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洛 阳 钼 业

洛陽樂川鉬業集團股份有限公司

China Molybdenum Co., Ltd. *

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03993)

SUPPLEMENTAL CIRCULAR TO CIRCULAR OF THE COMPANY

DATED 20 APRIL 2021

PROPOSED ADOPTION OF THE EMPLOYEE

SHARE OWNERSHIP PLAN

AND

SUPPLEMENTAL NOTICE OF THE AGM

This supplemental circular shall be read in conjunction with the circular of the Company dated 20 April 2021.

The AGM will be held as originally scheduled at 1:00 p.m. on Friday, 21 May 2021 at the Mudu-Lee Royal International Hotel, No. 239 Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC. A supplemental notice of the AGM is set out on pages AGM-1 to AGM-3 of this supplemental circular.

A supplemental form of proxy for the AGM is enclosed with this supplemental circular. Holders of H Shares who intend to attend the AGM by proxy are required to complete the supplemental form of proxy in accordance with the instructions printed thereon and return the same to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the AGM or any adjournment thereof. Completion and return of the supplemental form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

5 May 2021

* For identification purposes only

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DEFINITIONS

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

“AGM”	the 2020 annual general meeting of the Company to be held on 21 May 2021
“Articles of Association”	the Articles of Association of the Company
“Board”	the board of the Directors of the Company
“CFC”	Cathay Fortune Corporation, a Shareholder holding approximately 24.69% equity interests in the Company as at the Latest Practicable Date
“Company”	China Molybdenum Co., Ltd.* (洛陽樂川鉬業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the main board of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“Employee Share Ownership Plan” or “Plan”	the 2021 First Phase of the Employee Share Ownership Plan of the Company (Draft)
“Guidance Opinions”	the Guidance Opinions on the Pilot Implementation of Employee Share Ownership Plans by Listed Companies (《關於上市公司實施員工持股計劃試點的指導意見》)
“Holder(s)”	the employee(s) who participate in the Employee Share Ownership Plan, that is, Directors (excluding independent non-executive Directors), senior management and other core staff of the Company (including subsidiaries of the Company)

DEFINITIONS

“Holders’ Meeting(s)”	meeting(s) of the Holders of the Employee Share Ownership Plan
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	the latest practicable date of this supplemental circular, i.e. 29 April 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Management Committee”	management committee of the Employee Share Ownership Plan
“Original AGM Form of Proxy”	the form of proxy for the AGM enclosed with the Original Circular
“Original Circular”	the circular of the AGM of the Company dated 20 April 2021
“Original Notice”	the notice of the AGM of the Company dated 20 April 2021
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMI”	highly liquid trade inventories
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法)
“Shareholder(s)”	the shareholder(s) of the Company
“Target Shares”	A Shares of the Company acquired and held under the Employee Share Ownership Plan

LETTER FROM THE BOARD



洛 阳 钼 业
洛陽樂川鉬業集團股份有限公司
China Molybdenum Co., Ltd. *

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03993)

Executive Directors:

LI Chaochun
LI Faben

Non-executive Directors:

YUAN Honglin (*Chairman*)
GUO Yimin (*Vice Chairman*)
CHENG Yunlei

Independent non-executive Directors:

WANG Gerry Yougui
YAN Ye
LI Shuhua

Registered Office:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

5 May 2021

To the Shareholders

Dear Sir/Madam,

**SUPPLEMENTAL CIRCULAR TO THE CIRCULAR OF THE COMPANY
DATED 20 APRIL 2021
PROPOSED ADOPTION OF THE EMPLOYEE
SHARE OWNERSHIP PLAN
AND
SUPPLEMENTAL NOTICE OF THE AGM**

I. INTRODUCTION

This supplemental circular should be read in conjunction with the Original Circular.

LETTER FROM THE BOARD

We refer to the announcement of the Company dated 5 May 2021, in relation to the proposed adoption of the Employee Share Ownership Plan. The purpose of this supplemental circular is to provide you with relevant details for you to make informed decisions on the special resolutions proposed for voting at the AGM in relation to the following matters:

- (i) proposed adoption of the employee share ownership plan (draft) and its summary;
- (ii) proposed adoption of administrative measures for the Employee Share Ownership Plan;
- (iii) proposed authorization to the Board to handle matters in relation to the Employee Share Ownership Plan.

Pursuant to the Article 77 of the Articles of Association, when the Company convenes a general meeting, Shareholder(s) individually or collectively holding more than 3% of the Company's shares can propose temporary motion and submit in writing to the convener ten (10) days before the date of the general meeting. On 5 May 2021, the Board received a written notice from CFC, a Shareholder holding approximately 24.69% equity interests in the Company as at the Latest Practicable Date.

According to the notice from CFC, CFC proposed to put forward the *Proposal Relating to the Employee Share Ownership Plan (Draft) and its summary, the Proposal Relating to the Administrative Measures for the Employee Share Ownership Plan and the Proposal Relating to the Authorization to the Board to Handle Matters in Relation to the Employee Share Ownership Plan* to be considered at the AGM. To improve the activeness of employees and vitality of the Company, the Board, in accordance with the Article of Association and the relevant laws and regulations, put forward the *Proposal Relating to the Employee Share Ownership Plan (Draft) and its summary, the Proposal Relating to the Administrative Measures for the Employee Share Ownership Plan and the Proposal Relating to the Authorization to the Board to Handle Matters in Relation to the Employee Share Ownership Plan* to the Shareholders at the AGM.

Pursuant to the laws of the PRC and the Articles of Association, the proposed adoption of Employee Share Ownership Plan, the proposed adoption of the administrative measures for the Employee Share Ownership Plan and the proposed authorization to the Board to handle matters in relation to the Employee Share Ownership Plan are subject to the approval of the Shareholders at the general meeting by way of special resolutions.

The other information set out in the Original Circular and the Original Notice remains unchanged.

LETTER FROM THE BOARD

II. PROPOSED ADOPTION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

We refer to the announcement of the Company dated 5 May 2021 in relation to the proposed adoption of the Employee Share Ownership Plan. The Board has considered and approved the resolution on 5 May 2021 regarding the proposed adoption of the Employee Share Ownership Plan and submitted to the AGM for consideration and approval. The Employee Share Ownership Plan will take effect upon Shareholders' approval at the AGM.

EMPLOYEE SHARE OWNERSHIP PLAN

(I) PURPOSES

The draft of the Employee Share Ownership Plan is formulated by the Company in accordance with the requirements under the Company Law, the Securities Law, the Guidance Opinions and other relevant laws, administrative regulations, rules, normative documents, and the Articles of Association.

Directors (excluding independent non-executive Directors), senior management and other core employees of the Company (including subsidiaries of the Company) shall participate in the Employee Share Ownership Plan voluntarily and in compliance with relevant laws and regulations. The purposes of the Employee Share Ownership Plan are to:

1. achieve the Company's long-term development targets, closely combine performance targets with long-term incentives, and promote the Company's sustainable, healthy and long-term development;
2. further improve the standards of corporate governance of the Company, enhance the cohesion of employees and the vitality of the Company, attract, motivate and retain the core employees who have an important impact on the future development of the Company; and
3. establish and improve the benefits sharing mechanism between the employees of the Company and Shareholders, realize the alignment of interests of the Company, Shareholders and employees of the Company, and procure relevant parties to pay attention to the long-term development of the Company, so as to bring more returns to the Shareholders on an efficient and sustainable basis.

LETTER FROM THE BOARD

(II) BASIC PRINCIPLES

1. Legality and Compliance

The Company implements the Employee Share Ownership Plan in strict compliance with requirements of relevant laws and administrative regulations, which require the Company to disclose true, accurate and complete information in a timely manner. Insider trading, manipulation of the securities market, and other fraudulent actions through the Employee Share Ownership Plan are strictly prohibited.

2. Voluntary Participation

The implementation of the Employee Share Ownership Plan is subject to the discretionary decisions of the Company, and the voluntary participation of the employees. The Company is not permitted to force employees to participate in the Employee Share Ownership Plan by mandatory apportionment and distribution, etc.

3. Self-bearing of Risk

The Holders under the Employee Share Ownership Plan shall undertake their own risks for gains or losses, and enjoy equal rights with other investors.

(III) BASIS FOR DETERMINATION AND SCOPE OF HOLDERS

1. Basis for Determination of the Holders

The Holders are determined according to the provisions of relevant laws and regulations, including the Company Law, the Securities Law, the Guidance Opinions as well as the Articles of Association. Employees of the Company shall participate in the Employee Share Ownership Plan in accordance with relevant laws and regulations on a voluntary basis at their own risks.

The Employee Share Ownership Plan is the first phase of the employee share ownership plan of the Company. The Company will determine whether to implement a new phase of the employee share ownership plan in the future.

2. Scope of the Holders

The Holders are Directors (excluding independent non-executive Directors), senior management and other core staff of the Company (including subsidiaries of the Company).

All Holders are required to enter into labor contracts or engagement agreements with the Company or its subsidiaries during the valid term of the Employee Share Ownership Plan.

LETTER FROM THE BOARD

3. *List of the Holders and Allocation of Shares*

The total funds under the Employee Share Ownership Plan upon its establishment shall not be more than RMB97.026574 million, divided into “units” for subscription and each unit is equal to RMB1.00. The cap of units of the Employee Share Ownership Plan is 97.026574 million. The units held by the Holders are determined according to their actual payment amount, and the time for payment of units under the Employee Share Ownership Plan shall be arranged by a unified notice of the Company.

There will be 5 Holders in the Employee Share Ownership Plan. The shares will be allocated as below:

Name of Holder	Position	Maximum number of Shares to be subscribed (unit)	Proportion of Shares to be subscribed to the total Shares under the Employee Share Ownership Plan
Sun Ruiwen	President	36,000,000	37.10%
Yuan Honglin	Chairman of the Board	16,026,574	16.52%
Li Chaochun	Vice chairman of the Board, Chief Investment Officer	15,000,000	15.46%
Wu Yiming	Vice president, Chief Financial Officer	15,000,000	15.46%
Liu Dajun	Assistant to the president	15,000,000	15.46%
Total		<u>97,026,574</u>	<u>100.00%</u>

Note: The final number of units subscribed for by the Holders under the Employee Share Ownership Plan shall be subject to his/her actual payment amount.

After the implementation of the Employee Share Ownership Plan, the total number of Shares held under all effective employee share ownership plans of the Company shall not exceed 10.00% of the total share capital of the Company. The total Shares held by any individual employee of the Company through his/her interests in employee share ownership plans of the Company shall not exceed 1% of the total share capital of the Company.

LETTER FROM THE BOARD

(IV) SOURCE OF FUNDS, SOURCE OF SHARES, SIZE AND PURCHASE PRICE

1. Source of Funds

The sources of the funds for the Company's employees to participate in the Employee Share Ownership Plan include their legitimate salary, self-raised funds and other sources as permitted under relevant laws and regulations.

The funds to be raised under the Employee Share Ownership Plan shall not exceed RMB97.026574 million in total, divided into "units" for subscription and each unit is equal to RMB1.00. The total Shares held by any individual employee of the Company through his/her interests in employee share ownership plans of the Company shall not exceed 1% of the total share capital of the Company. The actual Shares held by the Holders shall be determined according to the actual payment amount of such Holders.

Holders shall pay the subscription amount in full and on time, and the payment schedule of the Employee Share Ownership Plan will be notified and arranged by the Company. A Holder who fails to pay the subscription amount on time and in full will automatically lose his/her corresponding right of subscription.

2. Source of Shares

The source of Target Shares under the Employee Share Ownership Plan is ordinary A Shares of the Company repurchased through the Company's designated repurchase account.

We refer to the Company's announcement dated 30 September 2020, in relation to the proposed repurchase of the A Shares of the Company through centralized price bidding. On 30 September 2020, the Company convened the fifteenth extraordinary meeting of the fifth session of the Board, at which the Resolution on Repurchase of the A Shares of the Company through Centralized Price Bidding was considered and approved, and the Board resolved that the Company uses its self-owned funds of no more than RMB450 million to repurchase Shares at the price of no more than RMB4.5 per Share. The total amount of the Shares to be repurchased shall be no less than 50 million and no more than 100 million. The repurchased Shares will be used for employee share ownership plans or share incentive schemes. The term for the repurchase shall be no more than 12 months from the date of the Board considering and approving the repurchase plan.

As of 31 December 2020, the Company has repurchased 48,513,287 Shares through centralized price bidding, representing 0.2246% of the Company's current total share capital, with the highest trading price of RMB4.00 per Share and the lowest trading price of RMB3.96 per Share, and the consideration paid was RMB193,832,602.21 (including transaction costs).

LETTER FROM THE BOARD

3. *Size of the Employee Share Ownership Plan*

The number of Shares held under the Employee Share Ownership Plan will not exceed 48.513287 million Shares, accounting for approximately 0.22% of the total share capital of the Company of 21,599.24 million Shares as of the date of this announcement.

Upon the approval of the draft of the Employee Share Ownership Plan at the shareholders' general meeting of the Company, the Company will acquire Shares held in the designated repurchase account of the Company through, including but not limited to, non-trading transfer and other means permitted by laws and regulations.

4. *The Subscription Price under the Employee Share Ownership Plan*

The subscription price of the Shares to be obtained by the Holders under the Employee Share Ownership Plan is RMB2 per Share, no less than 50% of the actual cost of the Company's repurchase.

Based on the premise of no harm to the interests of the Shareholders and under the principle of positive incentives of employees and the long-term development of the Company, taking into account the remuneration of employees, incentive costs and other factors, in order to fully motivate the enthusiasm and creativity of the Holders, improve employee cohesion and competitiveness of the Company, and make all parties pay attention to the long-term and stable development of the Company, the subscription price of the repurchased Shares to be granted under the Employee Share Ownership Plan is RMB2 per Share.

(V) TERM, LOCK-UP PERIOD AND ALLOCATION

1. *Term*

- (1) The term of the Employee Share Ownership Plan is 48 months, commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan. The Employee Share Ownership Plan will be automatically terminated if it is not extended upon expiry.
- (2) Upon the expiry of the lock-up period of the Employee Share Ownership Plan, the Employee Share Ownership Plan may be terminated in advance after all the Shares held under the Employee Share Ownership Plan are transferred out and all monetary assets (if any) under the Employee Share Ownership Plan have been liquidated and distributed.

LETTER FROM THE BOARD

- (3) If the Shares held are still not fully sold or transferred to the Holders within two months before the expiry of the Employee Share Ownership Plan, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval, the term of the Employee Share Ownership Plan may be extended.
- (4) If the Shares held under the Employee Share Ownership Plan cannot be fully monetized before the expiry of the Employee Share Ownership Plan due to suspension of trading of the Shares or information sensitive period, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval, the term of the Employee Share Ownership Plan may be extended.

During the term of the Employee Share Ownership Plan, when the Company raises funds by placement of Shares, issuance of new Shares, issuance of convertible bonds, etc., the Management Committee will decide whether to participate and determine relevant funding plan, and submit to the Holders' Meeting for consideration.

2. *Lock-up Period*

- (1) The lock-up period of the Target Shares under the Employee Share Ownership Plan is 12 months, commencing from the date when the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, during which the Target Shares under the Employee Share Ownership Plan shall not be traded. The Shares derived from the distribution of dividends and the transfer of capital reserves of the Company shall also be subject to the lock-up arrangements. After the expiry of the lock-up period, the Management Committee shall sell the Target Shares under the Employee Share Ownership Plan according to the authorization of the Holders' Meeting when appropriate.
- (2) All parties under the Employee Share Ownership Plan must strictly abide by the market trading rules and the requirements that no Shares shall be traded during the information sensitive period. All parties must not exploit the Employee Share Ownership Plan for security frauds such as insider trading and market manipulation, except for the non-trading transfer of repurchased shares under the Employee Share Ownership Plan.

LETTER FROM THE BOARD

The aforesaid sensitive period refers to:

- (i) Within 30 days before the announcement of the Company's regular report, if the date of the annual report or interim report is delayed due to special reasons, it shall commence from 30 days before the original scheduled announcement date to one day before the announcement date;
- (ii) 10 days prior to the release of the Company's performance forecast or preliminary results announcement;
- (iii) The period from the date when a material event, which may significantly affect the trading price of the Shares of the Company and their derivatives, occurs or come into the process of decision-making to 2 trading days after its lawful disclosure;
- (iv) Other periods as stipulated by the CSRC and the Shanghai Stock Exchange.

Before the transaction of the Shares, the Management Committee shall consult the secretary to the Board whether the transactions are in information sensitive period.

3. *Allocation of the Shares*

Upon the expiry of the lock-up period, Shares held under the Employee Share Ownership Plan will be allocated to the Holders in three tranches according to the performance appraisal results. Allocation proportion of each tranche is as follows:

The first tranche of interest allocation period: 12 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 30% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

The second tranche of interest allocation period: 24 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 30% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

The third tranche of interest allocation period: 36 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 40% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

LETTER FROM THE BOARD

4. *Performance Appraisal*

The interests of the Target Shares of the Holders shall be distributed to the Holders according to the performance appraisal results of 2021–2023 after 12 months, 24 months and 36 months, respectively, from the date commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan.

(1) Performance Appraisal Indicators for the Company:

During the implementation period of the Employee Share Ownership Plan, the Company will conduct appraisal in each fiscal year, and the performance appraisal targets are as follows:

Interest Allocation Period	Performance appraisal objectives
First tranche of interest allocation period	(i) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2021 shall not be more than 60%;
	(ii) Based on the performance in 2020, the compound annual growth rate of return on equity in 2021 shall not be less than 12%.
Second tranche of interest allocation period	(i) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2022 shall not be more than 60%;
	(ii) Based on the performance in 2020, the compound annual growth rate of return on equity in 2022 shall not be less than 12%.
Third tranche of interest allocation period	(i) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2023 shall not be more than 60%;
	(ii) Based on the performance in 2020, the compound annual growth rate of return on equity in 2023 shall not be less than 12%.

LETTER FROM THE BOARD

Note: The asset-liability ratio is calculated based on the amount after deducting monetary capital, which includes RMI of trading companies IXM B.V.; the return on equity ratio is the weighted average return on equity ratio, and the incentive cost arising from the implementation of the Employee Share Ownership Plan is not considered in the calculation; during the term of the Employee Share Ownership Plan, if there are changes in the total assets and net assets caused by the Company's additional issuance, allotment of Shares, issuance of convertible bonds, etc, the changes in the total assets and net assets caused by such events and the corresponding revenue shall be excluded from the appraisal results.

(2) Personal Performance Appraisal Indicators:

The Employee Share Ownership Plan will carry out individual performance appraisal according to the relevant system of the Company's performance appraisal, which will be organized and implemented by the human resources department of the Company. The appraisal will be conducted once every fiscal year, and the right of interpretation belongs to the Board. The final appraisal results will be used as the basis for the unlock and allocation of the Target Shares of corresponding allocation tranche. The performance appraisal targets are as follows:

Personal appraisal results in the			
previous year (S)	S≥80	80>S≥60	S<60
Individual allocation coefficient (N)	100%	80%	0

If the personal performance appraisal indicators meet the targets, the Holders shall enjoy 100% of the interests in cash in the corresponding allocation periods.

(3) Application of Appraisal Results

When the performance appraisal for the Company meets the standard, the distributable amount to the Holder in the corresponding allocation period = amount of the Target Shares in the allocation period × allocation coefficient.

LETTER FROM THE BOARD

- (4) Treatment of the interests of the Target Shares upon Failure to Meet the Performance Appraisal Targets
- (i) During the appraisal period, if the overall performance of the Company fails to meet relevant standards, the interests of the Target Shares during such allocation period shall not be distributed, and the relevant Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).
- (ii) During the appraisal period, if the individual performance of a Holder fails to meet the appraisal targets, no matter whether the overall performance of the Company meets relevant standards during such appraisal period, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).

(VI) MANAGEMENT MODE

1. Holders' Meeting

- (1) Employees of the Company will become the Holders of the Employee Share Ownership Plan after they subscribe for the units of the Employee Share Ownership Plan. Holders' Meeting is the highest internal management authority of the Employee Share Ownership Plan. The Holders may attend and vote at Holders' meetings in person, or entrust other Holders to attend and vote on his behalf. The expenses of travel, board and lodging, etc. incurred by the Holders and their proxies to attend the Holders' Meeting shall be borne by the Holders themselves.

LETTER FROM THE BOARD

- (2) The following matters shall be considered and discussed at the Holders' Meeting:
- (i) Election and removal of any members of the Management Committee;
 - (ii) Amendment, termination and extension of the term of the Employee Share Ownership Plan;
 - (iii) When the Company raises funds by placement of Shares, issuance of new Shares, issuance of convertible bonds, etc., the Management Committee will decide whether to participate and determine relevant funding plan, and submit to the Holders' Meeting for consideration;
 - (iv) Consideration and Amendment to the Administrative Measures for the Employee Share Ownership Plan;
 - (v) Authorization to the Management Committee to supervise the daily management of the Employee Share Ownership Plan;
 - (vi) Authorization to the Management Committee to exercise Shareholders' rights;
 - (vii) Authorization to the Management Committee to take charge of the collaboration with the professional agencies;
 - (viii) Other matters deemed as necessary for consideration at the Holders' Meeting by the Management Committee.
- (3) The first Holders' Meeting shall be convened and presided over by the chairman of the Board or his authorized person, and the subsequent Holders' Meeting will be presided over by the chairman of the Management Committee. When the chairman of the Management Committee is unable to perform his duty, he shall appoint a member of the Management Committee to preside over the meeting.

LETTER FROM THE BOARD

- (4) To convene a Holders' Meeting, the Management Committee shall send out a notice of meeting 3 days prior to the meeting to all the Holders through direct delivery, mail, facsimile, e-mail or other means. The written notice of meeting shall at least include the following details:
- (i) Time and location of the meeting;
 - (ii) Conference type;
 - (iii) Proposed matters to be considered at the meeting (proposals);
 - (iv) Convener and host of the meeting and the proposer(s) of the extraordinary meeting(s) and their written proposals;
 - (v) Meeting materials necessary for voting;
 - (vi) Requirements for the Holders to attend the meeting in person or entrust other Holders to attend the meeting on their behalf;
 - (vii) Contact person and contact information;
 - (viii) Date of issuance of the notice.

In case of emergency, a Holders' Meeting can be convened by a verbal notice. The verbal meeting notice shall at least include the above clauses (1), (2) and an explanation on the emergency and necessity to convene a Holders' Meeting.

- (5) Voting procedures for the Holders' Meeting
- (i) After each proposal has been fully discussed, the host shall invite Holders present at the meeting to vote in a timely manner. The host may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.
 - (ii) The Holders shall enjoy voting power according to the number of units held by them.
 - (iii) The Holders may propose to vote "agree, disagree or abstain". The Holders present at the meeting shall select one of the voting options, and any vote with no selection or more than two selections will be deemed as abstention. Any Holder who leaves during the course of the meeting without indicating any voting options shall be deemed as abstention from voting. Any vote made after the host announces the voting result or after the prescribed voting time shall not be counted.

LETTER FROM THE BOARD

- (iv) The host of the meeting shall announce the voting results at the venue of the meeting. A proposed resolution shall only become a valid resolution of the Holders' Meeting upon approval by more than 50% (exclusive) of the total units held by the Holders present at the Holder's Meeting (except for those proposals requiring more than 2/3 of the shares prescribed in the Administrative Measures for the Employee Share Ownership Plan).
 - (v) In the event that a proposal of the Holders' Meeting should be submitted to the Board and the shareholders' general meeting of the Company for consideration, it shall be submitted to the Board and the shareholders' general meeting of the Company for consideration in accordance with the provisions of the Articles of Association.
 - (vi) The host of the meeting shall arrange for record keeping for the Holders' Meeting.
- (6) Holders who individually or jointly hold over 10% of the units under the Employee Share Ownership Plan may propose to convene a Holders' Meeting.
 - (7) Holders who individually or jointly hold over 10% of the units under the Employee Share Ownership Plan may submit a temporary proposal to the Holders' Meeting. Such temporary proposal shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.

2. *Management Committee*

The Employee Share Ownership Plan shall set up a Management Committee which is responsible for the Holders' Meeting of the Employee Share Ownership Plan and is the daily supervision and management organization of the Employee Share Ownership Plan.

- (1) Procedures for Selection and Appointment of Members of the Management Committee

The Management Committee comprises of six members including one chairman. All members of the Management Committee shall be elected by the Holders' Meeting. The chairman of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the Employee Share Ownership Plan.

LETTER FROM THE BOARD

(2) Obligations of Members of the Management Committee

Members of the Management Committee have the following fiduciary duties to the Employee Share Ownership Plan in accordance with laws, administrative regulations and normative documents:

- (i) Not to take advantage of their position and authority to accept bribes or other illegal income; not to occupy any property of the Employee Share Ownership Plan;
- (ii) Not to misappropriate funds of the Employee Share Ownership Plan;
- (iii) Without the consent of the Holders' Meeting, not to open account under his or her own name or others' names for deposit with the assets or funds of the Employee Share Ownership Plan;
- (iv) Without the consent of the Holders' Meeting, not to lend the funds of the Employee Share Ownership Plan to others or provide guarantee for others with the properties of the Employee Share Ownership Plan;
- (v) Not to take advantage of their positions and authority to jeopardize the interests of the Employee Share Ownership Plan;
- (vi) Other obligations stipulated by laws, administrative regulations and departmental rules.

Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to his or her breach of fiduciary duties, such member shall be liable for indemnification.

(3) The Management Committee shall discharge the following functions and authority:

- (i) Convene the Holders' Meetings;
- (ii) Carry out daily management of the Employee Share Ownership Plan on behalf of all Holders;
- (iii) Exercise or authorize the management agency to exercise the Shareholders' rights regarding the Shares under the Employee Share Ownership Plan on behalf of all Holders;
- (iv) Decide on whether to engage relevant professional institutions to provide management, consultation and other services for the daily management of the Employee Share Ownership Plan;

LETTER FROM THE BOARD

- (v) Sign relevant agreements or contracts with external parties on behalf of the Employee Share Ownership Plan;
 - (vi) Manage the allocation of interests of the Employee Share Ownership Plan, and decide on the sales and allocation and other matters of the Target Shares upon the expiry of the statutory lock-up period and share lock-up period of the Employee Share Ownership Plan;
 - (vii) Decide on the allocation of the units abandoned or forcibly withdrawn under the Employee Share Ownership Plan;
 - (viii) Handle share registration and inheritance registration of the units under the Employee Share Ownership Plan;
 - (ix) Take charge of the share reduction arrangement of the Employee Share Ownership Plan;
 - (x) Other functions and authority as delegated by the Holders' Meeting.
- (4) The chairman of the Management Committee shall discharge the following functions and authority:
- (i) Preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
 - (ii) Exercise Shareholders' rights on behalf of all Holders as authorized by the Management Committee;
 - (iii) Supervise and inspect the execution of resolutions of the Holders' Meetings and the Management Committee;
 - (iv) Sign relevant agreements or contracts with external parties on behalf of the Employee Share Ownership Plan;
 - (v) Other functions and authority as delegated by the Management Committee.

LETTER FROM THE BOARD

- (5) The Management Committee meetings shall be convened occasionally by the chairman of the Management Committee. Notice of the meeting shall be sent to all members of the Management Committee 3 days prior to the meeting. In case all members of the Management Committee unanimously agree on the proposed matters, the meeting may be convened and the voting be carried out by means of telecommunication.

With the consent of all members of the Management Committee, the dispatch of the notice can be exempted from the above time limit. Where a Management Committee meeting is required to be convened as soon as possible in case of emergency, notice of meeting can be given via telephone or other verbal means, but explanations shall be given by the convener at the meeting.

- (6) Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. One member of the Management Committee will enjoy one vote regarding the voting at resolutions at the Management Committee.
- (7) The voting of the Management Committee's resolutions shall be conducted by open ballot. On the premise that the members of the Management Committee can fully express their opinions, the Management Committee meeting can be held by fax to make resolutions which shall be signed by the members of the Management Committee attending the meeting.
- (8) The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meeting, they may entrust other members of the Management Committee to attend the meeting on their behalf in writing. The power of attorney shall specify the name, matters of agency, scope of authorization and term of validity, and shall be signed or sealed by the principal. Members of the Management Committee who attend the meeting on their behalf shall exercise the rights of members of the Management Committee within the scope of authorization. If a member of the Management Committee does not attend a meeting of the Management Committee or entrust a proxy to attend, he shall be deemed to have given up his right to vote at the meeting.
- (9) The Management Committee shall make minutes of the decisions on the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.

LETTER FROM THE BOARD

- (10) Minutes of the Management Committee meetings shall include the following items:
- (i) Date, location and name of the convener of the meeting;
 - (ii) Attendance of the members of the Management Committee and the name of the members attending the Management Committee meeting on other's behalf (the proxy);
 - (iii) The agenda;
 - (iv) Key points of the statements of the members of the Management Committee;
 - (v) Methods of voting for each resolution and the respective voting results (clearly specifying the number of votes as agree, disagree and abstain respectively).

(VII) ASSET COMPOSITION AND ALLOCATION OF SHARES UNDER THE EMPLOYEE SHARE OWNERSHIP PLAN

1. Asset Composition of the Employee Share Ownership Plan

- (1) Interests corresponding to the Shares of the Company: The corresponding interests of the Shares held under the Employee Share Ownership Plan;
- (2) Cash deposits and bank interest;
- (3) Assets arising from other investments under the Employee Share Ownership Plan.

The assets under the Employee Share Ownership Plan are independent of the assets owned by the Company. The Company shall not include the assets under the Employee Share Ownership Plan into its own assets. The properties and profits acquired from the management, utilization or other ways under the Employee Share Ownership Plan shall be attributed to the assets of the Employee Share Ownership Plan.

LETTER FROM THE BOARD

2. *Allocation of Shares under the Employee Share Ownership Plan*

- (1) Within the term of the Employee Share Ownership Plan, unless otherwise stipulated in laws, administrative regulations and departmental rules or upon consent of the Management Committee, the units of the Employee Share Ownership Plan held by the Holders shall not be transferred, used for guarantee or subject to other similar disposals.
- (2) After the expiration of the lock-up period of the Target Shares under the Employee Share Ownership Plan, the Management Committee shall determine the disposal method of the Target Shares.

After the expiration of the lock-up period, the Management Committee shall gradually liquidate the assets of the Employee Share Ownership Plan, and allocate the corresponding cash to the Holders according to the proportion of their units pursuant to relevant appraisal measures; or the Management Committee shall apply to the securities registration and settlement institution to transfer the Target Shares to the personal account of the Holders according to the proportion of their units according to the requirements of relevant laws and regulations for the Holders to dispose at their own discretion. If it is unable to transfer to personal account due to the restriction of laws and regulations, the Management Committee shall liquidate the total assets and distribute the earnings to the Holders according to the proportion of their units.

If there are any remaining undistributed Target Shares and corresponding dividends (if any), the Management Committee shall allocate them according to the proportion of the units held by the Holders before the expiration of the term of the Employee Share Ownership Plan.

- (3) In case the Employee Share Ownership Plan expires or is terminated in advance, the Management Committee shall, according to the authorization by the Holders' Meeting, liquidate the Employee Share Ownership Plan after deduction of relevant taxes and fees pursuant to laws, and arrange for allocation according to the performance appraisal results and the units held by the Holders within 30 business days commencing from the date of expiry or termination.

LETTER FROM THE BOARD

(VIII) AMENDMENT AND TERMINATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND DISPOSAL OF INTERESTS OF THE HOLDERS

1. Change of de facto Control, Merger and Division of the Company

If the de facto control of the Company changes, or merger or division occurs, the Shares held by the Holders shall be dealt with in accordance with the procedures prior to the occurrence of the situation.

2. Amendment to the Employee Share Ownership Plan

Within the term, any amendment to the Employee Share Ownership Plan shall be approved by the Holders holding more than 2/3 (inclusive) of the total units present at the Holders' Meeting and submitted to the Board for consideration and approval.

3. Termination of the Employee Share Ownership Plan

- (1) The Employee Share Ownership Plan will be automatically terminated if it is not extended upon the expiry of the term;
- (2) After the lock-up period of the Employee Share Ownership Plan expires, the Employee Share Ownership Plan may be terminated in advance if all the assets held under the Employee Share Ownership Plan are monetary assets and have been liquidated and allocated;
- (3) The term of the Employee Share Ownership Plan may be extended within two month prior to the expiry of the Employee Share Ownership Plan, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval;
- (4) If the Shares of the Company held by the Employee Share Ownership Plan cannot be fully monetized before the expiry of the Employee Share Ownership Plan due to suspension of trading of the Shares or information sensitive period, the term of the Employee Share Ownership Plan may be extended as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval.

LETTER FROM THE BOARD

4. *Disposal of Interests of the Holders*

- (1) During the term of the Employee Share Ownership Plan, the interests held by the Holders under the Employee Share Ownership Plan shall not be used for mortgage, pledge, guarantee, transfer of income right, debt repayment or other similar disposal.
- (2) During the term of the Employee Share Ownership Plan, the interests held by the Holders under the Employee Share Ownership Plan shall not be transferred without the consent of the Management Committee. Any transfer without consent shall be void and null.
- (3) In case of any of the following circumstances, the Management Committee has the right to cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (i) Where the Holder is an independent non-executive Director or other person who cannot participate in the Employee Share Ownership Plan;
 - (ii) Where the Holder holds a position in a controlling subsidiary of the Company and the Company loses control over such subsidiary;
 - (iii) Where the Holder resigns involuntarily due to layoffs and other reasons, and there is no unqualified performance, negligence, violation of laws and discipline;
 - (iv) Where the Holder passes away for reasons other than performing his duties.

LETTER FROM THE BOARD

- (4) In case of any of the following circumstances, the Management Committee has the right to cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
- (i) Where the Holder's labor contract has expired and is not renewed or he/she resigns voluntarily;
 - (ii) Where the Holder's position changes due to violation of law, professional ethics, disclosure of company secrets, negligence or dereliction of duty and other acts damaging the Company's interests or reputation, or the Company dissolves the labor relationship with the Holder due to such reasons. The holder shall return all the income from the exercise of his/her interests under the Employee Share Ownership Plan to the Company and if loss is caused to the Company, the Holder shall also be liable for compensation as well;
 - (iii) Where the Holder resigns due to loss of working ability not caused by work injury.
- (5) In case of any of the following circumstances, the Management Committee shall decide on whether the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstances. or cancel the Holder's qualification to participate in the Employee Share Ownership Plan in such case, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):

LETTER FROM THE BOARD

- (i) Where the Holder retires and the Board decides that the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstance, the personal performance appraisal results shall no longer be considered as the requirement for unlocking;
 - (ii) Where the Holder resigns due to the loss of working ability and the Board decides that the equity held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstance, the personal performance appraisal results shall no longer be considered as the requirement for unlocking;
 - (iii) Where the Holder passes away due to the performance of his duties, and the Board decides that the equity held by the Holder shall be dealt with in full accordance with the procedures prior to the occurrence of such circumstance, the equity held by the Holder shall be held by his designated property successor or legal successor on his behalf.
- (6) Where the Holder changes his/her position but still holds a position in the Company or its subsidiaries, the Management Committee shall decide that the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstances; if the Holder is dismissed, the Management Committee shall cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).
- (7) The Holder shall not engage in the business same or similar with that of the Company's during his/her term of office in the Company. If the Holder engages in the business same or similar with that of the Company's during his term of office in the Company, the Company is entitled to require the Holder to return all the earnings from the Employee Share Ownership Plan to the Company. If the Holder causes losses to the Company, the Company may also ask for compensation in accordance with the provisions of relevant laws.
- (8) During the term of the Employee Share Ownership Plan, where the above clauses do not stipulate in detail and it is necessary to change the ownership of units or interests of the Employee Share Ownership Plan held by the Holder, the Company and the Management Committee of the Employee Share Ownership Plan will negotiate and determine accordingly.

LETTER FROM THE BOARD

(IX) ACCOUNTING PROCEDURE FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

1. Accounting Procedure

Assuming that the Company transfers 48,513,287 repurchased Shares to the Employee Share Ownership Plan in 2021, the Company will confirm the share-based payment expenses in accordance with the fair value of the relevant equity instruments, and distributed to management expenses in accordance with accounting standard during the interest allocation periods as stipulated in the Employee Share Ownership Plan.

2. Impact on Performance of the Company

The share-based payment expenses of the Employee Share Ownership Plan have an impact on the Company's net profit during the interest allocation periods. Considering the positive effect of the Employee Share Ownership Plan on the Company's development, the Employee Share Ownership Plan will effectively stimulate the enthusiasm of the Company's employees and improve the operating efficiency of the Company.

Pursuant to relevant laws and regulations, Mr. Yuan Honglin and Mr. Li Chaochun have abstained from voting on the relevant Board resolutions due to conflicts of interest or potential conflicts of interest with the Employee Share Ownership Plan. Save as disclosed above, none of the Directors have a material interest in the Employee Share Ownership Plan.

IMPLICATION OF THE LISTING RULES

The Employee Share Ownership Plan is a discretionary employee share ownership plan of the Company and does not involve the grant of options to issue new Shares or any other new securities of the Company and does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

Holders will include the Company's president Mr. Sun Ruiwen, chairman of the Board Mr. Yuan Honglin and vice chairman of the Board Mr. Li Chaochun, who are all connected persons of the Company (with the meaning under the Listing Rules). However, the A shares to be obtained under the Employee Share Ownership Plan by the Holders constitute a part of the remuneration package under their respective service contracts with the Company. Therefore, according to Rule 14A.95 of the Listing Rules, the transfer of shares is fully exempted from the requirements of reporting, announcement and independent shareholder's approval. The Company will continue to review whether the Employee Share Ownership Plan will constitute a connected transaction under Chapter 14A of the Listing Rules, and will comply with all applicable requirements (including abstaining from voting on connected transaction proposals) when appropriate. The Company will also ensure compliance with the requirements for public float under the Listing Rules.

For details of the Employee Share Ownership Plan (draft), please refer to Appendix I to this circular.

The proposed adoption of the Employee Share Ownership Plan will be proposed at the AGM by way of a special resolution for consideration and approval.

LETTER FROM THE BOARD

III. PROPOSED ADOPTION OF ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

To standardize the implementation of the Employee Share Ownership Plan, the Board has proposed the administrative measures for the Employee Share Ownership Plan in accordance with the requirements of the Company Law, the Securities Law, the Guidance Opinions, Guidelines on Information Disclosure of Employee Share Ownership Plans of Listed Companies of Shanghai Stock Exchange and other relevant laws, administrative regulations, normative documents and the Articles of Association.

For details of the administrative measures for the Employee Share Ownership Plan, please refer to the Appendix II to this supplemental circular.

The proposed adoption of the administrative measures for the Employee Share Ownership Plan will be proposed at the AGM by way of a special resolution for consideration and approval.

IV. PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS IN RELATION TO THE EMPLOYEE SHARE OWNERSHIP PLAN

In order to implement the Employee Share Ownership Plan, the Board has agreed to propose at the AGM to authorize the Board to handle matters in relation to the Employee Share Ownership Plan, including but not limited to the following:

1. The Board is authorized to formulate and revise the Employee Share Ownership Plan;
2. The Board is authorized to implement the Employee Share Ownership Plan;
3. The Board is authorized to handle the change and termination of the Employee Share Ownership Plan, including but not limited to removing the qualification of the proposed Holders and terminating the Employee Share Ownership Plan in advance in accordance with the provisions of the Employee Share Ownership Plan;
4. The Board is authorized to decide on the extension of term and termination in advance of the Employee Share Ownership Plan;
5. Upon approval at the general meeting of the Company, the Board is authorized to make corresponding adjustments to the Employee Share Ownership Plan accordingly in the event of any adjustments to the relevant laws, regulations or policies during the term of implementation; If during the implementation process, due to suspension of trading or sensitive period of the Company, etc., shares purchase under the Employee Share Ownership Plan cannot be completed within the specified period, the Board is authorized to extend the purchase period of the Employee Share Ownership Plan;

LETTER FROM THE BOARD

6. The Board is authorized to handle all matters in relation to the lock-up, unlocking and allocation of shares purchased under the Employee Share Ownership Plan;
7. The Board is authorized to determine and change the asset management agency of the Employee Share Ownership Plan and sign relevant agreements;
8. The Board is authorized to formulate and sign documents or agreements in relation to the Employee Share Ownership Plan;
9. The Board is authorized to handle other necessary matters in relation to the Employee Share Ownership Plan, except for the rights to be exercised by the general meeting of the Company as expressly stipulated in relevant documents.

The above authorization will come into effect upon the approval at the AGM until the termination of the Employee Share Ownership Plan.

The proposed authorization to the Board to handle matters in relation to the Employee Share Ownership Plan will be proposed at the AGM by way of a special resolution for consideration and approval.

V. THE AGM

The AGM will be held as originally scheduled at 1:00 p.m. on Friday, 21 May 2021 at the Mudulee Royal International Hotel, No. 239 Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC. A supplemental notice of the AGM is set out on pages AGM-1 to AGM-3 of this supplemental circular.

There is no change to other information as set out in the Original Circular and the Original Notice. Please refer to the Original Notice for details in respect of the other resolutions to be considered and approved at the AGM, eligibility for attending the AGM, registration procedures, closure of register of members and other relevant matters.

LETTER FROM THE BOARD

VI. PROXY ARRANGEMENT

A supplemental form of proxy for the AGM is enclosed with this supplemental circular. The Original AGM Form of Proxy will remain valid and effective to the fullest extent applicable if correctly completed and lodged with the H share registrar of the Company.

For H Shareholders, whether or not you are able to attend the AGM in person, you are requested to complete the Original AGM Form of Proxy and the supplemental form of proxy for the AGM in accordance with the instructions printed thereon, and return it to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for holding the AGM (i.e. not later than 1:00 p.m. on Thursday, 20 May 2021) or any adjournment thereof. Completion and return of the Original AGM Form of Proxy and the supplemental form of proxy for the AGM will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

The supplemental form of proxy for the AGM is applicable to the supplemental resolutions as set out in the supplemental notice of the AGM dated 5 May 2021 and supplements the Original AGM Form of Proxy. The supplemental form of proxy for the AGM will not affect the validity of the Original AGM Form of Proxy duly completed by you in respect of the resolutions set out in the Original Notice. If you have validly appointed a proxy to attend the AGM but have not completed and returned supplemental form of proxy for the AGM, your proxy will be entitled to vote at his/her discretion on the special resolutions set out in the supplemental notice of the AGM dated 5 May 2021.

Shareholders are entitled to appoint one or more proxies to attend the AGM, but only one of the proxies can be designated to vote at the AGM. For the avoidance of doubt, should the proxies being appointed to attend the AGM under each of the Original AGM Form of Proxy and/or the supplemental form of proxy for the AGM are different and more than one of the proxies attend the AGM, only the proxy validly appointed under the Original AGM Form of Proxy shall be designated to vote at the AGM.

LETTER FROM THE BOARD

VII. RECOMMENDATIONS

The Board considers that the proposed adoption of the Employee Share Ownership Plan, the proposed adoption of the administrative measures for the Employee Share Ownership Plan and the proposed authorization to the Board to handle matters in relation to the Employee Share Ownership Plan are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of these resolutions to be proposed at the AGM.

By Order of the Board
China Molybdenum Co., Ltd.*
Yuan Honglin
Chairman



**China Molybdenum Co., Ltd.
FIRST PHASE OF THE EMPLOYEE SHARE
OWNERSHIP PLAN IN 2021
(DRAFT)**

**China Molybdenum Co., Ltd.
May 2021**

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

STATEMENT

The Company and all directors and supervisors of the Company hereby undertake that the Employee Share Ownership Plan and its abstract do not contain false or misleading statements, or material omissions, and severally and jointly accept responsibilities for the truthfulness, accuracy and completeness of their contents.

RISK WARNING

- (I) The Employee Share Ownership Plan of China Molybdenum Co., Ltd. (hereinafter referred to as “**China Molybdenum**” or the “**Company**”) in 2021 shall be implemented upon approval by the shareholders’ general meeting of the Company. It is uncertain as to whether the Employee Share Ownership Plan will be approved at the shareholders’ general meeting of the Company;
- (II) The Employee Share Ownership Plan will be managed by the Company after its establishment, however it is uncertain as to whether the scale and objective of the Employee Share Ownership Plan can be achieved as expected;
- (III) The detailed source of funds, proportion of contribution and implementation plan of the Employee Share Ownership Plan are preliminarily decided. It is uncertain as to whether the implementation can be completed;
- (IV) Employees shall abide by the principles of legal compliance, voluntary participation and risk bearing. It is uncertain as to whether the Employee Share Ownership Plan will be established;
- (V) The share price is subject to various complex factors, such as the operating results of the Company, macroeconomic cycle, international/domestic political and economic situations, and investors’ concerns etc. Therefore, trading in shares is an investment activity with certain risks, and investors are advised to be fully prepared;
- (VI) Investors are advised to exercise caution when making decision and pay attention to investment risks.

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

SPECIAL NOTICE

The abbreviations used in this part shall have the same meanings as defined in the “Definitions”.

1. The *First Phase of Employee Share Ownership Plan of China Molybdenum Co., Ltd. in 2021 (Draft)* is prepared in accordance with the requirements of the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China* and the *Guidance on the Implementation of Pilot Program on Employee Share Ownership Plan by Listed Companies*, relevant laws, administrative regulations, rules, normative documents, and the Articles of Association.
2. In order to align with the strategic planning for the Company’s mid and long-term development, establish and improve the benefit sharing mechanism of employees and Shareholders, the Company introduced the Employee Share Ownership Plan.
3. The Employee Share Ownership Plan follows the principle of independent decision by the Company and voluntary participation of employees, and No employees are forced to participate in the Employee Share Ownership Plan, such as mandatory distribution and allocation.
4. The participants to the Plan include directors (independent directors exclusive), senior management and other core staff (hereinafter referred to as “Holders”) of the Company (holding subsidiaries inclusive). There will be 5 participants for the first phase of the Employee Share Ownership Plan. The specific number and list of participants will be selected by the Company and determined according to the actual payment made by employees.
5. The sources of funds of the Company’s employees participating in the Employee Share Ownership Plan are the legitimate salary of the participants, self-financing funds and other means permitted by laws and regulations. The total share to be held by the Employee Share Ownership Plan shall not be more than 48.513287 million shares, representing 0.22% of the total share capital of 21,599.24 million shares on the date of announcement of the Employee Share Ownership Plan (draft). The cap of proceeds is RMB97.026574 million, and the specific share is determined according to the actual contribution.
6. The source of stock of the Employee Share Ownership Plan is ordinary A shares repurchased by the Company’s designated repurchase account. Upon the approval by the shareholders’ general meeting, the designated account of the Employee Share Ownership Plan will acquire the corresponding shares held in the designated repurchase account thorough non-transaction transfer or other means permitted by laws and regulations.

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

On 30 September 2020, the Company convened the fifteenth extraordinary meeting of the fifth session of the Board, at which the *Resolution on Repurchase of the A Shares of the Company through Centralized Bidding* was considered and approved. Pursuant to Articles 28, 29 and 30 of the articles of association of the Company, the Repurchase Plan is not required to be submitted to the shareholders' general meeting of the Company for consideration. The Company proposed to repurchase ordinary A shares from the secondary market by means of centralized bidding. The shares to be repurchased will be used for Employee Share Ownership Plan or share incentive scheme. As of 31 December 2020, the Company repurchased 48,513,287 Shares in aggregate by means of centralized price bidding, accounting for 0.2246% of the Company's total share capital with the highest trading price of RMB4.00 per Share and the lowest trading price of RMB3.96 per Share, and the amount paid is RMB193,832,602.21 (including trading costs).

After the implementation of the Employee Share Ownership Plan, the total number of Shares held under all effective Employee Share Ownership Plans shall not exceed 10% of the total share capital of the Company. The accumulated Shares held by any individual employee according to his equity obtained shall not exceed 1% of the total share capital of the Company. The total number of Shares held under the Employee Share Ownership Plan excludes the Shares acquired by employees before the initial public offering of the Company, the Shares acquired from the secondary market on their own and the Shares obtained through share incentive.

7. The price of the repurchased shares to be transferred to the employees will be RMB2 per share, not less than 50% of the actual cost of repurchase by the Company.
8. The duration of the Employee Share Ownership Plan shall not exceed 48 months and the lock-up period of the Target Shares acquired shall be 12 months. Each effective from the date when the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the designated accounts of Employee Share Ownership Plan.

Upon expiry of the lock-up period, the equity under the Employee Share Ownership Plan will be distributed to the Holders in three phases according to the performance assessment results, and the distribution proportion of each phase is 30%, 30% and 40% respectively.

The Employee Share Ownership Plan will either be terminated automatically upon expiry of its duration, or be extended upon expiry. The term of the Employee Share Ownership Plan can be extended upon approval by the Board after being agreed by the Holders holding more than two-thirds (inclusive) of the total shares at the Holders' Meeting, and submitted to the Board for consideration and approval.

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

9. The Employee Share Ownership Plan will be managed by the Company itself, and a Management Committee for the Employee Share Ownership Plan will be set up as the manager for the Employee Share Ownership Plan so as to exercise shareholders' rights on behalf of the Employee Share Ownership Plan. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legal rights and interests of the Holders. During the term of the Employee Share Ownership Plan, the Management Committee may engage relevant professional institutions to provide management, consultation and other services for the daily management of the Employee Share Ownership Plan.
10. The Company's financial, accounting treatment and tax matters related to the implementation of the Employee Share Ownership Plan shall be implemented in accordance with the relevant financial system, accounting standards and tax regulations. The relevant personal income tax to be paid by the employees due to the implementation of the Employee Share Ownership Plan shall be borne by the employees themselves.
11. Before the implementation of the Employee Share Ownership Plan, the Company will seek the opinions of the employees through the staff representative meeting. Upon the consideration and approval of the Employee Share Ownership Plan by the Board, the Company will issue a notice of convening a shareholders' general meeting to consider the Employee Share Ownership Plan. A combination of on-site voting and online voting will be adopted at the shareholders' general meeting of the Company to consider the Employee Share Ownership Plan. The implementation of the Employee Share Ownership Plan is subject to the approval at shareholders' general meeting of the Company.
12. The shareholding structure of the Company will remain in compliance with the listing requirements after the implementation of the Employee Share Ownership Plan.

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

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APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

DEFINITIONS

Unless otherwise specified, the following abbreviations shall have the following meanings in this document:

China Molybdenum/Company/ the Company/Listed Company	China Molybdenum Co., Ltd.
Employee Share Ownership Plan/the Plan	The Employee Share Ownership Plan of China Molybdenum in 2021 (Phase I)
Draft of the Employee Share Ownership Plan/the Draft	The Employee Share Ownership Plan of China Molybdenum in 2021(Phase I) (Draft)
Administrative Measures for the Employee Share Ownership Plan	Management Measures of the Employee Share Ownership Plan of China Molybdenum in 2021(Phase I)
Holders	staff participating in the Employee Share Ownership Plan, namely the directors (excluding independent directors), senior management and other core staff of the Company (including controlled subsidiaries)
Holders' Meeting	meeting of Holders of the Employee Share Ownership Plan
Management Committee	the management committee of the Employee Share Ownership Plan

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Shares, Shares of the Company	ordinary shares (A shares) of China Molybdenum
Target Shares	ordinary shares (A shares) of China Molybdenum acquired and held by virtue of the Employee Share Ownership Plan legally
CSRC	China Securities Regulatory Commission
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Guidance Opinions	the Guidance Opinions for Pilot Implementation for Employee Share Ownership Plan of Listed Companies
Articles of Association	the Articles of Association of China Molybdenum Co., Ltd.
RMI	trade inventory with highly liquidity

Number rounding may result in discrepancy between the total amount and the aggregated amount of the corresponding sub-items.

I. PURPOSES OF THE EMPLOYEE SHARE OWNERSHIP PLAN

In recent years, in response to the challenges brought about by the continuous development and growth of China Molybdenum, the Company has continuously upgraded its management and organizational structure, and has been actively expanding its talent pool. In order to realize the Company's medium and long term development strategy plan and establish and improve the benefit-sharing mechanism for its employees and Shareholders, the Company will introduce employee share ownership plans or equity incentive plans that are in line with the Company's actual conditions by steps. As a pilot, the total number of participants under the first phase of the employee share ownership plan will be 5, which mainly contains members of the core senior management team.

China Molybdenum is committed to establishing an effective, three-dimensional and multi-level compensation incentive system. However, the Company is an international resource company that continues to grow through mergers and acquisitions and operates on five continents. The Company's overseas operating units come from internationally well-known companies, the compensation system and long and short term incentives inherent in each operating unit comply with local laws, regulations and union policies and are relatively mature. The Company needs to continuously explore and integrate different types of incentive systems and practices which is a gradual progress by steps including the employee share ownership plan implemented this time and future equity incentive plans etc. The Company's plan to repurchase 100 million A Shares announced in October 2020 is still undergoing, The Company will obtain shares through such plan and its following plans or other means based on which, the Company will launch follow-up employee share ownership plans or equity incentive plans as soon as possible to include more management, business, and technical core employees as incentive participants.

The draft of the Employee Share Ownership Plan is formulated by the Company in accordance with the requirements under the Company Law, the Securities Law, the Guidance Opinions and other relevant laws, administrative regulations, rules, normative documents, and the Articles of Association.

Directors (excluding independent non-executive Directors), senior management and core staff of the Company (including subsidiaries of the Company) shall participate in the Employee Share Ownership Plan voluntarily and in compliance with relevant laws and regulations. The purposes of the Employee Share Ownership Plan are to:

- (I) achieve the Company's long-term development targets, closely combine performance targets with long-term incentives, and promote the Company's sustainable, healthy and long-term development;
- (II) further improve the standards of corporate governance of the Company, enhance the cohesion of employees and the vitality of the Company, attract, motivate and retain the core employees who have an important impact on the future development of the Company; and

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- (III) establish and improve the benefits sharing mechanism between the employees of the Company and Shareholders, realize the alignment of interests of the Company, Shareholders and employees of the Company, and procure relevant parties to pay attention to the long-term development of the Company, so as to bring more returns to the Shareholders on an efficient and sustainable basis.

II. BASIC PRINCIPLES OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Legality and Compliance

The Company implements the Employee Share Ownership Plan in strict compliance with requirements of relevant laws and administrative regulations, which require the Company to disclose true, accurate and complete information in a timely manner. Insider trading, manipulation of the securities market, and other fraudulent actions through the Employee Share Ownership Plan are strictly prohibited.

(II) Voluntary Participation

The implementation of the Employee Share Ownership Plan is subject to the discretionary decisions of the Company, and the voluntary participation of the employees. The Company is not permitted to force employees to participate in the Employee Share Ownership Plan by mandatory apportionment and distribution, etc.

(III) Self-bearing of Risk

The Holders under the Employee Share Ownership Plan shall undertake their own risks for gains or losses, and enjoy equal rights with other investors.

III. BASIS FOR DETERMINATION AND SCOPE OF HOLDERS OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Basis for Determination of the Holders of the Employee Share Ownership Plan

The Holders are determined according to the provisions of relevant laws and regulations, including the Company Law, the Securities Law, the Guidance Opinions as well as the Articles of Association. Employees of the Company shall participate in the Employee Share Ownership Plan in accordance with relevant laws and regulations on a voluntary basis at their own risks.

The Employee Share Ownership Plan is the first phase of the employee share ownership plan of the Company. The Company will determine whether to implement a new phase of the employee share ownership plan in the future.

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(II) Scope of the Holders of the Employee Share Ownership Plan

The Holders are Directors (excluding independent non-executive Directors), senior management and other core staff of the Company (including subsidiaries of the Company).

All Holders are required to enter into labor contracts or engagement agreements with the Company or its subsidiaries during the valid term of the Employee Share Ownership Plan.

(III) List of the Holders of the Employee Share Ownership Plan and Allocation of Shares

The total funds under the Employee Share Ownership Plan upon its establishment shall not be more than RMB97.026574 million, divided into “units” for subscription and each unit is equal to RMB1.00. The cap of units of the Employee Share Ownership Plan is 97.026574 million. The units held by the Holders are determined according to their actual payment amount, and the time for payment of units under the Employee Share Ownership Plan shall be arranged by a unified notice of the Company.

There will be 5 Holders in the Employee Share Ownership Plan. The shares will be allocated as below:

Name of Holder	Position	Maximum number of Shares to be subscribed (unit)	Proportion of Shares to be subscribed to the total Shares under the Employee Share Ownership Plan
Sun Ruiwen	President	36,000,000	37.10%
Yuan Honglin	Chairman of the Board	16,026,574	16.52%
Li Chaochun	Vice chairman of the Board, Chief Investment Officer	15,000,000	15.46%
Wu Yiming	Vice president, Chief Financial Officer	15,000,000	15.46%
Liu Dajun	Assistant to the president	15,000,000	15.46%
Total		97,026,574	100.00%

Note: The final number of units subscribed for by the Holders under the Employee Share Ownership Plan shall be subject to his/her actual payment amount.

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After the implementation of the Employee Share Ownership Plan, the total number of Shares held under all effective employee share ownership plans of the Company shall not exceed 10.00% of the total share capital of the Company. The total Shares held by any individual employee of the Company through his/her interests in employee share ownership plans of the Company shall not exceed 1% of the total share capital of the Company.

IV. SOURCE OF FUNDS, SOURCE OF SHARES, SIZE AND PURCHASE PRICE OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Source of Funds

The sources of the funds for the Company's employees to participate in the Employee Share Ownership Plan include their legitimate salary, self-raised funds and other sources as permitted under relevant laws and regulations.

The funds to be raised under the Employee Share Ownership Plan shall not exceed RMB97.026574 million in total, divided into "units" for subscription and each unit is equal to RMB1.00. The total Shares held by any individual employee of the Company through his/her interests in employee share ownership plans of the Company shall not exceed 1% of the total share capital of the Company. The actual Shares held by the Holders shall be determined according to the actual payment amount of such Holders.

Holders shall pay the subscription amount in full and on time, and the payment schedule of the Employee Share Ownership Plan will be notified and arranged by the Company. A Holder who fails to pay the subscription amount on time and in full will automatically lose his/her corresponding right of subscription.

(II) Source of Shares

The source of Target Shares under the Employee Share Ownership Plan is ordinary A Shares of the Company repurchased through the Company's designated repurchase account.

On 30 September 2020, the Company convened the fifteenth extraordinary meeting of the fifth session of the Board, at which the *Resolution on Repurchase of the A Shares of the Company through Centralized Price Bidding* was considered and approved, and the Board resolved that the Company uses its self-owned funds of no more than RMB450 million to repurchase Shares at the price of no more than RMB4.5 per Share. The total amount of the Shares to be repurchased shall be no less than 50 million and no more than 100 million. The repurchased Shares will be used for employee share ownership plans or share incentive schemes. The term for the repurchase shall be no more than 12 months from the date of the Board considering and approving the repurchase plan.

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As of 31 December 2020, the Company has repurchased 48,513,287 Shares through centralized price bidding, representing 0.2246% of the Company's current total share capital, with the highest trading price of RMB4.00 per Share and the lowest trading price of RMB3.96 per Share, and the consideration paid was RMB193,832,602.21 (including transaction costs).

(III) Size of the Employee Share Ownership Plan

The number of Shares held under the Employee Share Ownership Plan will not exceed 48.513287 million Shares, accounting for approximately 0.22% of the total share capital of the Company of 21,599.24 million Shares as of the date of the announcement of the draft of the Employee Share Ownership Plan.

Upon the approval of the draft of the Employee Share Ownership Plan at the shareholders' general meeting of the Company, the Company will acquire Shares held in the designated repurchase account of the Company through, including but not limited to, non-trading transfer and other means permitted by laws and regulations.

(IV) The Subscription Price under the Employee Share Ownership Plan

The subscription price of the Shares to be obtained by the Holders under the Employee Share Ownership Plan is RMB2 per Share, no less than 50% of the actual cost of the Company's repurchase.

Based on the premise of no harm to the interests of the Shareholders and under the principle of positive incentives of employees and the long-term development of the Company, taking into account the remuneration of employees, incentive costs and other factors, in order to fully motivate the enthusiasm and creativity of the Holders, improve employee cohesion and competitiveness of the Company, and make all parties pay attention to the long-term and stable development of the Company, therefore, the subscription price of the repurchased Shares to be granted under the Employee Share Ownership Plan is RMB2 per Share.

V. TERM, LOCK-UP PERIOD, ALLOCATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Term of the Employee Share Ownership Plan

1. The term of the Employee Share Ownership Plan is 48 months, commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan. The Employee Share Ownership Plan will be automatically terminated if it is not extended upon expiry.
2. Upon the expiry of the lock-up period of the Employee Share Ownership Plan, the Employee Share Ownership Plan may be terminated in advance after all the Shares held under the Employee Share Ownership Plan are transferred out and all monetary assets (if any) under the Employee Share Ownership Plan have been liquidated and distributed.
3. If the Shares held are still not fully sold or transferred to the Holders within two months before the expiry of the Employee Share Ownership Plan, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval, the term of the Employee Share Ownership Plan may be extended.
4. If the Shares held under the Employee Share Ownership Plan cannot be fully monetized before the expiry of the Employee Share Ownership Plan due to suspension of trading of the Shares or information sensitive period, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval, the term of the Employee Share Ownership Plan may be extended.

(II) Lock-up Period of the Employee Share Ownership Plan

1. The lock-up period of the Target Shares under the Employee Share Ownership Plan is 12 months, commencing from the date when the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, during which the Target Shares under the Employee Share Ownership Plan shall not be traded. The Shares derived from the distribution of dividends and the transfer of capital reserves of the Company shall also be subject to the lock-up arrangements. After the expiry of the lock-up period, the Management Committee shall sell the Target Shares under the Employee Share Ownership Plan according to the authorization of the Holders' Meeting when appropriate.
2. All parties under the Employee Share Ownership Plan must strictly abide by the market trading rules and the requirements that no Shares shall be traded during the information sensitive period. All parties must not exploit the Employee Share Ownership Plan for security frauds such as insider trading and market manipulation, except for the non-trading transfer of repurchased shares under the Employee Share Ownership Plan.

The aforesaid sensitive period refers to:

- (1) Within 30 days before the announcement of the Company's regular report, if the date of the annual report or interim report is delayed due to special reasons, it shall commence from 30 days before the original scheduled announcement date to one day before the announcement date;
- (2) 10 days prior to the release of the Company's performance forecast or preliminary results announcement;
- (3) The period from the date when a material event, which may significantly affect the trading price of the Shares of the Company and their derivatives, occurs or come into the process of decision-making to 2 trading days after its lawful disclosure;
- (4) Other periods as stipulated by the CSRC and the Shanghai Stock Exchange.

The Management Committee shall promptly consult with the secretary of the Board as to whether it is in a sensitive period for the purchase or sale of shares before deciding to buy or sell the Shares.

(III) Allocation of the Employee Share Ownership Plan

Upon the expiry of the lock-up period, Shares held under the Employee Share Ownership Plan will be allocated to the Holders in three tranches according to the performance appraisal results. Allocation proportion of each tranche is as follows:

The first tranche of interest allocation period: 12 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 30% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

The second tranche of interest allocation period: 24 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 30% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

The third tranche of interest allocation period: 36 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 40% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

(IV) Performance Appraisal of the Employee Share Ownership Plan

The interests of the Target Shares of the Holders shall be distributed to the Holders according to the performance appraisal results of 2021–2023 after 12 months, 24 months and 36 months, respectively, from the date commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan.

1. *Performance Appraisal Indicators for the Company:*

During the implementation period of the Employee Share Ownership Plan, the Company will conduct appraisal in each fiscal year, and the performance appraisal targets are as follows:

Interest Allocation Period	Performance appraisal objectives
First tranche of interest allocation period	(1) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2021 shall not be more than 60%;
	(2) Based on the performance in 2020, the compound annual growth rate of return on equity in 2021 shall not be less than 12%.
Second tranche of interest allocation period	(1) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2022 shall not be more than 60%;
	(2) Based on the performance in 2020, the compound annual growth rate of return on equity in 2022 shall not be less than 12%.
Third tranche of interest allocation period	(1) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2023 shall not be more than 60%;
	(2) Based on the performance in 2020, the compound annual growth rate of return on equity in 2023 shall not be less than 12%.

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Note: The asset-liability ratio is calculated based on the amount after deducting monetary capital, which includes RMI of trading companies IXM B.V.; the return on equity ratio is the weighted average return on equity ratio, and the incentive cost arising from the implementation of the Employee Share Ownership Plan is not considered in the calculation; during the term of the Employee Share Ownership Plan, if there are changes in the total assets and net assets caused by the Company's additional issuance, allotment of Shares, issuance of convertible bonds, etc, the changes in the total assets and net assets caused by such events and the corresponding revenue shall be excluded from the appraisal results.

2. *Personal Performance Appraisal Indicators:*

The Employee Share Ownership Plan will carry out individual performance appraisal according to the relevant system of the Company's performance appraisal, which will be organized and implemented by the human resources department of the Company. The appraisal will be conducted once every fiscal year, and the right of interpretation belongs to the Board. The final appraisal results will be used as the basis for the unlock and allocation of the Target Shares of corresponding allocation tranche. The performance appraisal targets are as follows:

Personal appraisal results in the previous year (S)	S\geq80	80>S\geq60	S<60
Individual allocation coefficient (N)	100%	80%	0

If the personal performance appraisal indicators meet the targets, the Holders shall enjoy 100% of the interests in cash in the corresponding allocation periods.

3. *Application of Appraisal Results*

When the performance appraisal for the Company meets the standard, the distributable amount to the Holder in the corresponding allocation period = amount of the Target Shares in the allocation period \times allocation coefficient.

4. *Treatment of the Interests of the Target Shares upon Failure to Meet the Performance Appraisal Targets*

- (1) During the appraisal period, if the overall performance of the Company fails to meet relevant standards, the interests of the Target Shares during such allocation period shall not be distributed, and the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).
- (2) During the appraisal period, if the individual performance of a Holder fails to meet the appraisal targets, no matter whether the overall performance of the Company meets relevant standards during such appraisal period, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).

VI. PARTICIPATION IN FINANCING ARRANGEMENTS OF THE COMPANY WITHIN THE TERM OF THE EMPLOYEE SHARE OWNERSHIP PLAN

During the term of the Employee Share Ownership Plan, when the Company raises funds by placement of Shares, issuance of new Shares, issuance of convertible bonds, etc., the Management Committee will decide whether to participate and determine relevant funding plan, and submit to the Holders' Meeting for consideration.

VII. RIGHTS AND OBLIGATIONS OF THE COMPANY AND HOLDERS**(I) Rights and Obligations of the Company****1. Rights of the Company**

- (1) Supervise the operation of assets manager and safeguard the interests of Holders;
- (2) Other rights as specified by laws, administrative regulations and the Employee Share Ownership Plan.

2. Obligations of the Company

- (1) Discharge the obligation of information disclosure in relation to the Employee Share Ownership Plan in a true, accurate, complete and timely manner;
- (2) Open or cancel securities trading account for the Employee Share Ownership Plan in accordance with relevant laws and regulations;
- (3) Other obligations as specified by laws, administrative regulations and the Employee Share Ownership Plan.

After being approved by the general meeting of shareholders, the Employee Share Ownership Plan shall be managed by the Company itself. Depending on the implementation of the Employee Share Ownership Plan, professional institutions with relevant qualifications may be engaged to provide consultation and other services for the Employee Share Ownership Plan.

The internal top management authority of the Employee Share Ownership Plan is the Holders' meeting. A Management Committee shall be set up at the Holders' meeting, and the Management Committee shall be authorized as the management body of the Employee Share Ownership Plan to supervise the daily management of the Employee Share Ownership Plan and exercise other shareholders' rights except voting rights on behalf of the Holders. The Employee Share Ownership Plan management measures clearly stipulate the responsibilities of the Management Committee, and take sufficient risk prevention and isolation measures. The Board of the Company is responsible for drafting and revising the draft plan, and handling other matters related to the Employee Share Ownership Plan within the scope authorized by the general meeting of Shareholders.

(II) Rights and Obligations of Holders

If the participant actually makes contribution to subscribe for the share of the Employee Share Ownership Plan, he/she will become the holder of the Employee Share Ownership Plan. Each share of the Employee Share Ownership Plan has the same legal rights and interests.

1. Rights of Holders are as follows:

- (1) Attend and vote at the Holders' Meeting;
- (2) Be entitled to the rights and interests of the Employee Share Ownership Plan according to the proportion of shares;
- (3) Enjoy other rights as stipulated by relevant laws, regulations or the Employee Share Ownership Plan.

2. Obligations of Holders are as follows:

- (1) Timely pay subscription funds in full in accordance with the provisions of the Employee Share Ownership Plan;
- (2) During the term of the Employee Share Ownership Plan, unless otherwise specified in the Employee Share Ownership Plan or approved by the Management Committee, the Holder shall not transfer his/her share of the Employee Share Ownership Plan;
- (3) Comply with the effective resolutions of the Holders' Meeting;
- (4) Bear the risks of the Employee Share Ownership Plan according to the Target Shares of the Employee Share Ownership Plan;
- (5) Abide by relevant laws and regulations, the Employee Share Ownership Plan and Administrative Measures, and undertake corresponding obligations.

VIII. MANAGEMENT MODE OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Holders' Meeting

1. Employees of the Company will become the Holders after they subscribe for the units of the Employee Share Ownership Plan. Holders' Meeting is the highest internal management authority of the Employee Share Ownership Plan. The Holders may attend and vote at Holders' Meetings in person, or entrust other Holders to attend and vote on his behalf. The expenses of travel, board and lodging, etc. incurred by the Holders and their proxies to attend the Holders' Meeting shall be borne by the Holders themselves.
2. The following matters shall be considered and discussed at the Holders' Meeting:
 - (1) Election and removal of any members of the Management Committee;
 - (2) Amendment, termination and extension of the term of the Employee Share Ownership Plan;
 - (3) When the Company raises funds by placement of Shares, issuance of new Shares, issuance of convertible bonds, etc., the Management Committee will decide whether to participate and determine relevant funding plan, and submit to the Holders' Meeting for consideration;
 - (4) Consideration and Amendment to the Administrative Measures for the Employee Share Ownership Plan;
 - (5) Authorization to the Management Committee to supervise the daily management of the Employee Share Ownership Plan;
 - (6) Authorization to the Management Committee to exercise Shareholders' rights;
 - (7) Authorization to the Management Committee to take charge of the collaboration with the professional agencies;
 - (8) Other matters deemed as necessary for consideration at the Holders' Meeting by the Management Committee.

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

3. The first Holders' Meeting shall be convened and presided over by the chairman of the Board or his authorized person, and the subsequent Holders' Meeting will be presided over by the chairman of the Management Committee. When the chairman of the Management Committee is unable to perform his duty, he shall appoint a member of the Management Committee to preside over the meeting.
4. To convene a Holders' Meeting, the Management Committee shall send out a notice of meeting 3 days prior to the meeting to all the Holders through direct delivery, mail, facsimile, e-mail or other means. The written notice of meeting shall at least include the following details:
 - (1) Time and location of the meeting;
 - (2) Conference type;
 - (3) Proposed matters to be considered at the meeting (proposals);
 - (4) Convener and host of the meeting and the proposer(s) of the extraordinary meeting(s) and their written proposals;
 - (5) Meeting materials necessary for voting;
 - (6) Requirements for the Holders to attend the meeting in person or entrust other Holders to attend the meeting on their behalf;
 - (7) Contact person and contact information;
 - (8) Date of issuance of the notice.

In case of emergency, a Holders' Meeting can be convened by a verbal notice. The verbal meeting notice shall at least include the above clauses (1), (2) and an explanation on the emergency and necessity to convene a Holders' Meeting.

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5. Voting procedures for the Holders' Meeting
 - (1) After each proposal has been fully discussed, the host shall invite Holders present at the meeting to vote in a timely manner. The host may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.
 - (2) The Holders shall enjoy voting power according to the number of units held by them.
 - (3) The Holders may propose to vote "agree, disagree or abstain". The Holders present at the meeting shall select one of the voting options, and any vote with no selection or more than two selections will be deemed as abstention. Any Holder who leaves during the course of the meeting without indicating any voting options shall be deemed as abstention from voting. Any vote made after the host announces the voting result or after the prescribed voting time shall not be counted.
 - (4) The host of the meeting shall announce the voting results at the venue of the meeting. A proposed resolution shall only become a valid resolution of the Holders' Meeting upon approval by more than 50% (exclusive) of the total units held by the Holders present at the Holder's Meeting (except for those proposals requiring more than 2/3 of the shares prescribed in the Administrative Measures for the Employee Share Ownership Plan).
 - (5) In the event that a proposal of the Holders' Meeting should be submitted to the Board and the shareholders' general meeting of the Company for consideration, it shall be submitted to the Board and the shareholders' general meeting of the Company for consideration in accordance with the provisions of the Articles of Association.
 - (6) The host of the meeting shall arrange for record keeping for the Holders' Meeting.
6. Holders who individually or jointly hold over 10% of the units under the Employee Share Ownership Plan may propose to convene a Holders' Meeting.
7. Holders who individually or jointly hold over 10% of the units under the Employee Share Ownership Plan may submit a temporary proposal to the Holders' Meeting. Such temporary proposal shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.

(II) Management Committee

The Employee Share Ownership Plan shall set up a Management Committee which is responsible for the Holders' Meeting of the Employee Share Ownership Plan and is the daily supervision and management organization of the Employee Share Ownership Plan.

1. Procedures for Selection and Appointment of Members of the Management Committee

The Management Committee comprises of six members including one chairman. All members of the Management Committee shall be elected by the Holders' Meeting. The chairman of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the Employee Share Ownership Plan.

2. Obligations of Members of the Management Committee

Members of the Management Committee have the following fiduciary duties to the Employee Share Ownership Plan in accordance with laws, administrative regulations and normative documents:

- (1) Not to take advantage of their position and authority to accept bribes or other illegal income; not to occupy any property of the Employee Share Ownership Plan;
- (2) Not to misappropriate funds of the Employee Share Ownership Plan;
- (3) Without the consent of the Holders' Meeting, not to open account under his or her own name or others' names for deposit with the assets or funds of the Employee Share Ownership Plan;
- (4) Without the consent of the Holders' Meeting, not to lend the funds of the Employee Share Ownership Plan to others or provide guarantee for others with the properties of the Employee Share Ownership Plan;
- (5) Not to take advantage of their positions and authority to jeopardize the interests of the Employee Share Ownership Plan;
- (6) Other obligations stipulated by laws, administrative regulations and departmental rules.

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Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to his or her breach of fiduciary duties, such member shall be liable for indemnification.

3. The Management Committee shall discharge the following functions and authority:
 - (1) Convene the Holders' Meetings;
 - (2) Carry out daily management of the Employee Share Ownership Plan on behalf of all Holders;
 - (3) Exercise or authorize the management agency to exercise the Shareholders' rights regarding the Shares under the Employee Share Ownership Plan on behalf of all Holders;
 - (4) Decide on whether to engage relevant professional institutions to provide management, consultation and other services for the daily management of the Employee Share Ownership Plan;
 - (5) Sign relevant agreements or contracts with external parties on behalf of the Employee Share Ownership Plan;
 - (6) Manage the allocation of interests of the Employee Share Ownership Plan, and decide on the sales and allocation and other matters of the Target Shares upon the expiry of the statutory lock-up period and share lock-up period of the Employee Share Ownership Plan;
 - (7) Decide on the allocation of the units abandoned or forcibly withdrawn under the Employee Share Ownership Plan;
 - (8) Handle share registration and inheritance registration of the units under the Employee Share Ownership Plan;
 - (9) Take charge of the share reduction arrangement of the Employee Share Ownership Plan;
 - (10) Other functions and authority as delegated by the Holders' Meeting.

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4. The chairman of the Management Committee shall discharge the following functions and authority:
 - (1) Preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
 - (2) Exercise Shareholders' rights on behalf of all Holders as authorized by the Management Committee;
 - (3) Supervise and inspect the execution of resolutions of the Holders' Meetings and the Management Committee;
 - (4) Sign relevant agreements or contracts with external parties on behalf of the Employee Share Ownership Plan;
 - (5) Other functions and authority as delegated by the Management Committee.
5. The Management Committee meetings shall be convened occasionally by the chairman of the Management Committee. Notice of the meeting shall be sent to all members of the Management Committee 3 days prior to the meeting. In case all members of the Management Committee unanimously agree on the proposed matters, the meeting may be convened and the voting be carried out by means of telecommunication.

With the consent of all members of the Management Committee, the dispatch of the notice can be exempted from the above time limit. Where a Management Committee meeting is required to be convened as soon as possible in case of emergency, notice of meeting can be given via telephone or other verbal means, but explanations shall be given by the convener at the meeting.
6. Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. One member of the Management Committee will enjoy one vote regarding the voting of resolutions at the Management Committee.
7. The voting of the Management Committee's resolutions shall be conducted by open ballot. On the premise that the members of the Management Committee can fully express their opinions, the Management Committee meeting can be held by fax to make resolutions which shall be signed by the members of the Management Committee attending the meeting.

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8. The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meeting, they may entrust other members of the Management Committee to attend the meeting on their behalf in writing. The power of attorney shall specify the name, matters of agency, scope of authorization and term of validity, and shall be signed or sealed by the principal. Members of the Management Committee who attend the meeting on their behalf shall exercise the rights of members of the Management Committee within the scope of authorization. If a member of the Management Committee does not attend a meeting of the Management Committee or entrust a proxy to attend, he/she shall be deemed to have given up his/her right to vote at the meeting.
9. The Management Committee shall take minutes of the decisions on the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.
10. Minutes of the Management Committee meetings shall include the following items:
 - (1) Date, location and name of the convener of the meeting;
 - (2) Attendance of the members of the Management Committee and the names of the members attending the Management Committee meeting on other's behalf (the proxy);
 - (3) The agenda;
 - (4) Key points of the statements of the members of the Management Committee;
 - (5) Methods of voting for each resolution and the respective voting results (clearly specifying the number of votes as agree, disagree and abstain respectively).

IX. ASSET COMPOSITION AND ALLOCATION OF SHARES UNDER THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Asset Composition of the Employee Share Ownership Plan

1. Interests corresponding to the Shares of the Company: The corresponding interests of the Shares held under the Employee Share Ownership Plan;
2. Cash deposits and bank interest;
3. Assets arising from other investments under the Employee Share Ownership Plan.

The assets under the Employee Share Ownership Plan are independent of the assets owned by the Company. The Company shall not include the assets under the Employee Share Ownership Plan into its own assets. The properties and profits acquired from the management, utilization or other ways under the Employee Share Ownership Plan shall be attributed to the assets of the Employee Share Ownership Plan.

(II) Allocation of Shares under the Employee Share Ownership Plan

1. Within the term of the Employee Share Ownership Plan, unless otherwise stipulated in laws, administrative regulations and departmental rules or upon consent of the Management Committee, the units of the Employee Share Ownership Plan held by the Holders shall not be transferred, used for guarantee or subject to other similar disposals.
2. After the expiration of the lock-up period of the Target Shares under the Employee Share Ownership Plan, the Management Committee shall determine the disposal method of the Target Shares.

After the expiration of the lock-up period, the Management Committee shall gradually liquidate the assets of the Employee Share Ownership Plan, and allocate the corresponding cash to the Holders according to the proportion of their units pursuant to relevant appraisal measures; or the Management Committee shall apply to the securities registration and settlement institution to transfer the Target Shares to the personal account of the Holders according to the proportion of their units according to the requirements of relevant laws and regulations for the Holders to dispose at their own discretion. If it is unable to transfer to personal account due to the restriction of laws and regulations, the Management Committee shall liquidate the total assets and distribute the earnings to the Holders according to the proportion of their units.

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If there are any remaining undistributed Target Shares and corresponding dividends (if any), the Management Committee shall allocate them according to the proportion of the units held by the Holders before the expiration of the term of the Employee Share Ownership Plan.

3. In case the Employee Share Ownership Plan expires or is terminated in advance, the Management Committee shall, according to the authorization by the Holders' Meeting, liquidate the Employee Share Ownership Plan after deduction of relevant taxes and fees pursuant to laws, and arrange for allocation according to the performance appraisal results and the units held by the Holders within 30 business days commencing from the date of expiry or termination.

X. AMENDMENT, TERMINATION AND DISPOSAL OF EQUITY OF HOLDERS OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Change of *de facto* Control, Merger and Division of the Company

If the de facto control of the Company changes, or merger or division occurs, the Shares held by the Holders shall be dealt with in accordance with the procedures prior to the occurrence of the situation.

(II) Amendment to the Employee Share Ownership Plan

Within the term, any amendment to the Employee Share Ownership Plan shall be approved by the Holders holding more than 2/3 (inclusive) of the total units present at the Holders' Meeting and submitted to the Board for consideration and approval.

(III) Termination of the Employee Share Ownership Plan

1. The Employee Share Ownership Plan will be automatically terminated if it is not extended upon the expiry of the term;
2. After the lock-up period of the Employee Share Ownership Plan expires, the Employee Share Ownership Plan may be terminated in advance if all the assets held under the Employee Share Ownership Plan are monetary assets and have been liquidated and allocated;

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3. The term of the Employee Share Ownership Plan may be extended within two month prior to the expiry of the Employee Share Ownership Plan, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval;
4. If the Shares held by the Employee Share Ownership Plan cannot be fully monetized before the expiry of the Employee Share Ownership Plan due to suspension of trading of the Shares or information sensitive period, the term of the Employee Share Ownership Plan may be extended as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval.

(IV) Disposal of Interests of the Holders

1. During the term of the Employee Share Ownership Plan, unless approved by the Management Committee, the interests held by the Holders under the Employee Share Ownership Plan shall not be used for mortgage, pledge, guarantee, transfer of income right, debt repayment or other similar disposal.
2. During the term of the Employee Share Ownership Plan, the interests held by the Holders under the Employee Share Ownership Plan shall not be transferred without the consent of the Management Committee. Any transfer without consent shall be void and null.
3. In case of any of the following circumstances, the Management Committee has the right to cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (1) Where the Holder is an independent non-executive Director or other person who cannot participate in the Employee Share Ownership Plan;
 - (2) Where the Holder holds a position in a subsidiary of the Company and the Company loses control over such subsidiary;

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- (3) Where the Holder resigns involuntarily due to layoffs and other reasons, and there is no unqualified performance, negligence, violation of laws and discipline;
 - (4) Where the Holder passes away for reasons other than the performing his/her duties.
- 4. In case of any of the following circumstances, the Management Committee has the right to cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (1) Where the Holder's labor contract has expired and is not renewed or he/she resigns voluntarily;
 - (2) Where the Holder's position changes due to violation of law, professional ethics, disclosure of company secrets, negligence or dereliction of duty and other acts damaging the Company's interests or reputation, or the Company dissolves the labor relationship with the Holder due to such reasons. The Holder shall return all the income from the exercise of his interests under the Employee Share Ownership Plan to the Company and if loss is caused to the Company, the Holder shall also be liable for compensation as well;
 - (3) Where the Holder resigns due to loss of working ability not caused by work injury.

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5. In case of any of the following circumstances, the Management Committee shall decide on whether the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstances, or cancel the Holder's qualification to participate in the Employee Share Ownership Plan, in such case, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (1) Where the Holder retires and the Board decides that the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstance, the personal performance appraisal results shall no longer be considered as the requirement for unlocking;
 - (2) Where the Holder resigns due to the loss of working ability and the Board decides that the equity held by the Holder shall be dealt with in full accordance with the procedures prior to the occurrence of such circumstance, the personal performance appraisal results shall no longer be considered as the requirement for unlocking;
 - (3) Where the Holder passes away due to the performance of his/her duties, and the Board decides that the equity held by the Holder shall be dealt with in full accordance with the procedures prior to the occurrence of such circumstance, the equity held by the Holder shall be held by his designated property successor or legal successor on his behalf.
6. Where the Holder changes his/her position but still holds a position in the Company or its subsidiaries, the Management Committee shall decide that the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstances; if the Holder is dismissed, the Management Committee shall cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership

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Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).

7. The Holder shall not engage in the business same or similar with that of the Company's during his/her term of office in the Company. If the Holder engages in the business same or similar with that of the Company's during his/her term of office in the Company, the Company is entitled to require the Holder to return all the earnings from the Employee Share Ownership Plan to the Company. If the Holder causes losses to the Company, the Company may also ask for compensation in accordance with the provisions of relevant laws.
8. During the term of the Employee Share Ownership Plan, where the above clauses do not stipulate in detail and it is necessary to change the ownership of units or interests of the Employee Share Ownership Plan held by the Holder, the Company and the Management Committee will negotiate and determine accordingly.

XI. MEASURES FOR DISPOSAL OF SHARES UPON EXPIRY OF THE TERM OF THE EMPLOYEE SHARE OWNERSHIP PLAN

1. If all Shares held under the Employee Share Ownership Plan are sold or transferred to the Holders of the units in the Employee Share Ownership Plan and the liquidation and distribution of the assets under the Employee Share Ownership Plan have been completed according to the requirements of the Employee Share Ownership Plan, the Employee Share Ownership Plan shall be terminated after being deliberated and approved by the Holders' Meeting and the Board.
2. If the Shares held under the Employee Share Ownership Plan are not all sold or transferred to the Holders of the units in the Employee Share Ownership Plan within two months prior to the expiry of the term of the Employee Share Ownership Plan, the term of the Employee Share Ownership Plan may be extended as agreed by the Holders holding more than two-thirds (inclusive) of the number of the total units and attending the Holders' Meeting and considered and approved by the Board of the Company.
3. In case of early termination or upon expiry of the term of the Employee Share Ownership Plan, the Management Committee shall, according to the authorization of the Holders' Meeting, liquidate the assets under the Employee Share Ownership Plan, complete the liquidation within 30 working days after the termination or expiry of the term and arrange distribution based on the units held by the Holders after deducting relevant taxes and fees according to laws.

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4. After the expiration of the Employee Share Ownership Plan, if the underlying asset of the Employee Share Ownership Plan still include Target Shares, the Management Committee shall determine the disposal measures.

XII. ACCOUNTING PROCEDURE FOR THE EMPLOYEE SHARE OWNERSHIP PLAN AND ITS IMPACT ON PERFORMANCE

1. Accounting Procedure

Assuming that the Company transfers 48,513.287 thousand repurchased shares to the Employee Share Ownership Plan in 2021, the company will confirm the share-based payment expenses in accordance with on the fair value of the relevant equity instruments, and distributed to management expenses in accordance with accounting standards during the interest distribution period specified in Article 5(4) of the Plan.

2. Impact on performance of the Company

The share-based payment cost resulting from the implementation of the Employee Share Ownership Plan has an impact on the Company's net profit during the interest distribution period. On one hand, the implementation of the Employee Share Ownership Plan will effectively stimulate the enthusiasm of the Company's employees, further strengthen the Company's core competitiveness, having a positive effect on improving the Company's operating performance. Therefore, although the implementation of this Employee Share Ownership Plan will incur certain expenses, but the overall degree is controllable and is not expected to have a significant adverse effect on the Company's operating results.

XIII. PROCEDURES FOR IMPLEMENTATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

1. Before the implementation of the Employee Share Ownership Plan, the Company shall fully seek opinions from employee through the Staff Representative Meeting and other organizations;
2. The Board considered and approved the draft of the Employee Share Ownership Plan, and the Directors associated with the Employee Share Ownership Plan should avoid voting. The independent Directors should express their independent opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it is detrimental to the interests of the Company and its Shareholders as a whole and whether employees are forced to participate in the Employee Share Ownership Plan by way of apportionment, forced distribution, etc;

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3. The Supervisory Committee is responsible for expressing opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it is detrimental to the interests of the Company and its shareholders as a whole and whether employees are forced to participate in the Employee Share Ownership Plan by way of apportionment, forced distribution, etc;
4. Within 2 trading days after the Employee Share Ownership Plan (Draft) is considered and approved by the Board, the Company shall announce the Board resolution, the draft and summary of the Employee Share Ownership Plan, opinions of the independent Directors, opinions of the Supervisory Committee, etc;
5. The Company employs a law firm to issue legal opinions on whether the Employee Share Ownership Plan and its related matters are legal and compliant, and whether the necessary decision-making and approval procedures have been performed;
6. The Company shall issue the notice of convening the general meeting of shareholders, and announce the legal opinions before convening the general meeting for examining the Employee Share Ownership Plan;
7. Convene a general meeting to consider the Employee Share Ownership Plan. The general meeting will adopt the combination of on-site voting and online voting, and the voting of small and medium-sized investors will be counted separately and disclosed publicly; if the Employee Share Ownership Plan involves relevant Directors and Shareholders, the relevant Directors and Shareholders shall avoid voting. The Employee Share Ownership Plan can be implemented after more than half of the voting rights held by the non-affiliated shareholders attending the general meeting are approved;
8. A Holders' Meeting of the Employee Share Ownership Plan shall be convened to elect members of the Management Committee and confirm the specific matters for the implementation of the Employee Share Ownership Plan;
9. In implementing the Employee Share Ownership Plan by the Company, the time, quantity and proportion of the Target Shares acquired shall be disclosed in an interim announcement within 2 trading days from the completion date of the transfer of the Target Shares to the Employee Share Ownership Plan;
10. Other procedures required by the CSRC and the SSE.

XIV. AUTHORIZATION TO THE BOARD BY GENERAL MEETING

Upon the consideration and approval of the Employee Share Ownership Plan, the general meeting of the Company authorizes the Board to handle all matters in relation to the Employee Share Ownership Plan, including but not limited to the following:

1. The Board is authorized to be responsible for drafting and revising the Employee Share Ownership Plan;
2. The Board is authorized to implement the Employee Share Ownership Plan, including but not limited to nominating candidates for the Management Committee;
3. The Board is authorized to handle the change and termination of the Employee Share Ownership Plan, including but not limited to the disqualification of the plan holder and early termination of the Employee Share Ownership Plan in accordance with the provisions of the Employee Share Ownership Plan;
4. The Board is authorized to make decisions on the extension and early termination of the Employee Share Ownership Plan;
5. After the Employee Share Ownership Plan is considered and approved by the general meeting, if the relevant laws, regulations and policies change during the implementation period, the Board is authorized to make corresponding adjustments to the Employee Share Ownership Plan according to the new laws, regulations and policies; if the Employee Share Ownership Plan cannot complete the purchase of the shares of the Company within the specified time due to the Company's stock suspension or information sensitive period during the implementation, the Board of the company shall be authorized to extend the purchase period of the Employee Share Ownership Plan;
6. The Board is authorized to handle all matters concerning the locking, unlocking, ownership and distribution of the shares purchased under the Employee Share Ownership Plan;
7. The Board is authorized to draft and sign relevant agreements and documents related to the Employee Share Ownership Plan;
8. After the Employee Share Ownership Plan is approved by the general meeting, if the relevant laws, regulations and policies change during the implementation period, the Board of the Company is authorized to make corresponding adjustments to the Employee Share Ownership Plan in accordance with the new policies;

APPENDIX I EMPLOYEE SHARE OWNERSHIP PLAN (DRAFT)

9. The Board shall be authorized to handle other necessary matters required by the Employee Share Ownership Plan, except for the rights that shall be exercised by the general meeting as specified in relevant laws, regulations, normative documents and the Articles of Association.

The above authorization shall be valid from the date of approval by the general meeting of the Company to the date of termination of the Employee Share Ownership Plan. The above authorization matters, except for those clearly stipulated by laws, administrative regulations, rules and regulations of CSRC, normative documents, the Employee Share Ownership Plan or the Articles of Association, can be directly exercised by the chairman or the appropriate person authorized by him on behalf of the Board.

XV. DESCRIPTION OF CONNECTED RELATIONS AND CONCERTED ACTION

There are 5 holders of the Employee Share Ownership Plan, including Directors (excluding independent directors), senior management and other core staffs. The above holders are associated with the Employee Share Ownership Plan. When the Board and the supervisory committee of the Company deliberates the relevant proposals of the Employee Share Ownership Plan, the relevant personnel shall avoid voting. Except for the above situations, there is no relationship between the Employee Share Ownership Plan and the controlling shareholders, actual controllers, other directors, supervisors and senior management of the Company.

The Employee Share Ownership Plan and the Company's controlling shareholders, actual controllers, directors, supervisors and senior managers do not constitute a concerted action relationship as stipulated in the Measures for the Administration of the Takeovers of Listed Companies. The details are as follows:

1. The Company's controlling shareholders and actual controllers did not participate in the Employee Share Ownership Plan, and the Employee Share Ownership Plan did not sign a concerted action agreement or have a concerted action arrangement with the Company's controlling shareholders and actual controllers.
2. Some directors, supervisors and senior management of the Company hold shares of the Employee Share Ownership Plan, and there is no related relationship between the holders of the Employee Share Ownership Plan, and there is no agreement on concerted action or related arrangements for concerted action; the Holders' Meeting is the highest authority of the Employee Share Ownership Plan, and elects a Management Committee to supervise the daily management of the Employee Share Ownership Plan.

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3. When the general meeting, the Board and the supervisory committee consider matters related to the Employee Share Ownership Plan, the Employee Share Ownership Plan, relevant directors and supervisors will avoid voting.
4. The Employee Share Ownership Plan needs to be avoided when the general meeting deliberates the proposals related to the transactions between the listed company and its shareholders, directors, supervisors, senior management and other participants.

XVI. OTHER IMPORTANT MATTERS

1. The consideration and approval of the Employee Share Ownership Plan by the Board and the general meeting of the Company do not imply that the Holders can enjoy the right to continue to serve at the Company or its wholly-owned subsidiaries, and do not constitute any commitment of the Company or its wholly-owned subsidiaries to the term of employment of employees. The labor relationship between the Company or its subsidiaries and the Holders shall still be executed according to the labor contracts or employment contracts signed by the Company or its subsidiaries and the Holders.
2. The financial and accounting treatment and taxation issues of the Employee Share Ownership Plan implemented by the Company shall be implemented in accordance with the relevant financial system, accounting standards and taxation system. The relevant individual income tax paid by employees due to the implementation of Employee Share Ownership Plan shall be borne by the employees themselves.
3. The Employee Share Ownership Plan can only be implemented after being deliberated and approved by the general meeting of Company.
4. The Employee Share Ownership Plan shall be interpreted by the Board of the Company.

the Board of China Molybdenum Co., Ltd.

5 May 2021

China Molybdenum Co., Ltd.
ADMINISTRATIVE MEASURES OF THE
EMPLOYEE SHARE OWNERSHIP PLAN PHASE I FOR
2021

CHAPTER I GENERAL RULES

Article 1 In order to further establish and improve the long-term incentive mechanism of China Molybdenum Co., Ltd. (hereinafter referred to as the “**Company**”), attract and retain excellent talents, fully activate the motivation of the Company’s directors, senior management, middle management and core personnel, effectively combine the interests of shareholders, the Company and employees, and make all parties pay attention to the long-term development of the Company, the Company has formulated the Employee Share Ownership Plan Phase I for 2021 (Draft) of China Molybdenum Co., Ltd. (hereinafter referred to as “**Employee Share Ownership Plan**” or the “**Plan**”), and will continue to study and explore various effective incentive methods in the future, so as to ensure the better realization of the Company’s development strategy and business objectives.

In order to standardize the implementation of the Employee Share Ownership Plan, administrative measures of the Plan (hereinafter referred to as the “**Measures**”) is formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Guiding Opinions on the Implementation of Pilot Program on Employee Share Ownership Plan by Listed Companies (hereinafter referred to as “**Guiding Opinions**”) and Guidelines on Information Disclosure of the Employee Share Ownership Plan of Listed Companies on the Shanghai Stock Exchange and other relevant laws, administrative regulations, normative documents and the Articles of Association.

CHAPTER II THE FORMULATION AND IMPLEMENTATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN**Article 2 BASIC PRINCIPLES OF THE EMPLOYEE SHARE OWNERSHIP PLAN****(1) Legal compliance**

The Company implements the Employee Share Ownership Plan and follows the procedures in strict compliance with relevant requirements under the laws, administrative rules, administrative regulations and normative documents, which require the Company to disclose true, accurate and complete information in a timely manner. No person is permitted to engage in insider trading, manipulation of the securities market, and other fraudulent actions through the Employee Share Ownership Plan.

(2) Voluntary participation

The implementation of the Employee Share Ownership Plan is subject to the discretionary decisions of the Company, and the voluntary participation of the employees. The Company is not permitted to force the employees to participate in the Employee Share Ownership Plan of the Company in forms such as apportionment and mandatory distribution.

(3) Self-bearing of Risk

The participants of the Employee Share Ownership Plan will undertake their own risks for gains or losses, and their equity rights rank *pari passu* with those of other investors.

Article 3 PROCEDURES FOR IMPLEMENTATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

- (1) Prior to the implementation of the Employee Share Ownership Plan, the Company shall seek employees' opinions through the employees' representatives meeting and other organizations;
- (2) When the Board is considering the draft of the Employee Share Ownership Plan, independent directors shall deliver their independent opinions on the following matters: whether the Employee Share Ownership Plan is beneficial to the sustainable development of the Company; whether it will impair the interests of the Company and the Shareholders as a whole; whether there is any apportionment, mandatory distribution, etc., to force the employees to participate in the Employee Share Ownership Plan;

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

- (3) The Supervisory Committee shall deliver their opinions on the following matters: whether the Employee Share Ownership Plan is beneficial to the sustainable development of the Company; whether it will impair the interests of the Company and the Shareholders as a whole; whether there is any apportionment, mandatory distribution, etc., to force the employees to participate in the Employee Share Ownership Plan;
- (4) When the Board considers the Employee Share Ownership Plan, any director associated with the Plan shall abstain from voting; within 2 trading days after the Board approves the draft of the Employee Share Ownership Plan, the Company shall disclose relevant documents such as the Board resolutions, the full text and summary of the draft of the Employee Share Ownership Plan, independent directors' opinions, and the Supervisory Committee's opinion, etc.;
- (5) The Company shall engage a law firm to issue legal opinions on the Employee Share Ownership Plan and release the legal opinions before convening the general meeting for consideration of the Employee Share Ownership Plan;
- (6) The shareholders' general meeting shall be convened to consider the Employee Share Ownership Plan at which voting will be taken by poll both onsite and via internet. The Employee Share Ownership Plan shall only be implemented after approval by the Shareholders holding more than half of the valid voting rights present at the shareholders' general meeting;
- (7) The Holders' Meeting of the Employee Share Ownership Plan shall be convened to elect and appoint members of the Management Committee, and define specific matters in relation to the implementation of the Employee Share Ownership Plan. Convening and relevant resolutions of the meeting shall be disclosed in a timely manner;
- (8) In implementing the Employee Share Ownership Plan, the time, quantity and proportion of receiving the Target Shares shall be disclosed in interim announcement within 2 trading days after the registration of the Target Shares under the Employee Share Ownership Plan;
- (9) Other procedures that shall be performed as stipulated by the CSRC and the stock exchange.

Article 4 HOLDERS OF THE EMPLOYEE SHARE OWNERSHIP PLAN**(I) Basis for Determination of Holders**

The holders of the Employee Share Ownership Plan are determined according to the relevant provisions of relevant laws, regulations and rules including the Company Law, the Securities Law, the Guiding Opinions as well as the Articles of Association. The Company's core management personnel participate in the Plan in accordance with laws and regulations on a voluntary basis at their own risks.

(II) Scope of Holders

The participants of the Employee Share Ownership Plan includes the directors (excluding independent directors), senior management and other core employees of the Company (including its holding subsidiaries).

Unless otherwise stipulated in the Employee Share Ownership Plan, all participants are required to enter into a labor contract or an employment contract with the Company during the term of the Employee Share Ownership Plan.

Article 5 SOURCE OF FUNDS, SOURCE OF SHARES AND SIZE OF THE EMPLOYEE SHARE OWNERSHIP PLAN**(I) Source of Funds**

The funds for the Company's core management personnel to participate in the Employee Share Ownership Plan shall come from the employees' lawful remuneration, self-raised funds and other sources as permitted under the laws and regulations.

The Employee Share Ownership Plan shall raise funds not exceeding RMB97.026574 million in total, with "share" as the unit for subscription and RMB1.00 for each share. The number of shares of the Company corresponding to the entitlements under the Employee Share Ownership Plan held by a single holder shall not exceed 1% of the total share capital of the Company. The specific number of units held by each holder of the Employee Share Ownership Plan is subject to his/her actual payment upon final confirmation.

Holders of the Employee Share Ownership Plan shall pay the subscription amount in full and in due course according to the subscribed units, and the payment time will be arranged by the Company. A Holder who fails to pay the subscription amount in due course and in full will automatically lost his/her right for subscription.

(II) Source of Shares

The source of shares of the Employee Share Ownership Plan is the A ordinary shares of the Company repurchased through the Company's special account for repurchasing.

(III) Size

The size of the Employee Share Ownership Plan shall not exceed 48,513,287 shares, accounting for about 0.22% of the total share capital of the Company of 21,599,240,000 shares at the date of the announcement of the draft for the Employee Share Ownership Plan.

The Company convened the 15th interim meeting of the 5th session of the board of directors on 30 September 2020, considered and approved the "Resolution on the Repurchase of A Shares of the Company through Centralized Price Bidding". For details, please refer to the relevant announcements published by the Company.

As of 31 March 2021, the Company has repurchased 48,513,287 shares through centralized price bidding transaction, accounting for 0.2246% of the Company's total share capital. The highest transaction price is RMB4.00/share, the lowest transaction price is RMB3.96/share, and the payment amount is RMB193,832,602.21 (including transaction costs).

In cases of the Company's ex-rights or ex-dividend matters, such as conversion of capital reserve into share capital, bonus issue and dividend distribution, during the period from the announcement date of the resolution of the board of directors to the date of purchase of the repurchased shares under the Employee Share Ownership Plan, the price of the underlying share shall be adjusted accordingly.

After the approval at the general meeting, this Employee Share Ownership Plan special account will acquire the corresponding shares of the repurchase special securities account through non-trading transfer and other means permitted by law and regulations.

After the implementation of the Employee Share Ownership Plan, the total number of shares held under all effective employee share ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the number of shares of the Company corresponding to the entitlements under the employee share ownership plans held by a single holder shall not exceed 1% of the total share capital of the Company. The total number of shares held under the Employee Share Ownership Plan does not include the shares obtained by the participants before the initial public offering of the Company, the shares purchased by themselves through the secondary market and the shares obtained through equity incentive.

Article 6 THE TERM, LOCK-UP PERIOD, DISTRIBUTION AND PERFORMANCE EVALUATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Term

1. The term of the Employee Share Ownership Plan is 48 months, commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the transfer of the last tranche of the Target Shares to the Employee Share Ownership Plan. The Employee Share Ownership Plan will be automatically terminated if it is not extended upon the expiry of the term.
2. After the lock-up period of the Employee Share Ownership Plan expires, the Employee Share Ownership Plan may be terminated in advance after all the assets held by the Employee Share Ownership Plan are transferred out and all monetary assets (if any) under the Employee Share Ownership Plan have been liquidated and distributed.
3. If the shares of the Company held are still not fully sold or transferred to the holders of the Employee Share Ownership Plan, the term of the Employee Share Ownership Plan may be extended within two months before the expiry of the term of the Employee Share Ownership Plan, as agreed by the holders holding more than two-thirds (inclusive) of the total units and attending the holders' meeting, and as considered and approved by the board of directors of the Company.
4. If the shares of the Company held by the Employee Share Ownership Plan cannot be fully realized prior to the expiry of the maximum term of the Employee Share Ownership Plan due to suspension of trading of the shares or information sensitive period, the term of the Employee Share Ownership Plan may be extended as agreed by the holders holding more than two-thirds (inclusive) of the total units and attending the Holders' Meeting, and as considered and approved by the the Board.

(II) Lock-up Period

1. The lock-up period of the Target Shares acquired under this Employee Share Ownership Plan is 12 months, calculated from the date of the last registration of the Target Shares into the name of this Employee Share Ownership Plan as announced by the Company; the Employee Share Ownership Plan shall not be traded during the lock-up period; shares acquired as a result of the distribution of stock dividends, capitalization of capital reserve, etc. by the Company shall also comply with the above share lock-up arrangement. After the expiration of the lock-up period, the Management Committee will reduce the shares at its discretion in accordance with the prevailing market conditions.
2. All relevant entities in the Employee Share Ownership Plan must strictly abide by the market trading rules and abide by the requirement that no shares can be traded during the information sensitive period. All parties must not exploit the Employee Share Ownership Plan for insider dealing, market manipulation and other security frauds, except for the non-trading transfer of repurchase shares to the Employee Share Ownership Plan.

The aforementioned sensitive period refers to:

- (1) where within 30 days before the announcement of the Company's periodic report, the announcement date of the annual report or semi-annual report is delayed due to special reasons, the period starting from the date 30 days before the original appointment announcement date up to one day before the announcement;
- (2) ten days prior to the release of the Company's results preview or preliminary report;
- (3) the period starting from the date when a material issue, which may significantly affect the Company's share price and its derivatives varieties price, occurs or the process of decision-making is entered up to two trading days after the disclosure in accordance with laws;
- (4) Other periods as stipulated by CSRC and SSE.

The Management Committee shall promptly consult with the Secretary of the Board of Directors of the Company as to whether it is in a sensitive period for the purchase or sale of shares before deciding to buy or sell the Company's shares.

(III) Distribution

After the expiration of the lock-up period, the rights and interests held by this Employee Share Ownership Plan will be allocated to the holders in three installments based on the results of the performance target assessment set, and the allocation ratio for each installment is agreed as follows:

The first interest allocation period: 12 months after the date when the draft of this Employee Share Ownership Plan is considered and approved by the Company's general meeting and the Company announces the last transfer of the Target Shares to this Employee Share Ownership Plan, the number of shares corresponding to the cash allocation shall be 30% of the total number of Target Shares held by this Employee Share Ownership Plan.

The second interest allocation period: 24 months after the date when the draft of this Employee Share Ownership Plan is considered and approved by the Company's general meeting and the Company announces the last transfer of the Target Shares to this Employee Share Ownership Plan, 30% of the total number of Target Shares held by this Employee Share Ownership Plan shall be allocated in cash.

The third interest allocation period: 36 months after the date of approval of the draft Employee Share Ownership Plan at the Company's general meeting and the date of transfer of the last Target Shares to the Employee Share Ownership Plan as announced by the Company, 40% of the total number of Target Shares held by the Employee Share Ownership Plan shall be allocated in cash.

(IV) Performance appraisal

The rights and interests of the Holders in the designated account of the Employee Share Ownership Plan shall be distributed to the Holders according to the performance appraisal results of 2021–2023 after 12 months, 24 months and 36 months from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the transfer of the last tranche of the Target Shares under the Employee Share Ownership Plan.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

1. Performance appraisal indicators of the Company:

During the implementation of the Employee Share Ownership Plan, the Company will conduct an appraisal in each fiscal year, and set the following performance appraisal objectives:

Interest Distribution Period Performance appraisal objectives

First interest distribution period	(1)	The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2021 shall not be higher than 60%;
	(2)	Based on the performance in 2020, the compound annual growth rate of ROE in 2021 shall not be less than 12%.
Second interest distribution period	(1)	The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2022 shall not be higher than 60%;
	(2)	Based on the performance in 2020, the compound annual growth rate of ROE in 2022 shall not be less than 12%.
Third interest distribution period	(1)	The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2023 shall not be higher than 60%;
	(2)	Based on the performance in 2020, the compound annual growth rate of ROE in 2023 shall not be less than 12%.

Note: The asset-liability ratio is the value excluding monetary capital, which includes RMI (highly liquid trade inventories) of trading companies IXM.; the return on equity is the weighted average return on equity, and the incentive cost arising from the implementation of the Employee Share Ownership Plan is not considered in the calculation; during the term of validity of the Employee Share Ownership Plan, if there are changes in the total assets and net assets caused by the Company's additional issuance, allotment of shares, convertible bonds and other equity financing issues,, the changes in the total assets and net assets caused by such events and the corresponding income generated shall be eliminated in the appraisal.

2. Personal performance appraisal indicators:

The Employee Share Ownership Plan will appraise the performance of individuals according to the relevant system of the Company's performance appraisal, which will be organized, implemented by the human resources department once every accounting year. The interpretation right belongs to the board of directors of the Company. The final appraisal results will be used as the basis for the rights and interest distribution and profit distribution calculation of the Target Shares involved in the corresponding batch of Employee Share Ownership Plan in each unlocking period.

The classification of appraisal results are as follows:

Personal appraisal results of the previous year (S)	S≥80	80>S≥60	S<60
Individual level coefficient (N)	100%	80%	0

If the individual performance indicators pass the appraisal in the current period, Holders shall enjoy 100% of the rights and interests of the cash in the corresponding rights and interest distribution period.

3. Application of appraisal results

After the performance appraisal at the Company level satisfies the standard, the number of the rights and interest distribution amount in the current period = the target rights and interest distribution number × rights and interest coefficient.

4. Treatment of rights and interest ownership if performance appraisal conditions are failed

- (1) In any appraisal period, if the overall performance of the Company fails to meet the standard, the rights and interests of the corresponding to the rights and interest distribution period shall not be distributed, and the relevant rights and interests shall be compulsorily recovered by the Management Committee at the subscription cost and transferred to other employees eligible to participate in this Employee Share Ownership Plan at the price decided by the Management Committee; and such new employees joining the Employee Share Ownership Plan shall be assessed in accordance with the assessment index of this Employee Share Ownership Plan (if joining in the last year, the Management Committee shall specifically set the corresponding assessment index with reference to this Employee Share Ownership Plan);

- (2) In any appraisal period, if the individual performance of the holder fails to meet the appraisal requirements, no matter whether the overall performance of the Company satisfies the standard during the appraisal period, the rights and interests corresponding to the rights and interest period shall not be distributed, and the relevant rights and interests shall be compulsorily recovered by the Management Committee at the subscription cost and transferred to other employees who are eligible to participate in this Employee Share Ownership Plan at the price decided by the Management Committee; and such new employees joining the Employee Share Ownership Plan shall be evaluated in accordance with the evaluation index of this Employee Share Ownership Plan (if they join in the last year, the Management Committee shall specifically set the corresponding evaluation index with reference to this Employee Share Ownership Plan).

CHAPTER III MANAGEMENT OF THE EMPLOYEE SHARE OWNERSHIP PLAN

Article 7 MANAGEMENT AGENCY AND MANAGEMENT MODE OF THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Rights and Obligations of the Company

1. Rights of the Company

- (1) Supervise the operation of assets manager and safeguard the interests of Holders;
- (2) Other rights as specified by laws, administrative regulations and the Employee Share Ownership Plan.

2. Obligations of the Company

- (1) Discharge the obligation of information disclosure in relation to the Employee Share Ownership Plan in a true, accurate, complete and timely manner;
- (2) Open or cancel securities trading account for the Employee Share Ownership Plan in accordance with relevant regulations;
- (3) Other obligations as specified by laws, administrative regulations and the Employee Share Ownership Plan.

After being approved by the general meeting of shareholders, the Employee Share Ownership Plan shall be managed by the Company itself. Depending on the implementation of the Employee Share Ownership Plan, professional institutions with relevant qualifications may be employed to provide consulting services for the Employee Share Ownership Plan.

The highest internal management authority of the Employee Share Ownership Plan is the Holders' Meeting, which sets up the Management Committee and authorize the Management Committee to serve as the administrative body of the Employee Share Ownership Plan to supervise the daily management of the Employee Share Ownership Plan and exercise other shareholders' rights except voting rights on behalf of the Holders. The measurement of management of the Employee Share Ownership Plan clearly stipulates the responsibilities of the Management Committee, and takes adequate risk prevention and isolation measures. The board of the Company shall be responsible for drafting and revising the draft plan, and shall deal with other matters related to the Employee Share Ownership Plan within the scope of authorization as granted by the shareholders' general meeting.

(II) Rights and Obligations of Holders

Participants who actually subscribe for the units of the Employee Share Ownership Plan shall become the holders of the Employee Share Ownership Plan. Each share of the Employee Share Ownership Plan shall have the same legal rights and interests.

1. The rights of Holders are as follows:
 - (1) the rights to participate in the Holders' Meetings and cast a vote;
 - (2) enjoy the rights and interests of the Employee Share Ownership Plan according to the proportion of shares;
 - (3) enjoy other rights of Holders as stipulated by relevant laws, regulations or the Employee Share Ownership Plan.
2. The obligations of Holders are as follows:
 - (1) pay the subscription in full and timely in accordance with the provisions of the Employee Share Ownership Plan;
 - (2) during the term of the Employee Share Ownership Plan, unless otherwise specified in the Employee Share Ownership Plan or approved by the management committee, the holder shall not transfer the shares held under the Employee Share Ownership Plan;
 - (3) comply with the resolutions in force approved by the Holders' Meetings;
 - (4) assume the risks of the Employee Share Ownership Plan based on their amount of shares subscribed under the Employee Share Ownership Plan;

- (5) abide by relevant laws and regulations, the Employee Share Ownership Plan and Administrative Measures, and undertake corresponding obligations.

Article 8 Holders' Meeting

1. Employees of the Company shall become the Holders of the plan after subscribing for the shares of the Employee Share Ownership Plan, and the Holders' Meeting is the highest internal management authority of the Employee Share Ownership Plan. Holders are entitled to attend and vote at the holders' meeting in person or by proxy. The expenses of travel, board and lodging, etc. incurred by holders and their proxy to attend the Holders' Meeting shall be borne by holders.
2. The following matters shall be considered and discussed at the Holders' Meeting:
 - (1) Election and removal of any members of the Management Committee;
 - (2) Amendment, termination and extension of the duration of the Employee Share Ownership Plan;
 - (3) The Management Committee shall decide the concrete proposal on financing and capital of the Company through placing of shares, issue of new shares, issue of convertible bonds or other financing methods within the term of the Employee Share Ownership Plan and submit the proposal to the Holders' Meeting for consideration;
 - (4) Consideration and amendment of Administrative Measures ;
 - (5) Authorization to the Management Committee to supervise the daily management of the Employee Share Ownership Plan;
 - (6) Authorization to the Management Committee to exercise shareholders' rights;
 - (7) Authorization to the Management Committee to choose or replace professional institution; develop or amend relevant administrative rules;
 - (8) Other matters deemed by the Management Committee as necessary to be considered at holders' meeting.
3. The first Holders' Meeting shall be convened and presided over by chairman of the board of directors of the Company or its authorized person(s), and subsequently shall be presided over by the officer of the management committee. When the officer of the management committee is unable to perform his/her duties, he/she shall appoint a member of the management committee to preside over the meeting.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

4. To convene a Holders' Meeting, the Management Committee shall send out a notice of meeting 3 days prior to the meeting to all holders by direct delivery, post, facsimile, electronic mail or other means. The written notice of meeting shall at least include the following details:
- (1) Time and venue of the meeting;
 - (2) Way of convening the meeting;
 - (3) Proposed matters to be considered at the meeting (meeting proposals);
 - (4) Convener and chairman of the meeting and the proposer(s) of extraordinary meeting and his/her (their) written proposals;
 - (5) Meeting materials required for voting;
 - (6) Requirements for the holders to attend the meeting in person or assign other holders to attend the meeting on their behalf;
 - (7) Contact person and contact information;
 - (8) Date of issuance of the notice.

In case of any emergency, a Holders' Meeting can be convened by a verbal notice. The verbal meeting notice shall at least include the above points (1), (2) and an explanation on the emergency and necessity to convene a Holders' Meeting as soon as possible.

5. Voting procedures of the Holders' Meeting
- (1) After each proposal has been fully discussed, the chairman shall invite Holders attending the meeting to vote in a timely manner. The chairman may also invite Holders attending the meeting to vote only after all proposals for the meeting have been discussed. Voting shall be carried out by paper ballot;
 - (2) Each unit held by the Holders of the Employee Share Ownership Plan is entitled to one vote;
 - (3) The Holders may choose to vote for, against or abstain in any resolution. The Holders attending the meeting shall select one of the aforesaid voting options, and any vote with no option or more than two options indicated will be deemed as abstention. Any Holder who leaves in the course of the meeting without indicating any voting options shall be deemed as abstained from voting. Any vote made after the announcement of voting results by the chairman of the meeting or lapse of voting period shall not be counted;

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

- (4) The chairman of the meeting shall announce the onsite voting results at the spot of the meeting. A proposed resolution shall only become a valid resolution of the Holders' Meeting after being passed by more than half (exclusive 50%) of portion of units held by the holders attending the holder's meeting, unless the consent of more than two-thirds of the portion of units is required by Administrative Measures for the Employee Share Ownership Plan;
 - (5) In the event that a resolution of the Holders' Meeting must be submitted to the board of directors and shareholders' general meeting of the Company for consideration, it shall be submitted to the board of directors and shareholders' general meeting of the Company for consideration in accordance with the provisions of the Articles of Association;
 - (6) The presider of the Holders' Meeting shall make arrangement for keeping records for the holders' meeting.
6. Holders who individually or jointly hold over 10% of the units in the Employee Share Ownership Plan may propose convening a Holders' Meeting.
7. Holders who individually or jointly hold over 10% of the units in the Employee Share Ownership Plan may submit a temporary proposal to the Holders' Meeting; and the temporary proposal shall be submitted to the Management Committee three days prior to the convention of the Holders' Meeting.

Article 9 MANAGEMENT COMMITTEE OF THE EMPLOYEE SHARE OWNERSHIP PLAN

The Employee Share Ownership Plan sets up the Management Committee that is responsible for the holders' meetings of the Employee Share Ownership Plan and serves as the daily supervision and management authority of the Employee Share Ownership Plan.

1. Selection procedure of the members of management committee

The Management Committee comprises six members with one officer of the Management Committee. All members of the Management Committee shall be elected by the Holders' Meeting. The officer of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of members of the Management Committee shall be the term of the Employee Share Ownership Plan.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

2. Duties of management committee members

Members of the Management Committee have the following fiduciary duties to the Employee Share Ownership Plan in accordance with laws, administrative regulations and regulatory documents:

- (1) Not to take advantage of their position and authority to accept bribes or other illegal income; not to occupy any property of the Employee Share Ownership Plan;
- (2) Not to misappropriate funds of the Employee Share Ownership Plan;
- (3) Without the consent of the Holders' Meeting, not to open personal account under his or her own name or other people's names with the assets or funds of the Employee Share Ownership Plan as the deposits;
- (4) Not to lend the funds of the Employee Share Ownership Plan to other persons or provide guarantee for other persons with the properties of the Employee Share Ownership Plan without the consent of the holders' meeting;
- (5) Not to take advantages of their positions and authority to jeopardize the interests of the Employee Share Ownership Plan;
- (6) Other duties stipulated by laws, administrative regulations and departmental rules.

Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to his or her breach of fiduciary duties, such a member shall be liable for indemnification.

3. The Management Committee shall discharge the following functions and authority:

- (1) Convene the Holders' Meetings;
- (2) Daily management of the Employee Share Ownership Plan on behalf of all Holders;
- (3) Exercise shareholders' rights of the shares held under the Employee Share Ownership Plan on behalf of all holders or authorize the management committee to exercise shareholders' rights;
- (4) Decide whether to engage relevant professional institutions to provide management and consulting services for the daily management of the Employee Share Ownership Plan;

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

- (5) Execute relevant agreements or contracts externally on behalf of the Employee Share Ownership Plan;
 - (6) Manage the allocation of benefits of the Employee Share Ownership Plan, and decide on the sales and allocation and other matters of the Target Shares upon the expiry of the statutory lock-up period and unit lock-up period of the Employee Share Ownership Plan;
 - (7) Decide on the ownership of the units abandoned or compulsorily recovered under Employee Share Ownership Plan;
 - (8) Register or Register for the inheritance of the portion of units of the Employee Share Ownership Plan;
 - (9) Be responsible for share reduction arrangement of the Employee Share Ownership Plan;
 - (10) Other responsibilities as delegated by the holders' meeting.
4. The officer of the Management Committee shall discharge the following functions and authority:
- (1) Preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
 - (2) Exercise shareholders' rights on behalf of all the holders as authorized by the Management Committee;
 - (3) Supervise and inspect the execution of resolutions of the Holders' Meetings and the Management Committee meetings;
 - (4) Execute relevant agreements or contracts externally on behalf of the Employee Share Ownership Plan;
 - (5) Other functions and authority as delegated by the Management Committee.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

5. The Management Committee meeting shall be convened occasionally by the officer of the Management Committee. Notice of meeting shall be sent out to all members of the Management Committee three days prior to the convention of the meeting. With consent of all the members of the Management Committee to the proposed resolutions, the meeting may be convened and the voting be carried out by means of telecommunication.

As agreed by all members of the Management Committee, the notice can be exempted from the above time limit. Where an interim Management Committee meeting is required to be convened as soon as possible in case of emergency, notice of meeting can be issued by telephone or other oral means, but reasons shall be explained on the meeting.

6. A Management Committee meeting shall only be held when more than half of the members are present. Meeting resolutions shall be valid only upon obtaining approval from more than half of all members of the Management Committee. Management Committee meetings shall implement a one-person one-vote system.
7. Voting for resolutions of the Management Committee meetings shall be conducted by way of open ballot. Provided that members of the Management Committee can fully express their views, the Management Committee meetings can be convened and resolutions can be resolved by means of telecommunication and shall be signed by members of the Management Committee attending the meeting.
8. Members of the Management Committee shall attend the Management Committee meetings in person; for any member who cannot attend the meetings in person, he can appoint other member(s) of the Management Committee as his/her proxy(ies) in writing to attend the meetings. A form of proxy shall be signed by the authorizer with the name(s) of the proxy(ies), and the matters, scope and validity period of the authorization being specified. The authorized member of the Management Committee shall exercise his rights properly within the scope of authorization. For any Management Committee member who neither attends the meetings nor authorizes another member as his proxy, he will be deemed to abstain from voting.
9. The Management Committee shall take minutes of the matters discussed in the meeting, and all members attending the Management Committee meeting shall sign on the minutes.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

10. Minutes of the Management Committee meetings shall include the following items:

- (1) Time, venue and the convener of the meeting;
- (2) Attendance of the members and the appointed proxies of the Management Committee;
- (3) The agenda;
- (4) Key points in the statements of the members of the Management Committee; and
- (5) Way of voting for each resolution and the respective voting results (stating clearly the number of votes for, against and abstain respectively).

CHAPTER IV ASSET COMPOSITION AND DISTRIBUTION OF RIGHTS AND INTERESTS OF THE EMPLOYEE SHARE OWNERSHIP PLAN

Article 10 ASSET COMPOSITION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

1. Rights and interests in relation to the Company's shares: rights and interests in relation to the Company's shares held by the Employee Share Ownership Plan;
2. Cash deposits and bank interest;
3. Assets arising from other investments with the Employee Share Ownership Plan.

The assets under the Employee Share Ownership Plan are independent of the assets owned by the Company. The Company shall not hold the assets of the Employee Share Ownership Plan and include them as its own assets. The properties and profits generated from the management, utilization, etc. of the Employee Share Ownership Plan shall be included into the assets of the Employee Share Ownership Plan.

Article 11 DISTRIBUTION OF RIGHTS AND INTERESTS OF THE EMPLOYEE SHARE OWNERSHIP PLAN

1. Within the term of the Employee Share Ownership Plan, unless otherwise stipulated in laws, administrative regulations and department rules or approved by the Management Committee, the units of the Employee Share Ownership Plan held by the Holders shall not be transferred, guaranteed or be subject to other similar disposals.

2. Upon expiry of the lock-up period of the Target Shares under the Employee Share Ownership Plan, the Management Committee shall determine the disposal method of the Target Shares.

Upon expiry of the lock-up period, the assets of the Employee Share Ownership Plan will be realized successively by the Management Committee and the Management Committee will according to the assessment method distribute corresponding cash to the Holders according to the proportion of shares held by the Holders; or the Management Committee shall apply to the securities registration and clearing institution for registration and settlement, and transfer the Target Shares to the personal account of the Holders in proportion to the number of shares held by such holders for disposal by such individuals in accordance with the requirements of relevant laws and regulations. If the assets may not be transferred to the individual account due to the restriction of laws and regulations, the Management Committee shall realize such assets uniformly and distribute to the Holders according to the proportion of shares held by the Holders.

If there are remaining unallocated Target Shares and corresponding dividends (if any), the Management Committee of the Employee Share Ownership Plan shall, prior to the expiry of the term of such plan, distribute to the Holders in proportion to the number of shares held by them.

3. When the term of the Employee Share Ownership Plan expires or it is terminated in advance, the Management Committee shall, according to the authorization by the Holders' Meeting, wind up the plan after deduction of relevant taxes and fees pursuant to laws, and arrange for distribution according to the assessment results and the units held by the holders within 30 working days beginning from the expiry date or termination date.

CHAPTER V AMENDMENT AND TERMINATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND DISPOSAL OF RIGHTS AND INTERESTS OF HOLDERS

Article 12 CHANGE OF *DE FACTO* CONTROL RIGHT, CONSOLIDATION AND DIVISION OF THE COMPANY

In case of any changes of *de facto* control right, consolidation and division of the Company, the interests held by the holders shall be fully conducted in accordance with the procedures prior to the occurrence of such circumstances.

Article 13 AMENDMENT TO THE EMPLOYEE SHARE OWNERSHIP PLAN

Within the term, any amendment to the Employee Share Ownership Plan shall be passed by more than two-thirds (inclusive) of the number of units held by the Holders attending the Holders' Meeting and be submitted to the board of directors of the Company for consideration and approval.

Article 14 TERMINATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

1. The Employee Share Ownership Plan will be terminated automatically if it is not extended upon expiry;
2. After the lock-up period of the Employee Share Ownership Plan expires, if the assets held by the Employee Share Ownership Plan are all monetary funds and are liquidated and distributed, the Employee Share Ownership Plan shall be terminated in advance;
3. The term of the Employee Share Ownership Plan may be extended within two months before the expiry of the term of the Employee Share Ownership Plan, as agreed by more than two-thirds (inclusive) of the number of units held by the Holders attending the Holders' Meeting as well as considered and approved by the board of directors of the Company;
4. Where the Company's shares held under the Employee Share Ownership Plan are unable to be realized in full amount prior to the expiry of the upper limit of the term due to the suspension of the Company's shares or information sensitive period, the term of the Employee Share Ownership Plan may be extended as agreed by more than two-thirds (inclusive) of the number of units held by the holders attending the Holders' Meeting as well as considered and approved by the board of directors of the Company.

Article 15 DISPOSAL OF RIGHTS AND INTERESTS OF THE HOLDERS

1. Within the term, the rights and interests of the Holders held under the Employee Share Ownership Plan shall not be mortgaged, pledged, guaranteed, transferred of income rights or used for debts repayment and other similar disposals.
2. Within the term, the rights and interests of the Holders held under the Employee Share Ownership Plan shall not be transferred without the consent of the Management Committee. The transfer without consent shall be void and invalid.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

3. In the event of any situation listed below, the Management Committee has the right to disqualify the holder from participating in the Employee Share Ownership Plan, and the relevant rights and interests shall be compulsorily recovered by the Management Committee at the subscription cost and shall be transferred to other employees eligible to participate in this Employee Share Ownership Plan at the price decided by the Management Committee; and such new employees joining the Employee Share Ownership Plan shall be assessed in accordance with the assessment index of this Employee Share Ownership Plan (if they join in the last year, the Management Committee shall specifically set the corresponding assessment indexes with reference to this Employee Share Ownership Plan):
 - (1) where the Holder serves as an independent director or other positions that cannot participate in the Employee Share Ownership Plan of the Company;
 - (2) where the Holder holds a position in a controlled subsidiary of the Company, if the Company loses control of the subsidiary, and the Holder still keep the position in the subsidiary;
 - (3) where the Holder resigns passively due to reasons such as layoffs, who also exhibits such behaviors as unqualified performance, negligence, violation of laws and disciplines, etc.;
 - (4) where the Holder died due to the reasons other than the performance of his duties.
4. In the event of any situation listed below, the Management Committee has the right to disqualify the holder from participating in the Employee Share Ownership Plan, and the relevant rights and interests shall be compulsorily recovered by the Management Committee at the subscription cost and transferred to other employees eligible to participate in this Employee Share Ownership Plan at the price decided by the Management Committee; and such new employees joining the Employee Share Ownership Plan shall be assessed in accordance with the assessment index of this Employee Share Ownership Plan (if they join in the last year, the Management Committee shall specifically set the corresponding assessment index with reference to this Employee Share Ownership Plan):
 - (1) where the Holder, upon expiry of his/her contract, doesn't renew the contract or resigns voluntarily;
 - (2) where the change of position occurs due to the Holder's violation of the law, violation of professional ethics, disclosure of company secrets, dereliction of duty or dereliction of duty and other acts that damage the Company's interests or reputation, or the Company terminates the labor relationship with the holder due to the foregoing reasons. At the same time, the Holder should return all the proceeds from the exercise of the rights to the Company, and if losses are caused to the Company, the Holder shall also be liable to the Company for compensation;
 - (3) where the Holder resigns due to incapacity caused by non-work injury.

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

5. In the event of any situation listed below, the Management Committee decides that the holder's rights and interests shall be carried out in full accordance with the procedures before the occurrence of the situation, or cancel the Holder's qualification to participate in the Employee Share Ownership Plan and the relevant rights and interests shall be compulsorily recovered by the Management Committee at the subscription cost and transferred to other employees eligible to participate in this Employee Share Ownership Plan at the price decided by the Management Committee; and such new employees joining the Employee Share Ownership Plan shall be assessed in accordance with the assessment index of this Employee Share Ownership Plan (if they join in the last year, the Management Committee shall specifically set the corresponding assessment index with reference to this Employee Share Ownership Plan):
 - (1) where the Holder retires, the board of directors of the Company decides that the rights held by the holder shall be carried out in full accordance with the procedures before the occurrence of the situation, and the results of the personal performance appraisal shall no longer be included as the unlocking condition;
 - (2) where the Holder resigns due to the incapacity of work, the board of directors of the Company decides that the rights and interests held by the Holder shall be carried out in accordance with the procedures before the occurrence of the situation, and the results of the personal performance appraisal shall no longer be included as the unlocking condition;
 - (3) where the Holder dies as a result of performing duties, the board of directors of the Company decides that the Holder's rights and interests shall be carried out in full accordance with the procedures before the occurrence of the situation, and the rights and interests held therewith shall be held by his/her designated property heir or legal heir.
6. If the holder experiences change of position, but still serves in the Company or its subsidiaries, the Management Committee determines that the Holder's rights and interests shall be carried out in accordance with the procedures before the occurrence of the situation. In the event of dismissal, the Management Committee shall disqualify the holder from participating in the Employee Share Ownership Plan, and the relevant rights and interests shall be compulsorily recovered by the Management Committee at the subscription cost and transferred to other employees eligible to participate in this Employee Share Ownership Plan at the price decided by the Management Committee; and such new employees joining the Employee Share Ownership Plan shall be assessed in accordance with the assessment index of this Employee Share Ownership Plan (if they join in the last year, the Management Committee shall specifically set the corresponding assessment index with reference to this Employee Share Ownership Plan).

APPENDIX II ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

7. During his/her tenure in the Company, the Holder shall not engage in the same or similar related work as the Company's business. If the Holder engages in the same or similar work as the Company's business during his tenure in the Company, the Company has the right to demand return of all the income derived from the Employee Share Ownership Plan to the Company. If the Holder personally causes losses to the Company, the Company may also have the right to recover losses in accordance with relevant laws.
8. During the term, if circumstances occur that are not specified in the above items and certain amendments are needed to make to the units or the ownership conditions of unit interests under the Employee Share Ownership Plan, the Company and the Management Committee shall negotiate and determine at that time.

Article 16 MEASURES FOR DISPOSAL OF SHARES UPON EXPIRY OF THE DURATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN

1. If all shares of the Company held by the Employee Share Ownership Plan are sold or transferred to the holders of the units of the Employee Share Ownership Plan and the liquidation and distribution of the assets under the Employee Share Ownership Plan have been completed according to the requirements of the Employee Share Ownership Plan, the Employee Share Ownership Plan shall be terminated immediately upon consideration and approval at the Holders' Meeting and by the board of directors of the Company.
2. If all shares of the Company held under the Employee Share Ownership Plan are not sold or transferred to the holders of the units of the Employee Share Ownership Plan within two months prior to the expiry of the term of the Employee Share Ownership Plan, the term of the Employee Share Ownership Plan may be extended as agreed by more than two-thirds (inclusive) of the number of units held under the holders attending the Holders' Meeting and considered and approved by the board of directors of the Company.
3. In case of early termination or expiry of the term of the Employee Share Ownership Plan, the Management Committee shall, according to the authorization of the Holders' Meeting, liquidate the assets under the Employee Share Ownership Plan, complete the liquidation within 30 working days after the termination or expiry of the term and make distribution based on the units held by the Holders after deducting relevant taxes and fees according to laws.
4. After the expiry of the term of the Employee Share Ownership Plan, where Target Shares are still included in the assets held under the Employee Share Ownership Plan, measures for disposal shall be determined by the Management Committee.

CHAPTER VI MISCELLANEOUS

Article 17 The board of directors shall be responsible for the formulation, interpretation and modification of these measures.

Article 18 If the relevant provisions of these measures conflict with the relevant national laws, administrative regulations, normative documents, and the incentive scheme, the relevant national laws, administrative regulations, normative documents, and the incentive scheme shall prevail. If there are no clear provisions in these measures, the relevant national laws, administrative regulations, normative documents, and the incentive scheme shall be implemented.

Article 19 These measures shall be implemented upon approval by the general meeting(s) of the Company and the incentive scheme becoming effective.

China Molybdenum Co., Ltd.*

5 May 2021



洛 阳 钼 业
洛 陽 樂 川 鉬 業 集 團 股 份 有 限 公 司
China Molybdenum Co., Ltd. *

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03993)

SUPPLEMENTAL NOTICE OF
THE ANNUAL GENERAL MEETING

We refer to the circular (the “**Original Circular**”) and the notice (the “**Original Notice**”) of the 2020 annual general meeting (the “**AGM**”) of China Molybdenum Co., Ltd.* (the “**Company**”) dated 20 April 2021, which set out the details of the resolutions to be proposed at the AGM for shareholders’ approval.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be held as originally scheduled at 1:00 p.m. on Friday, 21 May 2021 at the Mudu-Lee Royal International Hotel, Kaiyuan Street, No. 239 Luolong District, Luoyang City, Henan Province, the People’s Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, following resolutions as special resolutions in addition to the resolutions set out in the Original Notice:

SPECIAL RESOLUTIONS

23. “To consider and approve the Proposal Relating to the 2021 First Phase of the Employee Share Ownership Plan of the Company (Draft) and its Summary.”
24. “To consider and approve the Proposal Relating to the Administrative Measures for the 2021 First Phase of the Employee Share Ownership Plan of the Company.”
25. “To consider and approve the Proposal Relating to the Authorization from Shareholders’ General Meeting for the Board to Handle Matters in Relation to the 2021 First Phase of the Employee Share Ownership Plan of the Company.”

By Order of the Board
China Molybdenum Co., Ltd.*
Yuan Honglin
Chairman

Luoyang City, Henan Province, the PRC, 5 May 2021

SUPPLEMENTAL NOTICE OF THE AGM

Notes:

- (1) Details of the above resolutions are set out in the supplemental circular of the Company dated 5 May 2021 (the “**Supplemental Circular**”). Unless otherwise defined in this supplemental notice of the AGM, capitalised terms used in this supplemental notice of the AGM shall have the same meanings as those defined in the Supplemental Circular.
- (2) A supplemental form of proxy (the “**Supplemental AGM Form of Proxy**”) for the AGM containing the resolutions mentioned above is enclosed with the Supplemental Circular. The form of proxy dated 20 April 2020 issued by the Company for the AGM along with the Original Circular (the “**Original AGM Form of Proxy**”) will remain valid and effective to the fullest extent applicable if correctly completed and lodged with the H share registrar of the Company.
- (3) Shareholders are entitled to appoint one or more proxies to attend the AGM, but only one of the proxies can be designated to vote at the AGM. For the avoidance of doubt, should the proxies being appointed to attend the AGM under each of the Original AGM Form of Proxy and/or the Supplemental AGM Form of Proxy are different and more than one of the proxies attend the AGM, only the proxy validly appointed under the Original AGM Form of Proxy shall be designated to vote at the AGM.
- (4) To be valid, the Supplemental AGM Form of Proxy together with the power of attorney (if any) and other relevant authorization document(s) (if any) which have been notarized shall be deposited at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at the address stated in note (5) below, not less than 24 hours before the time designated for the AGM. Completion and return of the Supplemental AGM Form of Proxy will not preclude the holders of H shares from attending and voting at the AGM or any adjourned meeting should they so wish.
- (5) The address and contact details of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor
Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong
Telephone No.: (+852) 2862 8555
Facsimile No.: (+852) 2865 0990/(+852) 2529 6087
- (6) The address and contact details of the Company’s office of the Board at its principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People’s Republic of China
Postal code: 471500
Telephone No.: (+86) 379 6860 3993
Facsimile No.: (+86) 379 6865 8017
E-mail address: 603993@cmoc.com
- (7) The AGM is expected to last not more than one day. Shareholders or proxies attending the AGM are responsible for their own transportation and accommodation expenses.

* *For identification purposes only*

The Supplemental Circular (“**Circular**”) in Chinese and English version has been published on the Company’s website (<http://www.cmoc.com>). Shareholders who choose to receive the corporate communications of the Company (including but not limited to annual reports, summary financial reports (if applicable), interim reports, interim summary reports (if applicable), notice of meeting, listing documents, circulars and forms of proxy) and have difficulties in receiving corporate communications published on the Company’s website for any reason can request for the free printed Circular sent by post. Shareholders can change the way of receiving the corporate communications of the Company and the selection of language version at any time.

Shareholders can request for the printed Circular or to change the way of receiving the corporate communications of the Company and the selection of language version by giving a written notice to the Company within a reasonable period of time. Such written notice should be given to the share registrar for H shares of the Company, i.e. Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), or e-mail to chinamoly@computershare.com.hk.