth rate of approximately 11.5% and approximately 18%, respectively. The Sullivan Report also indicated that the global market for atomisation products for special purpose will reach approximately US\$2.09 billion (by ex-factory price) in 2028, representing a projected compound growth rate of approximately 10.9% from 2023 to 2028.

LETTER FROM THE BOARD

As disclosed in the Company's Annual Report 2023, there is also big potential for growth in the field of inhalation therapy and beauty atomisation. For inhalation therapy, according to a report in 2023 released by Market Research Future, an international market research firm, the global market for pulmonary drugs and drug delivery devices reached approximately US\$56.01 billion in 2022 and is expected to reach approximately US\$93.28 billion in 2030. For beauty atomisation, according to Euromonitor, another international market research firm, the market size of home beauty devices in PRC was approximately RMB10 billion in 2021 and is expected to reach approximately RMB25.1 to 37.4 billion in 2025 in terms of retail price; and according to Sullivan, the market size of skin care products in PRC increased from approximately RMB204.6 billion in 2015 to approximately RMB464.9 billion in 2021, and is expected to reach approximately RMB752.7 billion in 2026 in terms of retail price.

Given the potential for long term growth, the quick iteration of, and the fierce competition the Group faces, in the electronic atomisation industry, opportunities and challenges abound for the Group. In reliance on the Group's long term technological and products advantages and its reliable clientele and strong marketing networks, the Group is confident it can continue to strengthen its competitive advantage. Against such background, the Company believes that it is appropriate to provide long term share incentives to Mr. Chen as a member of the core management team to better align his interest with the Shareholders' long term interest.

The Grant was designed with reference to, among other things, share incentives granted to the chief executive officer of another listed company in the market, and stipulates a vesting condition benchmarked against the market capitalisation of the Company. Vesting of up to 30%, 60% and 100% of the Options under the Grant will only occur if the average market capitalisation of the Company for any 15 consecutive Business Days first reaches HK\$300,000,000,000, HK\$400,000,000,000 or HK\$500,000,000,000, respectively, over the six years starting from 1 January 2025 and ending 31 December 2030. For reference, the market capitalisation of the Company as at the Latest Practicable Date was approximately HK\$87,265,000,000.

LETTER FROM THE BOARD

The comparable grant that the Company references above is extracted from the proxy statement dated 8 February 2018 filed by Tesla Inc. to the United States Securities and Exchange Commission (which can be accessed at <https://www.sec.gov/Archives/edgar/data/1318605/000119312518035345/d524719ddef14a.htm>) and can be summarised as follows:

Company name (stock code)	Name of grantee (position)	Details of the grant
Tesla Inc. (NASDAQ: TSLA)	Elon Musk <i>(Chief Executive Officer and Chairman)</i>	Date of grant: 21 January 2018 Number of options: Approximately 20.3 million options being 12% of the outstanding shares of Tesla Inc. at the last trading date before the grant date, divided into 12 equal tranches Exercise price: US\$350.02, being the closing price of Tesla Inc.'s shares on the last trading date before the grant date Vesting criteria: There are 12 market capitalisation milestones and 16 operational milestones. — The market capitalisation milestones for the first of the twelve tranches is US\$100 billion, and each tranche thereafter requires an additional US\$50 billion in market capitalisation to vest, up to US\$650 billion market capitalisation for the last tranche.

LETTER FROM THE BOARD

Company name (stock code)	Name of grantee (position)	Details of the grant																		
		<p>— The operational milestones focused on revenue and profitability, i.e.:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Total revenue (US\$ billion)</th> <th style="text-align: left;">Adjusted EBITDA (US\$ billion)</th> </tr> </thead> <tbody> <tr><td>20</td><td>1.5</td></tr> <tr><td>35</td><td>3.0</td></tr> <tr><td>55</td><td>4.5</td></tr> <tr><td>75</td><td>6.0</td></tr> <tr><td>100</td><td>8.0</td></tr> <tr><td>125</td><td>10.0</td></tr> <tr><td>150</td><td>12.0</td></tr> <tr><td>175</td><td>14.0</td></tr> </tbody> </table>	Total revenue (US\$ billion)	Adjusted EBITDA (US\$ billion)	20	1.5	35	3.0	55	4.5	75	6.0	100	8.0	125	10.0	150	12.0	175	14.0
Total revenue (US\$ billion)	Adjusted EBITDA (US\$ billion)																			
20	1.5																			
35	3.0																			
55	4.5																			
75	6.0																			
100	8.0																			
125	10.0																			
150	12.0																			
175	14.0																			
		<p>— Each of the 12 tranches vests only when both a market capitalisation milestone and an operational milestone are met. Any of the 16 operational milestones can be matched with any of the 12 market capitalisation milestones, but any single operational milestone may only be used to satisfy the vesting requirement for one of the 12 tranches of the options.</p>																		

Vesting Period: 10 years

For historical context and as disclosed in the Prospectus, Mr. Chen was granted options over 76,073,000 Shares under the Pre-IPO Share Option Scheme which were vested to Mr. Chen in five batches from 10 October 2020 to 10 July 2024 with vesting milestones also by reference to market capitalization of the Company. Mr. Chen also undertook to the Company at time of the Company's listing that he would only exercise such the share options granted to him under the Pre-IPO Share Option Scheme if the Company's market capitalisation reached or exceeded HK\$110,000,000,000. For reference, at the time of the Company's listing, by reference to the number of Shares of 5,743,512,720 as at 10 July 2020 and the final offer price of HK\$12.40 per Share, the market capitalisation of the Company was approximately HK\$71,219,558,000. As this market capitalisation target was met, all 76,073,000 share options were exercised (with the last batch of 12,073,000 share options exercised on 2 September 2024) and no share options in this regard remain outstanding.

LETTER FROM THE BOARD

Much like the Company, Tesla Inc. is a market leader and pioneer in its industry. Both the Company and Tesla Inc. operate within industries that are relatively nascent and heavily dependent on the innovation and vision of the person at the helm guiding the overall direction of the company. Both Mr. Chen and Elon Musk are instrumental to the success of the companies they had founded, and it was their vision, grit and unique understanding of their respective industries that have propelled these companies to global success. Tying the Company's market capitalisation to the vesting of Mr. Chen's share options can only further incentivise Mr. Chen to dedicate himself to leading the Company to greater heights amidst a competitive industry that is ripe for growth.

Based on the above, the Board (including all independent non-executive Directors) and the Remuneration Committee consider that the Grant (together with the related market capitalisation performance targets) is appropriate and is in the best interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Pursuant to Rule 17.04(3) of the Listing Rules, as Mr. Chen is a substantial shareholder and the Grant would result in the number of Shares issued and to be issued in respect of all options and awards granted to him in the 12-month period up to and including the date of the Grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares), the Grant must be approved by the Independent Shareholders in general meeting in the manner described in Rule 17.04(4), where Mr. Chen, his associates and all core connected persons of the Company must abstain from voting in favour of the resolution.

As at the Latest Practicable Date and to the best knowledge and information of the Directors after making reasonable enquiries, Mr. Chen, his associates and the core connected persons of the Company hold approximately 69.87% of the issued Shares (excluding Treasury Shares) and none of them have intention to vote against the resolution approving the Grant. If any of these persons change his mind as to their voting intention and if the Company become aware of such change before the date of the Extraordinary General Meeting, the Company will comply with Rule 13.40 of the Listing Rules and despatch a circular or publish an announcement to notify Shareholders of such change and, if known, the reason for such change. Pursuant to Rule 13.40 of the Listing Rules, if such circular is despatched or such announcement is published less than 10 Business Days before the Extraordinary General Meeting, the Extraordinary General Meeting must be adjourned to a date that is at least 10 Business Days from the despatch or publication of such circular or announcement.

Further, as Mr. Chen is the chairman of the Board, an executive Director and a substantial shareholder of the Company, under Rule 17.04(1) of the Listing Rules, the Grant must also be approved by the independent non-executive Directors. The independent non-executive Directors have approved the Grant. The independent non-executive Directors also consider the terms of the grant to be fair and reasonable and in the best interest of the

LETTER FROM THE BOARD

Company and the Shareholders as a whole, and on such basis, they recommend the Independent Shareholders to vote in favour of the resolution contained in item 7 of the notice of the Extraordinary General Meeting.

4. PROPOSED AMENDMENTS TO THE EXISTING POST-IPO SHARE OPTION SCHEME

The Existing Post-IPO Share Option Scheme

The Existing Post-IPO Share Option Scheme was adopted by the Shareholders on 15 June 2020. Details of the Existing Post-IPO Share Option Scheme were set out in the Prospectus and a summary of its major terms are available in pages 57 to 61 of the Company's Annual Report 2023.

Details of the movement of the Options granted under the Existing Post-IPO Share Option Scheme were disclosed by the Company at its past annual and interim reports. Details of the movement of Options granted under the Existing Post-IPO Share Option Scheme from 1 July 2024 up to 30 November 2024, the latest practicable date for compiling such information, were as follows:

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 July 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 30 November 2024
Wang Guisheng (Director)	9/11/2022	66,500	9/11/2022–8/5/2023	9/5/2023–8/11/2032	11.78	11.11	2.77	NA	66,500	—	—	—	—	66,500
	23/8/2023	66,500	9/11/2022–31/3/2024	1/4/2024–8/11/2032	11.78	11.11	3.19	NA	66,500	—	—	—	—	66,500
		319,150	23/8/2023–22/8/2024	23/8/2024–22/8/2033	7.63	7.79	2.15	NA	319,150	—	—	—	—	319,150
		319,150	23/8/2023–22/8/2025	23/8/2025–22/8/2033	7.63	7.79	2.54	NA	319,150	—	—	—	—	319,150
		319,150	23/8/2023–22/8/2026	23/8/2026–22/8/2033	7.63	7.79	2.83	NA	319,150	—	—	—	—	319,150
	24/10/2024	319,150	23/8/2023–22/8/2027	23/8/2027–22/8/2033	7.63	7.79	3.06	NA	319,150	—	—	—	—	319,150
		126,450	24/10/2024–23/10/2025	24/10/2025–23/10/2034	11.26	11.16	3.39	NA	—	126,450	—	—	—	126,450
		126,450	24/10/2024–23/10/2026	24/10/2026–23/10/2034	11.26	11.16	4.04	NA	—	126,450	—	—	—	126,450
		126,450	24/10/2024–23/10/2027	24/10/2027–23/10/2034	11.26	11.16	4.55	NA	—	126,450	—	—	—	126,450
		126,450	24/10/2024–23/10/2028	24/10/2028–23/10/2034	11.26	11.16	4.97	NA	—	126,450	—	—	—	126,450
		91,300	24/10/2024–29/4/2026	30/4/2026–23/10/2034	11.26	11.16	3.76	NA	—	91,300	—	—	—	91,300
		182,600	24/10/2024–29/4/2027	30/4/2027–23/10/2034	11.26	11.16	4.33	NA	—	182,600	—	—	—	182,600
	24/10/2024	273,900	24/10/2024–29/4/2028	30/4/2028–23/10/2034	11.26	11.16	4.79	NA	—	273,900	—	—	—	273,900
		365,200	24/10/2024–29/4/2029	30/4/2029–23/10/2034	11.26	11.16	5.17	NA	—	365,200	—	—	—	365,200
	Xiong Shaoming (Director)	9/11/2022	117,000	9/11/2022–8/5/2023	9/5/2023–8/11/2032	11.78	11.11	2.77	NA	117,000	—	—	—	—
23/8/2023		117,000	9/11/2022–31/3/2024	1/4/2024–8/11/2032	11.78	11.11	3.19	NA	117,000	—	—	—	—	117,000
		172,825	23/8/2023–22/8/2024	23/8/2024–22/8/2033	7.63	7.79	2.15	NA	172,825	—	—	—	—	172,825
		172,825	23/8/2023–22/8/2025	23/8/2025–22/8/2033	7.63	7.79	2.54	NA	172,825	—	—	—	—	172,825
		172,825	23/8/2023–22/8/2026	23/8/2026–22/8/2033	7.63	7.79	2.83	NA	172,825	—	—	—	—	172,825
24/10/2024		172,825	23/8/2023–22/8/2027	23/8/2027–22/8/2033	7.63	7.79	3.06	NA	172,825	—	—	—	—	172,825
		88,625	24/10/2024–23/10/2025	24/10/2025–23/10/2034	11.26	11.16	3.39	NA	—	88,625	—	—	—	88,625
		88,625	24/10/2024–23/10/2026	24/10/2026–23/10/2034	11.26	11.16	4.04	NA	—	88,625	—	—	—	88,625
		88,625	24/10/2024–23/10/2027	24/10/2027–23/10/2034	11.26	11.16	4.55	NA	—	88,625	—	—	—	88,625
		88,625	24/10/2024–23/10/2028	24/10/2028–23/10/2034	11.26	11.16	4.97	NA	—	88,625	—	—	—	88,625
	88,625	24/10/2024–23/10/2029	24/10/2029–23/10/2034	11.26	11.16	5.38	NA	—	88,625	—	—	—	88,625	
Wang Xin (Director)	9/11/2022	7,500	9/11/2022–8/5/2023	9/5/2023–8/11/2032	11.78	11.11	2.77	NA	7,500	—	—	—	—	7,500
	23/8/2023	7,500	9/11/2022–31/3/2024	1/4/2024–8/11/2032	11.78	11.11	3.19	NA	7,500	—	—	—	—	7,500
		87,650	23/8/2023–22/8/2024	23/8/2024–22/8/2033	7.63	7.79	2.15	NA	87,650	—	—	—	—	87,650
		87,650	23/8/2023–22/8/2025	23/8/2025–22/8/2033	7.63	7.79	2.54	NA	87,650	—	—	—	—	87,650
		87,650	23/8/2023–22/8/2026	23/8/2026–22/8/2033	7.63	7.79	2.83	NA	87,650	—	—	—	—	87,650
	24/10/2024	87,650	23/8/2023–22/8/2027	23/8/2027–22/8/2033	7.63	7.79	3.06	NA	87,650	—	—	—	—	87,650
		58,725	24/10/2024–23/10/2025	24/10/2025–23/10/2034	11.26	11.16	3.39	NA	—	58,725	—	—	—	58,725
		58,725	24/10/2024–23/10/2026	24/10/2026–23/10/2034	11.26	11.16	4.04	NA	—	58,725	—	—	—	58,725
		58,725	24/10/2024–23/10/2027	24/10/2027–23/10/2034	11.26	11.16	4.55	NA	—	58,725	—	—	—	58,725
		58,725	24/10/2024–23/10/2028	24/10/2028–23/10/2034	11.26	11.16	4.97	NA	—	58,725	—	—	—	58,725
	24/10/2024	35,900	24/10/2024–29/4/2026	30/4/2026–23/10/2034	11.26	11.16	3.76	NA	—	35,900	—	—	—	35,900
		71,800	24/10/2024–29/4/2027	30/4/2027–23/10/2034	11.26	11.16	4.33	NA	—	71,800	—	—	—	71,800
		107,700	24/10/2024–29/4/2028	30/4/2028–23/10/2034	11.26	11.16	4.79	NA	—	107,700	—	—	—	107,700
143,600		24/10/2024–29/4/2029	30/4/2029–23/10/2034	11.26	11.16	5.17	NA	—	143,600	—	—	—	143,600	
143,600		24/10/2024–29/4/2030	30/4/2030–23/10/2034	11.26	11.16	5.58	NA	—	143,600	—	—	—	143,600	

LETTER FROM THE BOARD

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 July 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 30 November 2024	
Li Xiaoping (associate of Director)	9/11/2022	32,500	9/11/2022-8/5/2023	9/5/2023-8/11/2032	11.78	11.11	2.77	NA	32,500	—	—	—	—	32,500	
	23/8/2023	32,500	9/11/2022-31/3/2024	1/4/2024-8/11/2032	11.78	11.11	3.19	NA	32,500	—	—	—	—	32,500	
		21,900	23/8/2023-22/8/2024	23/8/2024-22/8/2033	7.63	7.79	2.15	NA	21,900	—	—	—	—	21,900	
		21,900	23/8/2023-22/8/2025	23/8/2025-22/8/2033	7.63	7.79	2.54	NA	21,900	—	—	—	—	21,900	
		21,900	23/8/2023-22/8/2026	23/8/2026-22/8/2033	7.63	7.79	2.83	NA	21,900	—	—	—	—	21,900	
		21,900	23/8/2023-22/8/2027	23/8/2027-22/8/2033	7.63	7.79	3.06	NA	21,900	—	—	—	—	21,900	
	24/10/2024	19,900	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	19,900	—	—	—	—	19,900
		19,900	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	19,900	—	—	—	—	19,900
		19,900	24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	19,900	—	—	—	—	19,900
	24/10/2024	19,900	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	19,900	—	—	—	—	19,900
		8,000	24/10/2024-29/4/2026	30/4/2026-23/10/2034	11.26	11.16	3.76	NA	—	8,000	—	—	—	—	8,000
		16,000	24/10/2024-29/4/2027	30/4/2027-23/10/2034	11.26	11.16	4.33	NA	—	16,000	—	—	—	—	16,000
		24,000	24/10/2024-29/4/2028	30/4/2028-23/10/2034	11.26	11.16	4.79	NA	—	24,000	—	—	—	—	24,000
		32,000	24/10/2024-29/4/2029	30/4/2029-23/10/2034	11.26	11.16	5.17	NA	—	32,000	—	—	—	—	32,000
Bu Zhiqiang (associate of Director)	9/11/2022	15,500	9/11/2022-8/5/2023	9/5/2023-8/11/2032	11.78	11.11	2.77	NA	15,500	—	—	—	—	15,500	
	23/8/2023	15,500	9/11/2022-31/3/2024	1/4/2024-8/11/2032	11.78	11.11	3.19	NA	15,500	—	—	—	—	15,500	
		33,550	23/8/2023-22/8/2024	23/8/2024-22/8/2033	7.63	7.79	2.15	NA	33,550	—	—	—	—	33,550	
		33,550	23/8/2023-22/8/2025	23/8/2025-22/8/2033	7.63	7.79	2.54	NA	33,550	—	—	—	—	33,550	
		33,550	23/8/2023-22/8/2026	23/8/2026-22/8/2033	7.63	7.79	2.83	NA	33,550	—	—	—	—	33,550	
		33,550	23/8/2023-22/8/2027	23/8/2027-22/8/2033	7.63	7.79	3.06	NA	33,550	—	—	—	—	33,550	
	24/10/2024	16,075	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	16,075	—	—	—	—	16,075
		16,075	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	16,075	—	—	—	—	16,075
		16,075	24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	16,075	—	—	—	—	16,075
	24/10/2024	16,075	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	16,075	—	—	—	—	16,075
		5,000	24/10/2024-29/4/2026	30/4/2026-23/10/2034	11.26	11.16	3.76	NA	—	5,000	—	—	—	—	5,000
		10,000	24/10/2024-29/4/2027	30/4/2027-23/10/2034	11.26	11.16	4.33	NA	—	10,000	—	—	—	—	10,000
		15,000	24/10/2024-29/4/2028	30/4/2028-23/10/2034	11.26	11.16	4.79	NA	—	15,000	—	—	—	—	15,000
		20,000	24/10/2024-29/4/2029	30/4/2029-23/10/2034	11.26	11.16	5.17	NA	—	20,000	—	—	—	—	20,000
Yuan Xiang (associate of Director)	23/8/2023	9,650	23/8/2023-22/8/2024	23/8/2024-22/8/2033	7.63	7.79	2.15	NA	9,650	—	—	—	—	9,650	
	23/8/2023	9,650	23/8/2023-22/8/2025	23/8/2025-22/8/2033	7.63	7.79	2.54	NA	9,650	—	—	—	—	9,650	
		9,650	23/8/2023-22/8/2026	23/8/2026-22/8/2033	7.63	7.79	2.83	NA	9,650	—	—	—	—	9,650	
		9,650	23/8/2023-22/8/2027	23/8/2027-22/8/2033	7.63	7.79	3.06	NA	9,650	—	—	—	—	9,650	
	24/10/2024	6,650	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	6,650	—	—	—	—	6,650
		6,650	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	6,650	—	—	—	—	6,650
6,650		24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	6,650	—	—	—	—	6,650	
6,650	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	6,650	—	—	—	—	6,650		
Bu Weiqiang (associate of Director)	23/8/2023	26,825	23/8/2023-22/8/2024	23/8/2024-22/8/2033	7.63	7.79	2.15	NA	26,825	—	—	—	—	26,825	
	23/8/2023	26,825	23/8/2023-22/8/2025	23/8/2025-22/8/2033	7.63	7.79	2.54	NA	26,825	—	—	—	—	26,825	
		26,825	23/8/2023-22/8/2026	23/8/2026-22/8/2033	7.63	7.79	2.83	NA	26,825	—	—	—	—	26,825	
		26,825	23/8/2023-22/8/2027	23/8/2027-22/8/2033	7.63	7.79	3.06	NA	26,825	—	—	—	—	26,825	
		18,425	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	18,425	—	—	—	—	18,425
	24/10/2024	18,425	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	18,425	—	—	—	—	18,425
		18,425	24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	18,425	—	—	—	—	18,425
		18,425	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	18,425	—	—	—	—	18,425
		9,300	24/10/2024-29/4/2026	30/4/2026-23/10/2034	11.26	11.16	3.76	NA	—	9,300	—	—	—	—	9,300
		18,600	24/10/2024-29/4/2027	30/4/2027-23/10/2034	11.26	11.16	4.33	NA	—	18,600	—	—	—	—	18,600
27,900		24/10/2024-29/4/2028	30/4/2028-23/10/2034	11.26	11.16	4.79	NA	—	27,900	—	—	—	—	27,900	
37,200	24/10/2024-29/4/2029	30/4/2029-23/10/2034	11.26	11.16	5.17	NA	—	37,200	—	—	—	—	37,200		
Xiong Fei (associate of Director)	24/10/2024	1,025	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	1,025	—	—	—	—	1,025
	1,025	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	1,025	—	—	—	—	1,025	
	1,025	24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	1,025	—	—	—	—	1,025	
	1,025	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	1,025	—	—	—	—	1,025	

LETTER FROM THE BOARD

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 July 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 30 November 2024	
Other employees (non Director)	19/5/2022	2,447,000	19/5/2022-18/5/2023	19/5/2023-18/5/2032	17.46	16.88	4.56	NA	1,870,625	—	—	—	111,750	1,758,875	
		2,993,750	19/5/2022-18/5/2024	19/5/2024-18/5/2032	17.46	16.88	5.19	NA	2,219,375	—	—	—	128,250	2,091,125	
		2,993,750	19/5/2022-18/5/2025	19/5/2025-18/5/2032	17.46	16.88	5.67	NA	2,200,625	—	—	—	148,500	2,052,125	
		2,993,750	19/5/2022-18/5/2026	19/5/2026-18/5/2032	17.46	16.88	6.04	NA	2,200,625	—	—	—	148,500	2,052,125	
		546,750	19/5/2022-18/5/2027	19/5/2027-18/5/2032	17.46	16.88	6.33	NA	311,250	—	—	—	22,500	288,750	
		217/2022	629,500	21/7/2022-20/7/2023	21/7/2023-20/7/2032	20.60	20.80	5.51	NA	342,000	—	—	—	115,000	227,000
			629,500	21/7/2022-20/7/2024	21/7/2024-20/7/2032	20.60	20.80	6.32	NA	342,000	—	—	—	115,000	227,000
			629,500	21/7/2022-20/7/2025	21/7/2025-20/7/2032	20.60	20.80	6.94	NA	342,000	—	—	—	115,000	227,000
			629,500	21/7/2022-20/7/2026	21/7/2026-20/7/2032	20.60	20.80	7.44	NA	342,000	—	—	—	115,000	227,000
		9/11/2022	8,760,200	9/11/2022-8/5/2023	9/5/2023-8/11/2032	11.78	11.11	2.77	NA	5,164,600	—	—	—	67,800	5,096,800
			8,760,200	9/11/2022-31/3/2024	1/4/2024-8/11/2032	11.78	11.11	3.19	NA	5,164,600	—	—	—	67,800	5,096,800
			6,223,600	9/11/2022-31/3/2025	1/4/2025-8/11/2032	11.78	11.11	3.56	NA	2,813,800	—	—	—	33,400	2,780,400
			910,000	9/11/2022-8/7/2023	9/7/2023-8/11/2032	11.78	11.11	2.87	NA	596,600	—	—	—	33,300	563,300
			910,000	9/11/2022-8/7/2024	9/7/2024-8/11/2032	11.78	11.11	3.31	NA	596,600	—	—	—	33,300	563,300
			910,000	9/11/2022-8/7/2025	9/7/2025-8/11/2032	11.78	11.11	3.65	NA	596,800	—	—	—	33,400	563,400
			2,915,800	9/11/2022-29/9/2023	30/9/2023-8/11/2032	11.78	11.11	2.97	12.92	2,190,100	—	4,000	—	121,800	2,068,300
			2,915,800	9/11/2022-29/9/2024	30/9/2024-8/11/2032	11.78	11.11	3.39	NA	2,190,100	—	—	—	188,800	2,001,300
			2,907,400	9/11/2022-29/9/2025	30/9/2025-8/11/2032	11.78	11.11	3.71	NA	2,182,800	—	—	—	188,400	1,994,400
			1,103,500	9/11/2022-3/1/2024	4/1/2024-8/11/2032	11.78	11.11	3.10	NA	750,100	—	—	—	26,700	723,400
			1,103,500	9/11/2022-3/1/2025	4/1/2025-8/11/2032	11.78	11.11	3.49	NA	750,100	—	—	—	80,000	670,100
			1,103,000	9/11/2022-3/1/2026	4/1/2026-8/11/2032	11.78	11.11	3.79	NA	749,800	—	—	—	80,000	669,800
		10/11/2022	515,000	10/11/2022-9/11/2023	10/11/2023-9/11/2032	11.02	11.20	2.81	NA	367,500	—	—	—	—	367,500
			515,000	10/11/2022-9/11/2024	10/11/2024-9/11/2032	11.02	11.20	3.22	NA	367,500	—	—	—	25,000	342,500
			515,000	10/11/2022-9/11/2025	10/11/2025-9/11/2032	11.02	11.20	3.52	NA	367,500	—	—	—	25,000	342,500
			515,000	10/11/2022-9/11/2026	10/11/2026-9/11/2032	11.02	11.20	3.75	NA	367,500	—	—	—	25,000	342,500
		28/12/2022	482,500	28/12/2022-27/12/2023	28/12/2023-27/12/2032	12.78	12.96	3.57	NA	247,500	—	—	—	—	247,500
			482,500	28/12/2022-27/12/2024	28/12/2024-27/12/2032	12.78	12.96	4.09	NA	247,500	—	—	—	—	247,500
			482,500	28/12/2022-27/12/2025	28/12/2025-27/12/2032	12.78	12.96	4.47	NA	247,500	—	—	—	—	247,500
			482,500	28/12/2022-27/12/2026	28/12/2026-27/12/2032	12.78	12.96	4.77	NA	247,500	—	—	—	—	247,500
		19/4/2023	865,000	19/4/2023-18/4/2024	19/4/2024-18/4/2033	9.95	9.71	3.03	11.20	770,000	—	149,807	—	215,193	405,000
			865,000	19/4/2023-18/4/2025	19/4/2025-18/4/2033	9.95	9.71	3.54	NA	770,000	—	—	—	365,000	405,000
			865,000	19/4/2023-18/4/2026	19/4/2026-18/4/2033	9.95	9.71	3.91	NA	770,000	—	—	—	365,000	405,000
			865,000	19/4/2023-18/4/2027	19/4/2027-18/4/2033	9.95	9.71	4.20	NA	770,000	—	—	—	365,000	405,000
		20/7/2023	735,000	20/7/2023-19/7/2024	20/7/2024-19/7/2033	7.88	8.16	2.57	11.04	185,000	—	15,000	—	—	170,000
			735,000	20/7/2023-19/7/2025	20/7/2025-19/7/2033	7.88	8.16	2.99	NA	185,000	—	—	—	15,000	170,000
			735,000	20/7/2023-19/7/2026	20/7/2026-19/7/2033	7.88	8.16	3.28	NA	185,000	—	—	—	15,000	170,000
			735,000	20/7/2023-19/7/2027	20/7/2027-19/7/2033	7.88	8.16	3.51	NA	185,000	—	—	—	15,000	170,000
		23/8/2023	18,707,225	23/8/2023-22/8/2024	23/8/2024-22/8/2033	7.63	7.79	2.15	11.40	17,955,500	—	1,401,567	—	305,225	16,248,708
			18,707,225	23/8/2023-22/8/2025	23/8/2025-22/8/2033	7.63	7.79	2.54	NA	17,955,500	—	—	—	640,450	17,315,050
			18,707,225	23/8/2023-22/8/2026	23/8/2026-22/8/2033	7.63	7.79	2.83	NA	17,955,500	—	—	—	640,450	17,315,050
			18,707,225	23/8/2023-22/8/2027	23/8/2027-22/8/2033	7.63	7.79	3.06	NA	17,955,500	—	—	—	640,450	17,315,050
		20/10/2023	390,000	20/10/2023-19/10/2024	20/10/2024-19/10/2033	5.97	5.99	1.79	10.78	310,000	—	107,500	—	—	202,500
			390,000	20/10/2023-19/10/2025	20/10/2025-19/10/2033	5.97	5.99	2.09	NA	310,000	—	—	—	62,500	247,500
			390,000	20/10/2023-19/10/2026	20/10/2026-19/10/2033	5.97	5.99	2.31	NA	310,000	—	—	—	62,500	247,500
			390,000	20/10/2023-19/10/2027	20/10/2027-19/10/2033	5.97	5.99	2.48	NA	310,000	—	—	—	62,500	247,500
		27/3/2024	145,000	27/3/2024-26/3/2025	27/3/2025-26/3/2034	6.55	6.85	1.96	NA	125,000	—	—	—	—	125,000
			145,000	27/3/2024-26/3/2026	27/3/2026-26/3/2034	6.55	6.85	2.31	NA	125,000	—	—	—	—	125,000
			145,000	27/3/2024-26/3/2027	27/3/2027-26/3/2034	6.55	6.85	2.59	NA	125,000	—	—	—	—	125,000
			145,000	27/3/2024-26/3/2028	27/3/2028-26/3/2034	6.55	6.85	2.82	NA	125,000	—	—	—	—	125,000
		4/7/2024	477,500	4/7/2024-3/7/2025	4/7/2025-3/7/2034	8.57	9.24	2.52	NA	—	477,500	—	—	—	90,000
		477,500	4/7/2024-3/7/2026	4/7/2026-3/7/2034	8.57	9.24	3.00	NA	—	477,500	—	—	—	90,000	
		477,500	4/7/2024-3/7/2027	4/7/2027-3/7/2034	8.57	9.24	3.38	NA	—	477,500	—	—	—	90,000	
		477,500	4/7/2024-3/7/2028	4/7/2028-3/7/2034	8.57	9.24	3.70	NA	—	477,500	—	—	—	90,000	
	24/10/2024	355,000	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	355,000	—	—	—	355,000	
		355,000	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	355,000	—	—	—	355,000	
		355,000	24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	355,000	—	—	—	355,000	
		355,000	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	355,000	—	—	—	355,000	
	24/10/2024	12,642,300	24/10/2024-23/10/2025	24/10/2025-23/10/2034	11.26	11.16	3.39	NA	—	12,642,300	—	—	—	12,642,300	
		12,642,300	24/10/2024-23/10/2026	24/10/2026-23/10/2034	11.26	11.16	4.04	NA	—	12,642,300	—	—	—	12,642,300	
		12,642,300	24/10/2024-23/10/2027	24/10/2027-23/10/2034	11.26	11.16	4.55	NA	—	12,642,300	—	—	—	12,642,300	
		12,642,300	24/10/2024-23/10/2028	24/10/2028-23/10/2034	11.26	11.16	4.97	NA	—	12,642,300	—	—	—	12,642,300	
	24/10/2024	3,858,100	24/10/2024-29/4/2026	30/4/2026-23/10/2034	11.26	11.16	3.76	NA	—	3,858,100	—	—	—	3,858,100	
		7,716,200	24/10/2024-29/4/2027	30/4/2027-23/10/2034	11.26	11.16	4.33	NA	—	7,716,200	—	—	—	7,716,200	
		11,574,300	24/10/2024-29/4/2028	30/4/2028-23/10/2034	11.26	11.16	4.79	NA	—	11,574,300	—	—	—	11,574,300	
		15,432,400	24/10/2024-29/4/2029	30/4/2029-23/10/2034	11.26	11.16	5.17	NA	—	15,432,400	—	—	—	15,432,400	
Total									<u>116,922,700</u>	<u>95,318,700</u>	<u>1,677,874</u>	<u>—</u>	<u>6,178,468</u>	<u>204,385,058</u>	

In the event that the resolutions for approving (i) the proposed amendments to the Existing Post-IPO Share Option Scheme, i.e. the resolution contained in

LETTER FROM THE BOARD

The Amended Post-IPO Share Option Scheme

In light of the changes made to Chapter 17 of the Listing Rules which took effect on 1 January 2023, and the recent amendment to the Listing Rules which allows listed companies to use treasury shares for share schemes, the Board proposes to seek approval from the Shareholders at the Extraordinary General Meeting to amend the Existing Post-IPO Share Option Scheme to, among other things, bring it in line with the latest Listing Rules and to allow the use of Treasury Shares to satisfy Options to be granted under the Amended Post-IPO Share Option Scheme.

The Amended Post-IPO Share Option Scheme will take effect subject to the passing of a resolution by the Shareholders to approve the Amended Post-IPO Share Option Scheme, and will have an extended term of ten years from the Amendment Date.

A summary of the principal terms of the Amended Post-IPO Share Option Scheme is set out in Appendix II to this circular. A copy of the Amended Post-IPO Share Option Scheme is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.smoooreholdings.com) from the date of this circular until the date of the Extraordinary General Meeting.

Purpose

The purpose of Amended Post-IPO Share Option Scheme is to incentivise and reward the Eligible Participants for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

Eligible Participants

The Eligible Participants under the Amended Post-IPO Share Option Scheme shall be an employee (whether full-time or part-time) or a director of the Company and any subsidiary of the Company. The granting of Options under the Amended Post-IPO Share Option Scheme will take into account the positions, job tenures and performance evaluation results of the Eligible Participants. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the Eligible Participants receive different rating levels which will also be taken into account when granting the Options and deciding on the related vesting period(s) of the Options.

Scheme Mandate Limit

The Scheme Mandate Limit, i.e. the maximum number of Shares which may be issued together with Treasury Shares which may be transferred in respect of all Options and Awards to be granted under the Amended Post-IPO Share Option Scheme, the Amended Share Award Plan and any other share schemes of the Company and the Grant (if approved by the Independent Shareholders) must not, in the absence of Shareholders' approval, in aggregate

LETTER FROM THE BOARD

exceed 10% of the Shares in issue (excluding Treasury Shares) as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Extraordinary General Meeting. The Scheme Mandate Limit may be refreshed with the approval of the Shareholders in general meeting and in accordance with the Listing Rules.

As at the Latest Practicable Date, the total number of Shares in issue was 6,180,257,991 Shares (excluding Treasury Shares). Assuming there is no change in the number of Shares in issue (excluding Treasury Shares) during the period between the Latest Practicable Date and the Amendment Date, the maximum number of Shares which may be issued (including Treasury Shares which may be transferred) upon exercise of the Options granted under the Grant (if approved by the Independent Shareholders) and all Options to be granted under the Amended Post-IPO Share Option Scheme and vesting of the Awards to be granted under the Amended Share Award Plan and any other share schemes of the Company is 618,025,799 Shares.

Vesting Period

The minimum period for which an Option must be held before it can be exercised is determined by the Board, which shall generally not be less than 12 months. To ensure the practicability in fully attaining the purpose of the Amended Post-IPO Share Option Scheme, the Board is of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not be appropriate or would not be fair to the grantees, i.e. the six circumstances set out in paragraphs 9 of Appendix II to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances. The vesting period of 12 months which may be shortened under certain circumstances aligns with the purpose of the Amended Post-IPO Share Option Scheme by encouraging the Eligible Participants to perform exceptionally for accelerated vesting.

Exercise Price

The basis for determining the exercise price for the Option is set out in the rules of the Amended Post-IPO Share Option Scheme (see paragraph 8 of Appendix II to this circular). Such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company. The basis of the exercise price complies with the requirements of the Listing Rules and is consistent with the purpose of the Amended Post-IPO Share Option Scheme as it encourages the Eligible Participants to contribute to the Group and benefit from an increase in market price of the Shares.

LETTER FROM THE BOARD

Performance Targets and Clawback Mechanism

If and to the extent that performance target(s) are set and must be achieved by any grantee before an Option is capable of being exercised, particulars of such performance targets shall be specified in the offer of an Option. The Board may determine such performance targets at its sole and absolute discretion, after taking into account the positions, job tenures and performance evaluation results of the grantee. This may include, without limitation, (i) business performance and financial performance of the Group or specific business unit(s); (ii) achievement of corporate goals and/or (iii) individual performance appraisal results. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the grantees receive different rating levels which would also be taken into accounts when granting the Options and deciding on the related vesting period(s) of the Options (if any).

The Amended Post-IPO Share Option Scheme also provides for the circumstances under which (i) any unexercised Options will automatically lapsed, or (ii) the Board will have absolute discretion to determine whether any unexercised Options, vested or not vested, shall immediately lapse, such as where the Option-holder who ceases to be an Eligible Participant is guilty of misconduct, in breach of material term of any contract of employment, or disclosed trade secrets. Save as stated in the Amended Post-IPO Share Option Scheme (see paragraph 15 of Appendix II to this circular), there is no clawback mechanism for the Company to recover or withhold Options granted to any Eligible Participant that have vested and exercised.

General

As at the Latest Practicable Date, the Company has not identified specific grantees to grant Options to under the Amended Post-IPO Share Option Scheme.

Application(s) will be made, as and when appropriate, by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of Options granted pursuant to the Amended Post-IPO Share Option Scheme.

5. PROPOSED AMENDMENTS TO THE EXISTING SHARE AWARD PLAN

The Existing Share Award Plan

The Existing Share Award Plan was adopted by the Board on 2 September 2021 and now operates subject to the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023. Details of the Existing Share Award Plan were set out in the announcement published by the Company on 2 September 2021, and a summary of its major terms are available in pages 61 to 65 of the Company's Annual Report 2023.

LETTER FROM THE BOARD

Details of the movement of the Awards granted under the Existing Share Award Plan were disclosed by the Company at its past annual and interim reports. Details of the movement of Awards granted under the Existing Share Award Plan from 1 July 2024 up to 30 November 2024, the latest practicable date for compiling such information, were as follows:

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 July 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 November 2024	
Xiong Shaoming (Director)	23/8/2023	24,700	23/8/2024–22/8/2033	7.63	—	7.20	9.20	24,700	—	24,700	—	—	—	
		24,700	23/8/2025–22/8/2033	7.63	—	7.20	NA	24,700	—	—	—	—	24,700	
		24,700	23/8/2026–22/8/2033	7.63	—	7.20	NA	24,700	—	—	—	—	24,700	
		24,700	23/8/2027–22/8/2033	7.63	—	7.20	NA	24,700	—	—	—	—	24,700	
	24/10/2024	15,425	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	15,425	—	—	—	—	15,425
		15,425	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	15,425	—	—	—	—	15,425
		15,425	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	15,425	—	—	—	—	15,425
		15,425	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	15,425	—	—	—	—	15,425
Wang Guisheng (Director)	23/8/2023	45,600	23/8/2024–22/8/2033	7.63	—	7.20	9.20	45,600	—	45,600	—	—	—	
		45,600	23/8/2025–22/8/2033	7.63	—	7.20	NA	45,600	—	—	—	—	45,600	
		45,600	23/8/2026–22/8/2033	7.63	—	7.20	NA	45,600	—	—	—	—	45,600	
		45,600	23/8/2027–22/8/2033	7.63	—	7.20	NA	45,600	—	—	—	—	45,600	
	24/10/2024	21,975	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	21,975	—	—	—	—	21,975
		21,975	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	21,975	—	—	—	—	21,975
		21,975	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	21,975	—	—	—	—	21,975
		21,975	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	21,975	—	—	—	—	21,975
	24/10/2024	91,300	30/4/2026–23/10/2034	11.26	—	10.82	NA	—	91,300	—	—	—	—	91,300
		182,600	30/4/2027–23/10/2034	11.26	—	10.82	NA	—	182,600	—	—	—	—	182,600
273,900		30/4/2028–23/10/2034	11.26	—	10.82	NA	—	273,900	—	—	—	—	273,900	
365,200		30/4/2029–23/10/2034	11.26	—	10.82	NA	—	365,200	—	—	—	—	365,200	
Wang Xin (Director)	23/8/2023	29,225	23/8/2024–22/8/2033	7.63	—	7.20	9.20	29,225	—	29,225	—	—	—	
		29,225	23/8/2025–22/8/2033	7.63	—	7.20	NA	29,225	—	—	—	—	29,225	
		29,225	23/8/2026–22/8/2033	7.63	—	7.20	NA	29,225	—	—	—	—	29,225	
		29,225	23/8/2027–22/8/2033	7.63	—	7.20	NA	29,225	—	—	—	—	29,225	
	24/10/2024	23,825	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	23,825	—	—	—	—	23,825
		23,825	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	23,825	—	—	—	—	23,825
		23,825	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	23,825	—	—	—	—	23,825
		23,825	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	23,825	—	—	—	—	23,825
	24/10/2024	35,800	30/4/2026–23/10/2034	11.26	—	10.82	NA	—	35,800	—	—	—	—	35,800
		71,600	30/4/2027–23/10/2034	11.26	—	10.82	NA	—	71,600	—	—	—	—	71,600
107,400		30/4/2028–23/10/2034	11.26	—	10.82	NA	—	107,400	—	—	—	—	107,400	
143,200		30/4/2029–23/10/2034	11.26	—	10.82	NA	—	143,200	—	—	—	—	143,200	

LETTER FROM THE BOARD

Grantee	Date of grant	Number of awards	Vesting period	Closing price	Fair value	Weighted average	Number of awards as at 1 July 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 November 2024		
				immediately before the date of grant	as at the date of grant	closing price immediately before the vesting date							(HKD)	(HKD)
Bu Zhiqiang (associate of Director)	23/8/2023	11,200	23/8/2024–22/8/2033	7.63	—	7.20	9.20	11,200	—	11,200	—	—		
		11,200	23/8/2025–22/8/2033	7.63	—	7.20	NA	11,200	—	—	—	11,200		
		11,200	23/8/2026–22/8/2033	7.63	—	7.20	NA	11,200	—	—	—	11,200		
		11,200	23/8/2027–22/8/2033	7.63	—	7.20	NA	11,200	—	—	—	11,200		
	24/10/2024	6,450	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	6,450	—	—	—	6,450	
		6,450	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	6,450	—	—	—	6,450	
		6,450	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	6,450	—	—	—	6,450	
		6,450	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	6,450	—	—	—	6,450	
		24/10/2024	5,000	30/4/2026–23/10/2034	11.26	—	10.82	NA	—	5,000	—	—	—	5,000
			10,000	30/4/2027–23/10/2034	11.26	—	10.82	NA	—	10,000	—	—	—	10,000
24/10/2024	15,000	30/4/2028–23/10/2034	11.26	—	10.82	NA	—	15,000	—	—	—	15,000		
	20,000	30/4/2029–23/10/2034	11.26	—	10.82	NA	—	20,000	—	—	—	20,000		
Li Xiaoping (associate of Director)	23/8/2023	7,300	23/8/2024–22/8/2033	7.63	—	7.20	9.20	7,300	—	7,300	—	—		
		7,300	23/8/2025–22/8/2033	7.63	—	7.20	NA	7,300	—	—	—	7,300		
		7,300	23/8/2026–22/8/2033	7.63	—	7.20	NA	7,300	—	—	—	7,300		
		7,300	23/8/2027–22/8/2033	7.63	—	7.20	NA	7,300	—	—	—	7,300		
	24/10/2024	8,150	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	8,150	—	—	—	8,150	
		8,150	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	8,150	—	—	—	8,150	
		8,150	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	8,150	—	—	—	8,150	
		8,150	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	8,150	—	—	—	8,150	
	24/10/2024	8,000	30/4/2026–23/10/2034	11.26	—	10.82	NA	—	8,000	—	—	—	8,000	
		16,000	30/4/2027–23/10/2034	11.26	—	10.82	NA	—	16,000	—	—	—	16,000	
24,000		30/4/2028–23/10/2034	11.26	—	10.82	NA	—	24,000	—	—	—	24,000		
32,000		30/4/2029–23/10/2034	11.26	—	10.82	NA	—	32,000	—	—	—	32,000		
Yuan Xiang (associate of Director)	23/8/2023	3,225	23/8/2024–22/8/2033	7.63	—	7.20	9.20	3,225	—	3,225	—	—		
		3,225	23/8/2025–22/8/2033	7.63	—	7.20	NA	3,225	—	—	—	3,225		
		3,225	23/8/2026–22/8/2033	7.63	—	7.20	NA	3,225	—	—	—	3,225		
		3,225	23/8/2027–22/8/2033	7.63	—	7.20	NA	3,225	—	—	—	3,225		
	24/10/2024	2,825	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	2,825	—	—	—	2,825	
		2,825	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	2,825	—	—	—	2,825	
		2,825	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	2,825	—	—	—	2,825	
		2,825	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	2,825	—	—	—	2,825	
Bu Weiqiang (associate of Director)	23/8/2023	8,925	23/8/2024–22/8/2033	7.63	—	7.20	9.20	8,925	—	8,925	—	—		
		8,925	23/8/2025–22/8/2033	7.63	—	7.20	NA	8,925	—	—	—	8,925		
		8,925	23/8/2026–22/8/2033	7.63	—	7.20	NA	8,925	—	—	—	8,925		
		8,925	23/8/2027–22/8/2033	7.63	—	7.20	NA	8,925	—	—	—	8,925		
	24/10/2024	7,475	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	7,475	—	—	—	7,475	
		7,475	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	7,475	—	—	—	7,475	
		7,475	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	7,475	—	—	—	7,475	
		7,475	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	7,475	—	—	—	7,475	
	24/10/2024	9,200	30/4/2026–23/10/2034	11.26	—	10.82	NA	—	9,200	—	—	—	9,200	
		18,400	30/4/2027–23/10/2034	11.26	—	10.82	NA	—	18,400	—	—	—	18,400	
27,600		30/4/2028–23/10/2034	11.26	—	10.82	NA	—	27,600	—	—	—	27,600		
36,800		30/4/2029–23/10/2034	11.26	—	10.82	NA	—	36,800	—	—	—	36,800		

LETTER FROM THE BOARD

Grantee	Date of grant	Number		Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 July 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 November 2024	
		of awards	Vesting period											
Xiong Fei (associate of Director)	24/10/2024	950	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	950	—	—	—	950	
		950	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	950	—	—	—	950	
		950	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	950	—	—	—	950	
		950	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	950	—	—	—	950	
Other employees (non Director)	24/12/2021	570,000	1/4/2025–23/12/2031	39.40	—	39.35	NA	105,000	—	—	—	7,500	97,500	
	24/12/2021	90,000	9/7/2024–23/12/2031	39.40	—	39.35	8.44	70,000	—	70,000	—	—	—	
		90,000	9/7/2025–23/12/2031	39.40	—	39.35	NA	70,000	—	—	—	—	70,000	
	24/12/2021	570,575	30/9/2023–23/12/2031	39.40	—	39.35	NA	37,500	—	—	—	—	—	37,500
		570,575	30/9/2024–23/12/2031	39.40	—	39.35	11.64	449,525	—	302,500	—	59,525	—	87,500
		445,575	30/9/2025–23/12/2031	39.40	—	39.35	NA	324,525	—	—	—	61,150	—	263,375
	4/1/2022	235,000	4/1/2025–3/1/2032	37.10	—	35.00	NA	200,000	—	—	—	—	—	200,000
		235,000	4/1/2026–3/1/2032	37.10	—	35.00	NA	200,000	—	—	—	—	—	200,000
	19/4/2022	1,588,500	19/4/2024–18/4/2032	18.46	—	17.18	NA	250	—	—	—	—	—	250
		1,588,500	19/4/2025–18/4/2032	18.46	—	17.18	NA	1,201,500	—	—	—	109,250	—	1,092,250
		1,588,500	19/4/2026–18/4/2032	18.46	—	17.18	NA	1,201,500	—	—	—	109,250	—	1,092,250
		614,250	19/4/2027–18/4/2032	18.46	—	17.18	NA	421,750	—	—	—	15,750	—	406,000
	21/7/2022	244,000	21/7/2024–20/7/2032	20.60	—	20.35	8.55	159,000	—	159,000	—	—	—	—
		244,000	21/7/2025–20/7/2032	20.60	—	20.35	NA	159,000	—	—	—	105,000	—	54,000
		244,000	21/7/2026–20/7/2032	20.60	—	20.35	NA	159,000	—	—	—	105,000	—	54,000
	10/11/2022	171,000	10/11/2024–09/11/2032	11.02	—	10.70	10.74	131,375	—	108,875	—	12,500	—	10,000
		171,000	10/11/2025–09/11/2032	11.02	—	10.70	NA	131,375	—	—	—	12,500	—	118,875
		171,000	10/11/2026–09/11/2032	11.02	—	10.70	NA	131,375	—	—	—	12,500	—	118,875
	28/12/2022	199,625	28/12/2024–27/12/2032	12.78	—	12.96	NA	47,500	—	—	—	—	—	47,500
		199,625	28/12/2025–27/12/2032	12.78	—	12.96	NA	47,500	—	—	—	—	—	47,500
		199,625	28/12/2026–27/12/2032	12.78	—	12.96	NA	47,500	—	—	—	—	—	47,500
	19/4/2023	433,000	19/4/2024–18/4/2033	9.95	—	9.62	NA	75,000	—	—	—	75,000	—	—
		433,000	19/4/2025–18/4/2033	9.95	—	9.62	NA	384,250	—	—	—	150,000	—	234,250
		433,000	19/4/2026–18/4/2033	9.95	—	9.62	NA	384,250	—	—	—	150,000	—	234,250
		428,000	19/4/2027–18/4/2033	9.95	—	9.62	NA	384,250	—	—	—	150,000	—	234,250
	20/7/2023	479,250	20/7/2024–19/7/2033	7.88	—	8.16	8.55	55,000	—	55,000	—	—	—	—
		479,250	20/7/2025–19/7/2033	7.88	—	8.16	NA	55,000	—	—	—	5,000	—	50,000
		479,250	20/7/2026–19/7/2033	7.88	—	8.16	NA	55,000	—	—	—	5,000	—	50,000
		479,250	20/7/2027–19/7/2033	7.88	—	8.16	NA	55,000	—	—	—	5,000	—	50,000
	23/8/2023	6,144,675	23/8/2024–22/8/2033	7.63	—	7.20	9.20	5,866,675	—	5,755,225	—	110,550	—	900
		6,144,675	23/8/2025–22/8/2033	7.63	—	7.20	NA	5,866,675	—	—	—	229,625	—	5,637,050
		6,144,675	23/8/2026–22/8/2033	7.63	—	7.20	NA	5,866,675	—	—	—	229,625	—	5,637,050
		6,144,675	23/8/2027–22/8/2033	7.63	—	7.20	NA	5,866,675	—	—	—	229,625	—	5,637,050
	20/10/2023	162,125	20/10/2024–19/10/2033	5.97	—	5.82	11.32	105,000	—	105,000	—	—	—	—
		162,125	20/10/2025–19/10/2033	5.97	—	5.82	NA	105,000	—	—	—	37,500	—	67,500
		162,125	20/10/2026–19/10/2033	5.97	—	5.82	NA	105,000	—	—	—	37,500	—	67,500
162,125		20/10/2027–19/10/2033	5.97	—	5.82	NA	105,000	—	—	—	37,500	—	67,500	
27/3/2024	97,500	27/3/2025–26/3/2034	6.55	—	6.60	NA	97,500	—	—	—	10,000	—	87,500	
	97,500	27/3/2026–26/3/2034	6.55	—	6.60	NA	97,500	—	—	—	10,000	—	87,500	
	97,500	27/3/2027–26/3/2034	6.55	—	6.60	NA	97,500	—	—	—	10,000	—	87,500	
	97,500	27/3/2028–26/3/2034	6.55	—	6.60	NA	97,500	—	—	—	10,000	—	87,500	
4/7/2024	180,000	4/7/2025–3/7/2034	8.57	—	8.68	NA	—	180,000	—	—	—	5,000	175,000	
	180,000	4/7/2026–3/7/2034	8.57	—	8.68	NA	—	180,000	—	—	—	5,000	175,000	
	180,000	4/7/2027–3/7/2034	8.57	—	8.68	NA	—	180,000	—	—	—	5,000	175,000	
	180,000	4/7/2028–3/7/2034	8.57	—	8.68	NA	—	180,000	—	—	—	5,000	175,000	

LETTER FROM THE BOARD

Grantee	Date of grant	Number of awards	Vesting period	Closing price	Fair value	Weighted	Number of awards as at 1 July 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 30 November 2024		
				immediately before the date of grant	as at the date of grant	average closing price immediately before the vesting date								
				(HKD)	(HKD)	(HKD)								
	24/10/2024	231,375	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	231,375	—	—	—	231,375	
		231,375	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	231,375	—	—	—	231,375	
		231,375	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	231,375	—	—	—	231,375	
		231,375	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	231,375	—	—	—	231,375	
	24/10/2024	5,158,500	24/10/2025–23/10/2034	11.26	—	10.82	NA	—	5,158,500	—	—	—	5,158,500	
		5,158,500	24/10/2026–23/10/2034	11.26	—	10.82	NA	—	5,158,500	—	—	—	5,158,500	
		5,158,500	24/10/2027–23/10/2034	11.26	—	10.82	NA	—	5,158,500	—	—	—	5,158,500	
		5,158,500	24/10/2028–23/10/2034	11.26	—	10.82	NA	—	5,158,500	—	—	—	5,158,500	
	24/10/2024	4,352,200	30/4/2026–23/10/2034	11.26	—	10.82	NA	—	4,352,200	—	—	—	4,352,200	
		8,704,400	30/4/2027–23/10/2034	11.26	—	10.82	NA	—	8,704,400	—	—	—	8,704,400	
		13,056,600	30/4/2028–23/10/2034	11.26	—	10.82	NA	—	13,056,600	—	—	—	13,056,600	
		17,408,800	30/4/2029–23/10/2034	11.26	—	10.82	NA	—	17,408,800	—	—	—	17,408,800	
Total									<u>31,540,325</u>	<u>67,642,800</u>	<u>6,685,775</u>	<u>—</u>	<u>2,121,850</u>	<u>90,375,500</u>

Since the amended Chapter 17 of the Listing Rules took effect 1 January 2023, notwithstanding that the Existing Share Award Plan allows the Trustee to subscribe for Shares to satisfy the Awards, all Awarded Shares were acquired by the Trustee on the Stock Exchange utilizing funds allocated by the Company.

In the event that the proposed amendments to the Existing Share Award Plan are not approved by Shareholders at the Extraordinary General Meeting, the Company will continue to operate the Existing Share Award Plan as a share award scheme funded by existing Shares under the Listing Rules.

The Amended Share Award Plan

In light of the changes made to Chapter 17 of the Listing Rules as stated above, and the recent amendment to the Listing Rules which allows listed companies to use treasury shares for share schemes, the Board proposes to seek approval from the Shareholders at the Extraordinary General Meeting to amend the Existing Share Award Plan to, among other things, bring it in line with the latest Listing Rules and to allow the use of Treasury Shares to satisfy Awards to be granted under the Amended Share Award Plan.

The Amended Share Award Plan will take effect subject to the passing of a resolution by the Shareholders to approve the Amended Share Award Plan, and will have an extended term of ten years from the Amendment Date.

LETTER FROM THE BOARD

A summary of the principal terms of the Amended Share Award Plan is set out in Appendix III to this circular. A copy of the Amended Share Award Plan is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.smooreholdings.com) from the date of this circular until the date of the Extraordinary General Meeting.

Purpose

The purpose of Amended Share Award Plan is to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Eligible Participants

The Eligible Participants under the Amended Share Award Plan are any employee of the Group, whether full time or part time, including executive and non-executive directors of any member of the Group. The granting of Awards under the Amended Share Award Plan is based on each Eligible Participant's contribution and/or future contribution to the development and growth of the Group taking into account the positions, job tenures and performance evaluation results of the Eligible Participants. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the Eligible Participants receive different ratings levels which will also be taken into account when granting the Awards and deciding on the vesting period of the Awards.

Scheme Mandate Limit and the Max Shares Threshold

The Scheme Mandate Limit, i.e. the maximum number of Shares which may be issued together with Treasury Shares which may be transferred in respect of all Awards and Options to be granted under the Amended Share Award Plan, Amended Post-IPO Share Option Scheme and any other share schemes of the Company and the Grant (if approved by the Independent Shareholders) must not, in the absence of Shareholders' approval, in aggregate exceed 10% of the Shares in issue (excluding Treasury Shares) as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Extraordinary General Meeting. The Scheme Mandate Limit may be refreshed with the approval of the Shareholders in general meeting and in accordance with the Listing Rules.

As mentioned above, as at the Latest Practicable Date, the total number of Shares in issue (excluding Treasury Shares) was 6,180,257,991 Shares. Assuming there is no change in the number of Shares in issue (excluding Treasury Shares) during the period between the Latest Practicable Date and the date of the approval of the Scheme Mandate Limit, the maximum number of Shares which may be issued (including Treasury Shares which may be transferred) upon vesting of all Awards to be granted under the Amended Share Award Plan

LETTER FROM THE BOARD

and exercise of all Options to be granted under the Amended Post-IPO Share Option Scheme and any other share schemes of the Company and the Options granted under the Grant is 618,025,799 Shares.

In addition to the Scheme Mandate Limit, and in line with the Existing Share Award Plan, the Amended Share Award Plan will also be subject to the Max Shares Threshold, meaning that:

- (1) the maximum number of Shares which may be held by the Trustee at any point in time during the life of the Amended Share Award Plan shall not exceed 2% of the total issued Shares (excluding Treasury Shares); and
- (2) the maximum number of Awarded Shares under the Awards which may be granted under the Amended Share Award Plan on or after the Amendment Date shall not exceed 5% of the total issued Shares (excluding Treasury Shares) from time to time.

Vesting Period

The minimum period for which an Award must be held before the relevant Awarded Shares can be vested is determined by the Board or the Committee, which shall generally not be less than 12 months. To ensure the practicability in fully attaining the purpose of the Amended Share Award Plan, the Board is of the view that (a) there are certain instances where a strict 12 month vesting requirement would not be appropriate or would not be fair to the grantees, i.e. the six circumstances set out in paragraphs 9 of Appendix III to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances. The vesting period of 12 months which may be shortened under certain circumstances aligns with the purpose of the Amended Share Award Plan by encouraging the Selected Participants to perform exceptionally for accelerated vesting.

Performance Targets and Clawback Mechanism

If and to the extent that any performance targets are set and must be achieved by any grantee before an Award is vested, particulars of such performance targets shall be specified in the Award letter. The Board may determine such performance targets at its sole and absolute discretion, after taking into account the positions, job tenures and performance evaluation results of the grantee. This may include, without limitation, (i) business performance and financial performance of the Group or specific business unit(s); (ii) achievement of corporate goals and/or (iii) individual performance appraisal results. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their

LETTER FROM THE BOARD

performance and contribution to the Group. Based on their performance evaluation results, the grantees receive different rating levels which would also be taken into account when granting an Award and deciding on the related vesting period(s).

The Amended Share Award Plan also provides for circumstances under which an Award will automatically lapse, including where the Board or Committee at its absolute discretion determine that a Selected Participant has engaged in serious misconduct, or breaches the terms of any contract with the Group which is considered to be material, or has committed any act of bankruptcy or has become insolvent, or could no longer make any contribution to the growth and development of any member of the Group. Save as stated in the Amended Share Award Plan (see paragraph 13 of Appendix III to this circular), there is no clawback mechanism for the Company to recover or withhold Awarded Shares granted to any Selected Participant that have vested.

General

As at the Latest Practicable Date, the Company has not identified specific grantees under the Amended Share Award Plan.

Application(s) will be made, as and when appropriate, by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued to satisfy Awards granted under the Amended Share Award Plan.

6. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Extraordinary General Meeting is set out on pages EGM-1 to EGM-5 of this circular. The Register of Members of the Company will be closed from Thursday, 13 February 2025 to Tuesday, 18 February 2025, both days inclusive, for the entitlement to attend and vote at the Extraordinary General Meeting, during such period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 12 February 2025.

Pursuant to Rule 13.39(4) of the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the Extraordinary General Meeting. An announcement on the poll results will be published by the Company on websites of the Company and the Stock Exchange after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.smooreholdings.com>). To be

LETTER FROM THE BOARD

valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 3:00 p.m. on Sunday, 16 February 2025 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish.

7. RESPONSIBILITY STATEMENT

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

8. RECOMMENDATION

The Directors consider that the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate, the Grant, the Scheme Mandate Limit, the Amended Post-IPO Share Option Scheme and Amended Share Award Plan are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Extraordinary General Meeting.

By order of the Board
Smoore International Holdings Limited
Mr. CHEN Zhiping
Chairman of the Board

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Extraordinary General Meeting in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 6,180,257,991 Shares.

Subject to the passing of the ordinary resolution set out in item 1 of the notice of the Extraordinary General Meeting in respect of the granting of the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of passing of the proposed ordinary resolution and no further Shares are issued or repurchased before the Extraordinary General Meeting, i.e. being 6,180,257,991 Shares, the Directors would be authorised under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, a total of 618,025,799 Shares, representing 10% of the total number of Shares in issue (excluding Treasury Shares) as at the date of the Extraordinary General Meeting.

With effect from 11 June 2024, the Listing Rules were amended to introduce flexibility for listed companies to allow repurchased Shares to be cancelled or be held in treasury with detailed rules to govern the resale of treasury shares. Following such changes to the Listing Rules, if the Company repurchases Shares pursuant to the Repurchase Mandate, the Company may (i) cancel the repurchased Shares and/or (ii) hold such Shares in treasury as Treasury Shares, subject to market conditions and the capital management needs of the Company at the relevant time such repurchases of Shares are made. If the Company holds Shares in treasury, any resale of Treasury Shares shall be made in accordance with the Listing Rules and applicable laws and regulations of Cayman Islands.

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

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF SHARE REPURCHASE

The Company may only apply funds legally available for share repurchase in accordance with its Memorandum and Articles of Association, the laws of Cayman Islands and/or any other applicable laws, as the case may be. The law of the Cayman Islands provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase 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.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2023) in the event that the Repurchase Mandate is carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months were as follows:

	Share prices (per Share)	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2024		
January	6.55	4.67
February	5.64	4.61
March	7.30	5.34
April	7.46	6.52
May	8.75	6.68
June	10.52	8.22
July	9.54	8.25
August	9.47	7.85
September	13.40	8.61
October	15.26	10.06
November	12.20	9.54
December	13.86	10.06
2025		
January (up to the Latest Practicable Date)	14.72	12.72

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors will exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands. The Directors have confirmed that neither the explanatory statement set out in Appendix I to this circular nor the proposed share repurchase has any unusual features.

7. EFFECT OF TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge and belief of the Directors, the following are the substantial shareholders of the Company (as defined in the Listing Rules) as at the Latest Practicable Date and/or upon full exercise of the Share Repurchase Mandate:

Name of Shareholders	Notes	Number of Share and/or underlying Shares held	Approximate Percentage of Shareholding	Approximate Percentage of Shareholding if the Repurchase Mandate is exercised in full
CHEN Zhiping	(2) & (3)	2,416,350,300	39.10	43.44
ZHAO Zihan	(4)	2,416,350,300	39.10	43.44
SMR & Alon Limited	(2)	1,997,635,600	32.32	35.91
XIONG Shaoming	(3) & (5)	2,416,350,300	39.10	43.44
HAN Xiao	(6)	2,416,350,300	39.10	43.44
LIU Jincheng	(7)	1,950,240,000	31.56	35.06
LUO Jinhong	(8)	1,950,240,000	31.56	35.06
EVE BATTERY INVESTMENT LTD.	(9)	1,901,520,000	30.77	34.19
EVE Energy Co., Ltd.	(9)	1,901,520,000	30.77	34.19
EVE Asia Co., Limited	(9)	1,901,520,000	30.77	34.19

Notes:

- (1) The percentage is calculated based on the total number of Shares in issue as at the Latest Practicable Date, which was 6,180,257,991 Shares.
- (2) Mr. CHEN Zhiping holds all the issued shares of SMR & Alon Limited and CZPGJ Holding Limited, which in turn directly holds 1,997,635,600 Shares and 76,073,000 Shares respectively. Accordingly, Mr. CHEN is deemed to be interested in a total of 2,073,708,600 Shares held by SMR & Alon Limited and CZPGJ Holding Limited in total. Mr. CHEN is also beneficially interested in 61,000,000 shares, which represent the 61,000,000 shares of the Company to be issued upon the exercise of the share options conditionally granted to Mr. CHEN on 27 December 2024.
- (3) Mr. CHEN Zhiping is deemed to be interested in 280,201,400 Shares that Mr. XIONG Shaoming is interested in, and Mr. XIONG Shaoming is deemed to be interested in 1,997,635,600 Shares that Mr. CHEN Zhiping is interested in under the Concert Party Agreement entered into between Mr. CHEN Zhiping and Mr. XIONG

Shaoming on 11 December 2019 (the “Concert Party Agreement”) pursuant to section 317 of the SFO. Besides, Mr. CHEN Zhiping is deemed to be interested in 1,440,300 Shares that Mr. XIONG Shaoming is interested in, and Mr. XIONG Shaoming is deemed to be interested in 137,073,000 Shares that Mr. CHEN Zhiping is interested in apart from the Concert Party Agreement pursuant to section 318 of the SFO.

- (4) Ms. ZHAO Zihan is the spouse of Mr. CHEN Zhiping. Under the SFO, Ms. ZHAO Zihan is deemed to be interested in the same number of Shares in which Mr. CHEN is interested.
- (5) Mr. XIONG Shaoming holds all the issued shares of Andy Xiong Holding Limited, which in turn directly holds 280,201,400 Shares. Accordingly, Mr. XIONG is deemed to be interested in the 280,201,400 Shares held by Andy Xiong Holding Limited. Mr. XIONG Shaoming also beneficially holds a total interests of 1,440,300 shares. Such Shares represent 1,279,800 shares of the Company to be issued upon the exercise of the post-IPO share options of the Company granted to Mr. XIONG Shaoming, and 160,500 Awarded Shares granted to Mr. XIONG Shaoming under the Existing Share Award Scheme of the Company.
- (6) Ms. HAN Xiao is the spouse of Mr. XIONG Shaoming. Under the SFO, Ms. HAN Xiao is deemed to be interested in the same number of Shares in which Mr. XIONG is interested.
- (7) Dr. LIU Jincheng holds all the issued shares of Golden Energy Global Investment Ltd., which in turn directly holds 48,720,000 Shares. In addition, Dr. LIU, through EVE Energy Co., Ltd. and EVE Asia Co., Limited, ultimately controls EVE BATTERY INVESTMENT LTD., which in turn directly holds 1,901,520,000 Shares. Accordingly, Dr. LIU is deemed to be interested in an aggregate of 1,950,240,000 Shares held by Golden Energy Global Investment Ltd. and EVE BATTERY INVESTMENT LTD.
- (8) Ms. LUO Jinhong is the spouse of Dr. LIU Jincheng. Under the SFO, Ms. LUO Jinhong is deemed to be interested in the same number of Shares in which Dr. LIU is interested.
- (9) EVE BATTERY INVESTMENT LTD. is an investment holding company wholly owned by EVE Asia Co., Limited which is a wholly-owned subsidiary of EVE Energy Co., Ltd. EVE Energy Co., Ltd. is ultimately controlled by Dr. LIU Jincheng and Ms. LUO Jinhong (spouse of Dr. LIU).

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date:

- (a) no other person (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group; and
- (b) none of the Directors was a director or employee of a company who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

8. SHARE REPURCHASE MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not repurchased any Shares (whether on the Stock Exchange or otherwise).

The following is a summary of the principal terms of the rules of the Amended Post-IPO Share Option Scheme to be considered and proposed to be adopted by Shareholders at the Extraordinary General Meeting. It does not form part of, nor is it intended to be part of, the rules of the Amended Post-IPO Share Option Scheme. The Directors reserve the right at any time prior to the Extraordinary General Meeting to make amendments to the Amended Post-IPO Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix.

1. PURPOSE

The purpose of Amended Post-IPO Share Option Scheme is to incentivise and reward the Eligible Participants for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

2. ADMINISTRATION AND DURATION

The Amended Post-IPO Share Option Scheme shall be subject to the administration of the Board or an administrator or administrators appointed by the Board in relation to the Amended Post-IPO Share Option Scheme on such terms as the Board may determine. Subject to early termination in accordance with the rules of the Amended Post-IPO Share Option Scheme, the Amended Post-IPO Share Option Scheme shall expire on the 10th anniversary of the Amendment Date.

3. ELIGIBLE PARTICIPANTS AND BASIS OF DETERMINING THE ELIGIBILITY OF PARTICIPANTS

The Eligible Participants under the Amended Post-IPO Share Option Scheme shall be an employee (whether full-time or part-time) or a director of the Company and any subsidiary of the Company.

The granting of Options under the Amended Post-IPO Share Option Scheme will take into account the positions, job tenures and performance evaluation results of the Eligible Participants. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the Eligible Participants receive different rating levels which will also be taken into account when granting the Options and deciding on the related vesting period(s) of the Options.

4. SCHEME MANDATE LIMIT

The maximum number of Shares which may be issued upon exercise of all options and awards to be granted under the Amended Post-IPO Share Option Scheme and any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue (excluding Treasury Shares) as of the date of approval of the Scheme Mandate Limit, being 618,025,799 Shares (assuming there is no change in the issued Shares of the Company between the Latest

Practicable Date and the date of the approval of the Scheme Mandate Limit). Options lapsed in accordance with the terms of the Amended Post-IPO Share Option Scheme and any other share schemes of the Company will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

The Board may, with the approval of the Shareholders in general meeting and in accordance with the Listing Rules, refresh the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options and awards to be granted under the Amended Post-IPO Share Option Scheme and any other schemes of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue (excluding Treasury Shares) as of the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options and awards previously granted under the Amended Post-IPO Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit as “refreshed”. The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Participant specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. The Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

The Scheme Mandate Limit and the maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

The Board may not grant options to any Eligible Participant which would cause the Scheme Mandate Limit (including, for the avoidance of doubt, any such limit as refreshed) to be exceeded, except with the approval of the Shareholders of the Company in general meeting and in accordance with the Listing Rules.

5. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

No options shall be granted to any Eligible Participant under the Amended Post-IPO Share Option Scheme and any other schemes of the Company which, if exercised, would result in such Eligible Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued (and Treasury Shares transferred or to be transferred) to him under all options granted to him under the Amended Post-IPO Share Option Scheme and any options and awards granted under any other schemes (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of grant of such options, exceeds 1% of the Shares in issue (excluding Treasury Shares) at such date.

Any further grant of options to an Eligible Participant in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such Eligible Participant and his close associates (or if such Eligible Participant is a connected person of the Company, his associates) abstaining from voting. The Company must send a circular to the Shareholders containing the information required under the Listing Rules.

6. GRANT OF OPTIONS TO CONNECTED PERSONS

Each grant of options to an Eligible Participant who is a Director (including an Independent Non-Executive Director), chief executive or substantial Shareholder of the Company, or any of their respective associates, under the Amended Post-IPO Share Option Scheme, such grant shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in such person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued and to be issued (and Treasury Shares transferred and to be transferred) upon exercise of all options already granted under the Amended Post-IPO Share Option Scheme and any options and awards granted under any other schemes (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares) such further grant of options by the Board must be approved by the Shareholders in general meeting. Any Shareholder who is a connected person of the Company must abstain from voting on the resolution to approve such further grant of options, except that such a connected person may vote against such resolution subject to the requirements of the Listing Rules.

7. OFFER AND ACCEPTANCE

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Participant concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Amended Post-IPO Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK\$1.00 is payable within a period upon such acceptance as decided by the Board upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

8. EXERCISE PRICE

The exercise price shall be such price as determined by the Board and notified to an Option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day; and

- (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option, i.e. the date of offer of the option.

9. VESTING PERIOD

Any option shall be vested on an Option-holder according to the vesting schedule and/or upon the fulfilment of the vesting conditions as specified in the offer of the option (as the case may be). Such terms shall include the minimum period as determined by the Board for which an option must be held before it can be exercised, which shall not be less than 12 months upon the granting of options, unless the following applies in relation to grants to employee participants:

- (a) grants of "make whole" options to new employee participants to replace share options such employee participants forfeited when leaving their previous employers;
- (b) grants to an employee participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of options which are subject to the fulfilment of performance targets;
- (d) grants of options with a mixed vesting schedule such that the Options vest evenly over a period of 12 months;
- (e) grants of options that are made in batches during a year for administrative and compliance reasons; or
- (f) grants of options with a total vesting and holding period of more than 12 months.

10. EXERCISE OF OPTIONS

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions in accordance with the rules of Amended Post-IPO Share Option Scheme and/or any performance target which need to be achieved by an Option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Amended Post-IPO Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement. The exercise period in relation to making an offer to an Eligible Participant shall not exceed the period of ten years from the date of offer.

11. PERFORMANCE TARGETS

The granting of options to the grantees will take into account the positions, job tenures and performance evaluation results of the grantees. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the grantees receive different rating levels which will also be taken into account when granting the Options and deciding on the related vesting period(s) of the Options.

12. RIGHTS ARE PERSONAL TO GRANTEEES

Except for the transmission of an option on the death of an Option-holder to his personal representatives, neither the option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option-holder to any other person or entity. If an Option-holder transfers, assigns or disposes of any such option or rights, whether voluntarily or involuntarily, then the relevant option will immediately lapse.

13. LAPSE OF OPTIONS

An option will lapse on the earlier of:

- (i) the expiry of the exercise period as determined by the Board; or
- (ii) the date on which an Option-holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, his option; or
- (iii) the expiry of the time provided for in the applicable rule where any circumstances provided in sub-paragraph 15 below apply.

14. CAPITAL RESTRUCTURING

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, further rights issues of Shares, consolidation or subdivision of shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to the number of Shares, the subject matter of the option (insofar as it is unexercised) and/or the price at which the options are exercisable, as the auditors of the Company or an independent financial adviser appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable.

Any such adjustments shall be made on the basis that an Option-holder shall have the same proportion of the issued share capital of the Company as that to which he was entitled before such adjustment. No such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of

the Company for which any Option-holder would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustments. The maximum number of shares that may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate limit as a percentage of the total number of issued shares at the date immediately before and after a share consolidation or subdivision shall be the same, rounded to the nearest whole share.

The auditors of the Company or the independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange, except where such adjustment is made on a capitalisation issue.

The capacity of the auditors or independent financial advisers is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Option-holders in the absence of fraud or manifest error. The costs of the auditors or independent financial advisers shall be borne by the Company.

15. LAPSE OF OPTIONS AND CLAWBACK

Rights on voluntary resignation

If an Option-holder ceases to be an Eligible Participant by reason of his voluntary resignation (other than in circumstances where he is constructively dismissed), any outstanding offer of options shall continue to be open for acceptance for such period as determined by the Board at its absolute discretion and notified to such Eligible Participant, and all options (to the extent vested but not already exercised) will continue to be exercisable for such period as the Board may determine at its absolute discretion and notify to such Eligible Participant on the date of cessation of employment of such Eligible Participant.

Rights on termination of employment

If an Option-holder ceases to be an Eligible Participant by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the Option-holder ceases to be an Eligible Participant.

Rights on death, disability, retirement and transfer

If an Option-holder ceases to be an Eligible Participant by reason of:

- (i) his death; or

- (ii) his serious illness or injury which in the opinion of the Board renders the Option-holder concerned unfit to perform the duties of his employment and which in the normal course would render the Option-holder unfit to continue performing the duties under his contract of employment for the following 12 months provided such illness or injury is not self-inflicted; or
- (iii) his retirement in accordance with the terms of an Option-holder's contract of employment; or
- (iv) his early retirement by agreement with the Option-holder's employer; or
- (v) his employer terminating his contract of employment by reason of redundancy; or
- (vi) his employer ceasing to be a member of the Group or an associated company of the Company or under the control of the Company; or
- (vii) a transfer of the business, or the part of the business, in which the Option-holder works to a person who is neither under the control of the Company nor a member of the Group or associated companies of the Company; or
- (viii) if the Board determines in its absolute discretion that circumstances exist which mean that it is appropriate and consistent with the purpose of the Amended Post-IPO Share Option Scheme to treat an Option-holder whose options would otherwise lapse so that such options do not lapse but continue to subsist in accordance with (and subject to) the provisions of the Amended Post-IPO Share Option Scheme,

then, any outstanding offer of an option which has not been accepted and any unvested option will lapse and the Option-holder or his personal representatives (if appropriate) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of cessation of employment. Any option not exercised prior to the expiry of this period shall lapse.

If the Board determines that an Option-holder's Options should not lapse and that Option-holder subsequently:

- (i) is guilty of any misconduct which would have justified the termination of his contract of employment for cause but which does not become known to the Company until after he has ceased employment with any member of the Group or associated companies; or
- (ii) is in breach of any material term of contract of employment (or other contract or agreement related to his contract of employment), without limitation, any confidentiality agreement or agreement containing non-competition or non-solicitation restrictions between him and any member of the Group or associated companies; or

- (iii) has disclosed trade secrets or confidential information of any member of the Group or associated companies; or
- (iv) has entered into competition with any member of the Group or associated companies or breached any non-solicitation provisions in his contract of employment,

then it may, in its absolute discretion, determine that any unexercised Options, vested or not vested, held by the Option-holder shall immediately lapse upon the Board resolving to make such determination (whether or not the Option-holder has been notified of the determination). For the avoidance of doubt and notwithstanding paragraphs 4 and 20 of this Appendix II, any Option so lapsed under this paragraph shall be deemed cancelled under the Amended Post-IPO Share Option Scheme and be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

Rights on cessation of directorship

In the event that any grantee ceases to be a director of any member of the Group or associated companies, the Company shall, as soon as practicable thereafter, give notice to the relevant Option-holder who, as a result, ceases to be an Eligible Participant. Any outstanding offer of an option which has not been accepted and any unvested option will lapse on the date the Option-holder ceases to be an Eligible Participant. The Option-holder (or his personal representative) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of the notification by the Board. Any option not exercised prior to the expiry of this period shall lapse.

Rights on a general offer

If, as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror, the Board will notify every Option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies. Each Option-holder will be entitled to exercise his options (to the extent vested but not already exercised) during the period of one month starting on the date of the Board's notification to the Option-holders. All options, vested or unvested, not exercised before the end of such period will lapse.

Rights on company reconstructions

In the event of a compromise or arrangement, the Company shall give notice to all Option-holders on the same date as it gives notice of the meeting to the Shareholders or creditors to consider such a compromise or arrangement and each Option-holder (or his

personal representative) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his options (to the extent vested but not already exercised), and subject to the Company receiving the exercise notice and the exercise price, the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the Option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

Rights on winding up

In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after we dispatch such notice to the Shareholders give notice thereof to all Option- holders and each Option-holder shall be entitled to exercise all or any of his options (to the extent vested but not already exercised) at any time no later than seven days prior to the proposed general meeting of the Company, and subject to the Company receiving the exercise notice and the exercise price, the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the Option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

16. RANKING OF SHARES

No dividends (and distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. Shares allotted and issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

17. TERMINATION

The Amended Post-IPO Share Option Scheme will expire automatically on the tenth anniversary of the Amendment Date. The Board may terminate the Amended Post-IPO Share Option Scheme at any time without Shareholders' approval by resolving that no further options shall be granted under the Amended Post-IPO Share Option Scheme and in such case, no new offers to grant options under the Amended Post-IPO Share Option Scheme will be made and any options which have been granted but not yet exercised shall either (i) continue subject to the rules of the Amended Post-IPO Share Option Scheme, or (ii) be cancelled in accordance with rules of the Amended Post-IPO Share Option Scheme.

18. AMENDMENTS

The Board may amend any of the provisions of the Amended Post-IPO Share Option Scheme (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Option-holder at that date), except that amendments which are to the advantage of present or future Option-holders in respect of matters contained in Rule 17.03 of the Listing Rules must be approved by the Shareholders in general meeting.

Any amendments to the terms and conditions of the Amended Post-IPO Share Option Scheme which are of a material nature or any amendments to the terms of any options granted may only be made with the approval of the Shareholders of the Company save where the amendments take effect automatically under the existing terms of the Amended Post-IPO Share Option Scheme.

Any amendments to the terms of options granted may only be made with the approval of the Board, the Remuneration Committee, the independent non-executive Directors, or the Shareholders in general meeting (as the case may be) if the initial grant of options was approved by the Board, the Remuneration Committee, the independent non-executive Directors, or the Shareholders in general meeting (as the case may be) save where the amendments take effect automatically under the terms of the Amended Post-IPO Share Option Scheme.

Any amendments to the terms of options granted to an Option-holder who is a substantial Shareholder of the Company or an independent non-executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting. The resolution to approve the amendment must be taken on a poll and any connected person of the Company must abstain from voting on the resolution to approve such amendment, except that such a connected person may vote against such resolution.

Any change to the authority of the Board in relation to any amendment of the rules of the Amended Post-IPO Share Option Scheme may only be made with the approval of the Shareholders in general meeting.

The amended terms of the Amended Post-IPO Share Option Scheme must still comply with Chapter 17 of the Listing Rules.

19. RESTRICTION ON GRANT

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing 30 days immediately preceding the earlier of:

- (i) 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 the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of the 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 period during which no option may be granted will cover any period of delay in the publication of a results announcement.

20. CANCELLATION

The Board may cancel any option with the Option-holder's agreement. Without the agreement of the Option-holder, the Board may only cancel an option (which has been granted but not yet exercised) if, at the election of the Board, either:

- (i) the Company pays to the Option-holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the auditors of the Company or an independent financial adviser appointed by the Board; or
- (ii) the Board offers to grant the Option-holder replacement options (or options under any other share option scheme of any member of the Group) or makes such arrangements as the Option-holder may agree to compensate him for the loss of the option; or
- (iii) the Board makes such arrangements as the Option-holder may agree to compensate him for the cancellation of the option.

Options cancelled in accordance with the terms of the Amended Post-IPO Share Option Scheme will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

The following is a summary of the principal terms of the rules of the Amended Share Award Plan to be considered and proposed to be adopted by Shareholders at the Extraordinary General Meeting. It does not form part of, nor is it intended to be part of, the rules of the Amended Share Award Plan. The Directors reserve the right at any time prior to the Extraordinary General Meeting to make amendments to the Amended Share Award Plan as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix.

1. PURPOSE OF THE SHARE AWARD PLAN

The purpose of Share Award Plan is to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

2. ADMINISTRATION AND DURATION

The Share Award Plan shall be subject to the administration of the Board or the Committee and the Trustee in accordance with the terms of the Share Award Plan and the terms of the Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed. Subject to early termination in accordance with the rules of the Amended Share Award Plan, the Amended Share Award Plan shall expire on the 10th anniversary of its Amendment Date.

3. ELIGIBLE PARTICIPANTS AND BASIS OF DETERMINING THE ELIGIBILITY OF PARTICIPANTS

The Eligible Participants under the Share Award Plan shall be the following classes of participants (excluding the Excluded Participants):

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of any member of the Group (an “**Employee**”); and
- (b) any non-executive directors (including independent non-executive directors) of any member of the Group.

The eligibility of any of the Eligible Participants to an award shall be determined by the Board or the Committee from time to time on the basis of the Board’s or the Committee’s opinion as to his contribution and/or future contribution to the development and growth of the Group.

4. SCHEME MANDATE LIMIT AND MAX SHARES THRESHOLD

The maximum number of Shares which may be held by the Trustee (whether directly or indirectly through Trustee's controlled corporations) at any point in time during the life of the Amended Share Award Plan shall not exceed 2% of the total issued Shares (excluding Treasury Shares) from time to time; and that the maximum number of Awarded Shares under the Awards which may be granted under the Amended Share Award Plan (i) before the Amendment Date and (ii) on or after the Amendment Date, separately, shall not exceed 5% of the total issued Shares (excluding Treasury Shares) from time to time, provided that the total number of Awarded Shares specified to be satisfied by subscription of new Shares and purchase of Treasury Shares together with the number of Shares which may be issued (and for this purpose including Treasury Shares which may be transferred) under any other share schemes of the Company that are funded by the issuance of new Shares or transfer of Treasury Shares shall not exceed 10% of the Shares in issue (excluding Treasury Shares) as at the date the Shareholders approve the Scheme Mandate Limit.

Shares which would have been issued (and Treasury Shares which would have been transferred) pursuant to Awards which have lapsed in accordance with the rules of the Share Award Plan (or the terms of any other share schemes of the Company) shall not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

The Company may refresh the Scheme Mandate Limit:

- (A) from the later of three years after the date of Shareholders' approval of the first Scheme Mandate Limit or three years after the date of the previous shareholder approval for refreshment of the Scheme Mandate Limit, with the prior approval of Shareholders in general meeting by way of ordinary resolution; or
- (B) at any time, with the prior approval of the Shareholders in general meeting and subject to compliance with any additional requirements set out in the Listing Rules.

The total number of Shares which may be issued (and for this purpose includes the number of Treasury Shares which may be transferred) in respect of all awards to be granted under the Share Award Plan together with any options/awards granted under any other schemes of the Company under the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue (excluding Treasury Shares) as at the date of the approval to refresh the Scheme Mandate Limit by the Shareholders in general meeting. Options and awards already granted under the Share Award Plan and any other share schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with its terms) shall not be regarded as utilised for the purpose of calculating the number of Awarded Shares that may be issued (or Treasury Shares that may be transferred) under the Scheme Mandate Limit as refreshed. For the avoidance of doubt and notwithstanding paragraph 20 of this Appendix III, any Award lapsed under paragraph 13(iii) of this Appendix III shall be deemed cancelled under the Amended Share Award Plan and be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

The Company may seek separate approval of the Shareholders in general meeting to grant awards beyond the Scheme Mandate Limit to Eligible Participants specifically identified by the Company, subject to compliance with the requirements set out in the Listing Rules.

5. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

The maximum number of Shares which may be subject to an award or awards to a Selected Participant before the Amendment Date shall not in aggregate exceed 1% of the Shares in issue (excluding Treasury Shares) from time to time. The maximum number of Shares which may be subject to an award or awards to a Selected Participant on or after the Amendment Date shall not in aggregate exceed 1% of the Shares in issue (excluding Treasury Shares) from time to time.

Unless approved by the Shareholders in accordance with the Listing Rules, the total number of Shares issued and to be issued (and for this purpose including the number of Treasury Shares transferred and to be transferred) in respect of all awards granted under the Share Award Plan together with any options/awards granted under any other share schemes of the Company to each Eligible Participant (excluding any options/awards lapsed) in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue (excluding Treasury Shares) on the date of such grant.

Any further grant of awards to an Eligible Participant which would exceed this limit shall be subject to the relevant requirements in the Listing Rules, including separate approval of the Shareholders in general meeting with the relevant Eligible Participant and their close associates (or associates if the relevant Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders disclosing the information required to be disclosed under the Listing Rules.

The number and terms of the Awards to be granted to such Eligible Participant shall be fixed before the Shareholders' approval is sought. The maximum number of Shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the Shares in issue (excluding Treasury Shares) from time to time.

6. SHARE POOL

In order to satisfy any award to be granted under the Share Award Plan from time to time, the Trustee shall maintain a Share Pool which shall comprise the following:

- (a) such Shares as may be purchased by the Trustee on the Stock Exchange or off-market by utilising the funds allocated by the Board or the Committee from the Company's resources;
- (b) such Shares as may be subscribed by the Trustee (or such Treasury Shares as may be transferred to the Trustee) by utilising the funds allocated by the Board or the Committee from the Company's resources, subject to the Company having obtained the requisite

Shareholders' approval in general meeting under general mandate or specific mandate for the allotment and issue of new Shares, the grant of listing of and permission to deal in such Shares by the Stock Exchange, and compliance with the applicable requirements under the Listing Rules;

- (c) such Shares as may be allotted or issued (or Treasury Shares as may be transferred) to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise; and
- (d) such Shares which remain unvested and revert to the Trustee due to the lapse of an award.

The Trustee may purchase the Shares on the Stock Exchange at the prevailing market price (subject to the maximum price as may be from time to time prescribed by the Board or the Committee), or off-market. In the event that the Trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

7. AWARD OF SHARES

The Board or the Committee shall, subject to and in accordance with the rules of the Share Award Plan, be entitled to, at any time during the continuation of the Share Award Plan, make an award to any of the Eligible Participants, such number of Shares as it shall determine pursuant to the Share Award Plan.

The Board or the Committee shall notify the Trustee in writing upon the making of an award under the Share Award Plan by giving the Trustee an award notice.

Any grant of awards to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the Remuneration Committee (excluding any member who is the proposed grantee) and the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee).

Where any grant of awards to any Director (other than an independent non-executive Director) or chief executive of the Company (or any of their respective associates) would result in the Shares issued and to be issued (and for this purpose including the number of Treasury Shares which transferred and to be transferred) in respect of all awards granted (excluding any awards lapsed) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares) on the date of such grant; or where any grant of awards to an independent non-executive Director or substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued (and for this purpose including the number of Treasury Shares transferred and to

be transferred) in respect of all options/awards granted (excluding any options/awards lapsed) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of Shares in issue (excluding Treasury Shares) on the date of such grant, such further grant of awards must be approved by the Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.

8. OFFER AND ACCEPTANCE

The Board or the Committee shall notify the Selected Participant in writing after an award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the notice of making the award provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the Awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Awarded Shares in the Selected Participant in accordance with these rules of the Share Award Plan. An award shall be deemed to be irrevocably accepted by a Selected Participant without payment of any amount to the Company unless the Selected Participant shall within five Business Days after receipt of such notice from the Board or the Committee notify the Company in writing that he would decline to accept such Award.

9. VESTING PERIOD

The Board or the Committee may from time to time, at its discretion, determine the earliest vesting date and other subsequent date(s), if any, subject to and upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant. The earliest vesting date on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant shall not be less than 12 months from the date that the award was made otherwise than in the following circumstances with the approval of the Board or the Remuneration Committee (where the Selected Participants are Directors or senior managers of the Group):

- (a) “make whole” awards to new Employee to replace share awards such Employee forfeited when leaving their previous employers;
- (b) awards to an Employee whose employment is terminated due to death or disability or event of force majeure;
- (c) awards which are subject to the fulfilment of performance targets;
- (d) awards that are made in batches during a year for administrative and compliance reasons, in which case the vesting period may be shortened to take into account the time from which the award would have been granted if not for such administrative or compliance requirements;

- (e) awards with a mixed vesting schedule such that the awards vest evenly over a period of 12 months; or
- (f) awards with a total vesting and holding period of more than 12 months.

The Trustee shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant award as soon as practicable after the latest of:

- (i) the earliest vesting date as specified in the notice of making the award to which such award relates;
- (ii) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee; and
- (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by such Selected Participant as specified in the related notice have been attained or paid and notified to the Trustee by the Board or the Committee in writing.

During the Vesting Period, any dividends and other distributions (“**Other Distributions**”) declared and made in respect of any Awarded Shares shall belong to the Trustee and be held by the Trustee as part of the trust fund under the Trust Deed and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any Awarded Shares or otherwise unless and until the relevant Awarded Shares are vested in such Selected Participant. Such Other Distributions shall be applied to subscription for and/or purchase of Shares or Treasury Shares for the purpose of satisfying any further Awards by the Board or the Committee and, upon termination of the Plan, shall be treated and dealt with as income of the trust fund under the Trust Deed generally.

10. PERFORMANCE TARGETS

The granting of Awards will take into account the positions, job tenures and performance evaluation results of the Eligible Participants. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the Eligible Participants receive different rating levels which will also be taken into account when granting the Awards and deciding on the related vesting period(s) of the Awards.

Where an award is made to an independent non-executive Director, the vesting of awards shall not be subject to performance target, unless the Board and the other independent non-executive Directors are satisfied that the existence of such target will not lead to any bias in the decision-making or compromise the objectivity and independence of the independent non-executive Director receiving the award in the course of his performance of his duties as an independent non-executive Director.

11. VOTING RIGHTS IN RELATION TO SHARES IN SHARES POLL AND SELECTED PARTICIPANTS HAVING NO RIGHTS

The Trustee shall not exercise the voting rights by abstaining from voting in respect of any Shares held under the trust constituted by the Trust Deed (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the further Shares, the returned Shares, any bonus Shares and scrip Shares).

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to paragraph 4 unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms hereof. For the avoidance of doubt, a Selected Participant shall only have a contingent interest in the Awarded Shares which are referable to him subject to the vesting of such Shares, and a Selected Participant shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on a date prior to the vesting date.

12. RIGHTS ARE PERSONAL TO GRANTEES

An award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the award made to such Selected Participant.

13. LAPSE OF AWARDS AND CLAWBACK

In the event that any Selected Participant who is an Employee ceases to be an Employee by virtue of a corporate reorganisation of the Group, then any award made to such Selected Participant shall forthwith lapse.

An award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Share Award Plan, automatically lapse forthwith and all the Awarded Shares (or, as the case may be, the relevant Awarded Shares) shall become returned Shares:

- (i) the Selected Participant ceases to be an Employee other than reasons of his death or retirement at his normal or earlier retirement day (including but not limited to by reason of the termination of his employment or contractual engagement with the Group for cause or without notice, or as a result of being charged/penalised/convicted of an offence involving the Selected Participant's integrity or honesty); or
- (ii) the Subsidiary by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant, was employed immediately prior to his death or retirement, ceases to be a Subsidiary of the Company (or of a member of the Group);
- (iii) the Board or the Committee shall at its absolute discretion determine in respect of a Selected Participant that (i) he has engaged in serious misconduct or breaches the terms of any contract with the Group, including with respect to a policy or code of or other agreement with the Group, which is considered to be material; or (ii) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group; or
- (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or
- (v) a Selected Participant is found to be an Excluded Participant; or
- (vi) subject to the terms of the Share Award Plan, a Selected Participant fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Share Award Plan within the stipulated period.

14. CAPITAL RESTRUCTURING

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), the Board or Committee shall make such corresponding adjustments, if any, as the Board or Committee in its discretion may deem appropriate to reflect such change with respect to:

- (i) the number of Shares constituting the Max Shares Threshold and Scheme Mandate Limit, provided that in the event of any Share subdivision or consolidation the Max Shares Threshold and the Scheme Mandate Limit as a percentage of the total issued Shares of the Company (excluding Treasury Shares) at the date immediately before any consolidation or subdivision shall be the same on the date immediately after such consolidation or subdivision;
- (ii) the number of Shares in each award to the extent any award has not vested;

or any combination thereof, as the auditors or a financial adviser engaged by the Company for such purpose have certified satisfy the relevant requirements of the Listing Rules (as applicable) and are, in their opinion, fair and reasonable either generally or as regards any particular Selected Participant, provided always that (i) any such adjustments should give each Selected Participant the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Selected Participant was previously entitled prior to such adjustments, and (ii) no such adjustments shall be made which would result in a Share being issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) in this Rule is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Selected Participants.

15. RIGHTS ON CESSATION OF EMPLOYMENT AND DEATH OF GRANTEE

At any time prior to a vesting date, unless the Board or the Committee otherwise determines, in respect of a Selected Participant who:

- (i) has died, all the Awarded Shares of the Selected Participant shall be deemed to be vested in respect of that Selected Participant on the day immediately prior to his death; or
- (ii) (in the case of a Selected Participant who is an Employee) has retired at his normal retirement date, all the Awarded Shares of the Selected Participant shall be deemed to be vested in respect of that Selected Participant on the day immediately prior to his normal retirement date; or

- (iii) (in the case of a Selected Participant who is an Employee) has retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary), all the Awarded Shares of the Selected Participant shall be deemed to be vested in respect of that Selected Participant on the day immediately prior to his earlier retirement date.

In the event of the death of a Selected Participant, the Trustee shall hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust and to transfer the same to the personal representative(s) of the Selected Participant, and the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within:

- (i) two years of the death of the Selected Participant (or such longer period as the Trustee and the Board or the Committee shall agree from time to time) or
- (ii) the Trust Period (as defined in the Trust Deed),

(whichever is the shorter) upon trust to transfer the same to the personal representative(s) of the Selected Participant (as notified by the Board or the Committee in writing together with a copy of the death certificate of such Selected Participant or such other documents or evidence of death of such Selected Participant as may be reasonably required by the Trustee, whereupon the Trustee shall be discharged from all duties and liabilities in respect of the Selected Participant) or, if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held as returned Shares for the purposes of the Share Award Plan. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be retained and otherwise dealt with by the Trustee in every way as if they had remained part of the trust fund of the trust constituted by the Trust Deed.

16. RANKING OF SHARES

The Awarded Shares shall be identical to all existing issued Shares and shall rank *pari passu* with all other fully paid Shares in issue on the date on which the legal and beneficial ownership of the Awarded Shares are vested in a Selected Participant.

17. TERMINATION

If, at the date of the termination of the Share Award Plan, the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds received from the Group, then the Trustee shall, within 21 Business Days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. Subject to the decision of the Board and subject to the terms of the Share Award Plan, all the Awarded Shares shall become vested on the Selected Participant on such date of termination upon termination of the Share Award Plan.

18. ALTERATION

The Board or the Committee may amend any of the provisions of the Share Award Plan or any awards granted under the Share Award Plan at any time and in any respect, provided that the terms of the Share Award Plan or awards so altered must comply with the relevant requirements of Chapter 17 of the Listing Rules.

No amendment or alteration shall be made to any provisions of the Share Award Plan or any awards granted under the Share Award Plan to the extent that such amendment or alteration has a material adverse effect on any subsisting rights of any Selected Participant at that date in respect of awards already granted to that Selected Participant and to the extent that such awards have not vested or lapsed, without such Selected Participant's consent, provided that no such consent shall be required if the Board determines in its sole discretion that such amendment or alteration either:

- (i) is necessary or advisable in order for the Company, the Share Award Plan or the award to satisfy any applicable law or Listing Rules or to meet the requirements of, or avoid adverse consequences under, any accounting standard; or
- (ii) is not reasonably likely to diminish materially the benefits provided under such award, or that any such diminishment has been adequately compensated.

The approval of the Shareholders in general meeting is required for any amendment or alteration to the terms of the Share Award Plan which are of a material nature or to those provisions that relate to the matters set out in Rule 17.03 of the Listing Rule to the advantage of the Eligible Participants.

Any amendment or alteration to the terms of any award the grant of which was subject to the approval of a particular body (such as the Board, the Committee, the Remuneration Committee, the independent non-executive Directors, or the Shareholders in general meeting) shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under terms of the Share Award Plan.

Any change to the authority of the Board or Committee, including under this paragraph 18, to alter the terms of the Share Award Plan shall be subject to the approval of the Shareholders in general meeting.

19. RESTRICTION ON GRANT

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

- (i) an award or, as the case may be, any instruction of the Board or the Committee to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool may not be made or given when inside information has come to the Company's knowledge until the trading day after such inside information has been published in accordance with the Securities and Futures Ordinance and the Listing Rules. In particular, an award may

not be made during the period commencing 30 days immediately before the earlier of: (1) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (2) the deadline for the issuer to announce 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);

- (ii) the Board or the Committee may not give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company;
- (iii) the Board or the Committee may not make any award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool if such grant of an award or giving of such instruction will result in an obligation on the Selected Participant or any Shareholder to make a mandatory offer under Rule 26 of the Takeovers Code being triggered; and
- (iv) the Board or the Committee may not make any award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool in any circumstances which are prohibited under the Listing Rules or any applicable laws, rules or regulations, or where such award will result in any requirement for any member of the Group to issue a prospectus or other offer documents in respect of the award or the Share Award Plan.

20. CANCELLATION

Subject to paragraph 12 of this Appendix III, awards granted but not vested may be cancelled by the Board or Committee at any time with the prior consent of the Selected Participant(s), and the relevant Awarded Shares set aside by the Trustee for such awards shall not vest on the relevant vesting date but shall become returned Shares for the purposes of the Share Award Plan. The Board or Committee may not otherwise cancel any awards granted without the prior consent of the Selected Participant(s).

Issuance of new awards to the same Eligible Participant(s) whose awards have been cancelled may only be made within the limit of the Max Shares Threshold and the Scheme Mandate Limit, if applicable, and Awards so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (but not for the Max Shares Threshold).

NOTICE OF EXTRAORDINARY GENERAL MEETING



Smooore International Holdings Limited

思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6969)

Notice is hereby given that the Extraordinary General Meeting of Smooore International Holdings Limited (the “**Company**”) will be held at Theatre A, The Hong Kong General Chamber of Commerce, 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 18 February 2025 at 3:00 p.m. to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. “**THAT:**

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations (including but not limited to deciding whether to cancel the shares repurchased or to keep the shares repurchased as treasury shares);
- (b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution);
- (c) the general mandate referred to in the resolution set out in item 6 of the notice convening the annual general meeting held on 24 May 2024 (“**AGM**”) approved by the shareholders of the Company at the AGM be revoked; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

2. **“THAT:**

(a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to allot, issue and deal with additional shares in the capital of the Company (including transfer of treasury shares) and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;

(b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (together with number of treasury shares transferred or agreed conditionally or unconditionally to be transferred) by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) a share scheme of the Company that complies with Chapter 17 of the Listing Rules; and

(iii) 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 of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

(c) the general mandate referred to in the resolution set out in item 7 of the notice convening the annual general meeting held on 24 May 2024 (“AGM”) approved by the shareholders of the Company at the AGM be revoked; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

3. “**THAT** conditional upon the passing of the resolutions set out in items 1 and 2 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 2 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (together with treasury shares which may be transferred or agreed conditionally or unconditionally to be transferred) by the directors pursuant to such general mandate of the number of shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 1 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”
4. “**THAT** the proposed amendments to the post-IPO share option scheme of the Company adopted on 15 June 2020 (the “**Amended Post-IPO Share Option Scheme**”), the terms of which are set out in the document marked “**A**” produced to the meeting and for the purpose of identification signed by the chairman of this meeting hereof, be and are hereby approved and that the directors of the Company be authorised to grant option, subject to such conditions as the directors of the Company may impose, under the Amended Post-IPO Share Option Scheme and to allot and issue shares or transfer treasury shares pursuant to the Amended Post-IPO Share Option Scheme and take all such step as may be necessary or desirable to implement and to give full effect to the Amended Post-IPO Share Option Scheme.”
5. “**THAT** the proposed amendments to the Share Award Plan of the Company adopted on 2 September 2021 (the “**Amended Share Award Plan**”), the terms of which are set out in the document marked “**B**” produced to the meeting and for the purpose of identification signed by the chairman of this meeting hereof, be and are hereby approved and that the directors of the Company be authorised to grant award, subject to such conditions as the directors of the Company may impose, under the Amended Share

NOTICE OF EXTRAORDINARY GENERAL MEETING

Award Plan, to allot and issue shares or transfer treasury shares pursuant to the Amended Share Award Plan, to administer the Amended Share Award Plan and to take all such step as may be necessary or desirable to implement and to give full effect to the Amended Share Award Plan.”

6. “**THAT** the scheme mandate limit, being 10% of the total number of issued shares (excluding treasury shares) of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution), to issue and allot shares or transfer treasury shares to satisfy options to be granted under the Amended Post-IPO Share Option Scheme (as defined in resolution set out in item 4 of the Notice) and/or awards to be granted under the Amended Share Award Plan (as defined in resolution set out in item 5 of the Notice) and/or options or awards granted or to be granted under any other share schemes of the Company funded by new shares or treasury shares of the Company (including the Grant (as defined in resolution set out in item 7 of the Notice)) be approved.”
7. “**THAT** conditional on the passing of the resolutions set out in items 4 and 6 of the notice convening this meeting, the grant of 61,000,000 share options on 27 December 2024 to Mr. Chen Zhiping, the chairman of the board of directors and a substantial shareholder of the Company (the “**Grant**”) under the post-IPO share option scheme of the Company adopted on 15 June 2020 entitling him to subscribe for 1 share of the Company (or purchase 1 treasury share of the Company) per share option at the exercise price of HK\$11.26 per share and on the terms and conditions as set out in the circular of the Company dated 8 January 2025 be and is hereby approved and that any one director the Company or any authorised person of such director is authorised to do all such acts and/or execute all such documents as may be necessary or expedient in order to give effect to the above.”

By order of the Board
Mr. Chen Zhiping
Chairman of the Board

Hong Kong, 8 January 2025

* *For identification only*

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 3:00 p.m. on Sunday, 16 February 2025 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Thursday, 13 February 2025 to Tuesday, 18 February 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 February 2025.
5. A circular containing further details concerning all items set out in the above notice will be sent to all shareholders of the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this announcement, the Executive Directors are Mr. Chen Zhiping, Mr. Xiong Shaoming, Mr. Wang Guisheng and Ms. Wang Xin; the Non-executive Director is Ms. Jiang Min; and the Independent Non-executive Directors are Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Wang Gao.