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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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# CHICMAX

**Shanghai Chicmax Cosmetic Co., Ltd.**  
**上海上美化妝品股份有限公司**

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

**(Stock Code: 2145)**

**(1) PROPOSED ADOPTION OF THE RESTRICTED SHARE UNIT  
SCHEME (H SHARE);  
AND  
(2) NOTICE OF THE SECOND 2023 EGM**

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The notice convening the Second 2023 EGM to be held at Meeting Room, 25 Floor, Building B, No. 3300 Zhongshan North Road, Putuo District, Shanghai, the PRC on Thursday, 14 December 2023 at 2:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular, respectively.

Form of proxy for use at the Second 2023 EGM is enclosed with this circular. Such forms of proxy are also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.chicmaxgroup.com>). Shareholders who intend to appoint a proxy to attend the Second 2023 EGM shall complete and return the enclosed form(s) of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for the holding of such meeting(s) or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending the Second 2023 EGM or any adjournment thereof (as the case may be) and voting in person if you so wish.

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

24 November 2023

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Adoption Date”	14 December 2023, being the date on which the RSU Scheme is approved and adopted by the Shareholders at the Second 2023 EGM of the Company;
“Award Period”	the period commencing on the date on which the Shareholders approved the RSU Scheme, and ending on the Business Day immediately prior to the tenth (10th) anniversary of the date on which the Shareholders approved the RSU Scheme;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of directors of the Company or a committee thereof duly appointed for the purpose of administering the Scheme;
“business day”	any day on which the Stock Exchange is open for the business of trading in securities;
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular and for geographical reference only, except where the context requires, references in this circular to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan region;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妝品股份有限公司), a joint stock company established in the PRC with limited liability whose H Shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;

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## DEFINITIONS

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“Date of Grant”	the date on which the Board resolves to make an Offer of that Share Award to the Employee Participant, which date must be a business day;
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange;
“Domestic Share Holder(s)”	holder(s) of Domestic Share(s);
“Employee Participant(s)”	any director (executive directors or non-executive directors but does not include independent non-executive directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries (including any persons who are granted Share Awards under the Scheme as an inducement to enter into employment contracts with these companies), in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group;
“Grant Letter”	letter or notice (including but not limited to, by mail, e-mail or by notification via any electronic means) to each Employee Participant in such form as the Board may from time to time determine, specifying the Date of Grant, the manner of acceptance of the Share Award, the purchase price of each RSU and/or the number of RSU underlying the Share Award, the vesting criteria and conditions, and the vesting date and such other details, terms and conditions as the Board may consider necessary and in compliance with the RSU Scheme;
“Grantee”	any Employee Participant who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled in accordance with applicable laws of succession to any such Share Award in consequence of the death of the original Grantee, or the legal personal representative of such person;
“Group”	the Company and its subsidiaries from time to time;

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## DEFINITIONS

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“H Share(s)”	overseas listed foreign invested share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange;
“H Share Holder(s)”	holder(s) of H Share(s);
“H Share Registrar”	the Hong Kong branch share registrar of the Company from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“inside information”	has the meaning ascribed to it under the Listing Rules;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended or supplemented from time to time;
“Offer”	the offer of the grant of a Share Award made in accordance with the Scheme;
“Remuneration Committee”	the remuneration and appraisal committee of the Board;
“Restricted Share Unit” or “RSU”	a restricted share unit conferring the Grantee a conditional right upon vesting of the RSU to obtain, as determined by the Board in its absolute discretion, either a Share or an equivalent value in cash with reference to the market value of a Share on or around the vesting date of such RSU as determined by the Board in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU Scheme” or “Scheme”	the restricted share unit scheme adopted by the Company in accordance with the RSU Scheme Rules;
“RSU Scheme Rules”	the rules relating to the RSU Scheme as amended from time to time;
“Scheme Mandate Limit”	has the meaning ascribed thereto in the Scheme;

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## DEFINITIONS

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“Scheme Period”	the period of ten years commencing on the Adoption Date;
“Second 2023 EGM”	an extraordinary general meeting of the Company or any adjournment thereof to approve, among others, the proposed adoption of the RSU Scheme and relevant authorisations in relation to the RSU Scheme;
“Share(s)”	share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of Share(s);
“Share Award(s)”	an award of H Shares granted pursuant to the RSU Scheme;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Trust”	the trust constituted or to be constituted by the Trust Deed;
“Trust Deed”	a trust deed entered or to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the RSU Scheme;
“Trustee(s)”	the trustee or trustee(s) (which is/are independent of and not connected with the Company) appointed or to be appointed by the Company for the administration of the Scheme or any additional or replacement trustee(s); and
“%”	per cent.

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LETTER FROM THE BOARD

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# CHICMAX

**Shanghai Chicmax Cosmetic Co., Ltd.**  
**上海上美化妝品股份有限公司**

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

**(Stock Code: 2145)**

*Executive Directors:*

Mr. Lyu Yixiong (呂義雄先生)  
*(Chairman of the Board  
and Chief Executive Officer)*  
Ms. Luo Yan (羅燕女士)  
Mr. Feng Yifeng (馮一峰先生)  
Ms. Song Yang (宋洋女士)

*Registered Office:*

Room 701  
No. 515 Yinxiang Road  
Nanxiang Town  
Jiading District, Shanghai  
PRC

*Non-Executive Directors:*

Ms. Li Hanqiong (李寒窮女士)  
Mr. Sun Hao (孫昊先生)

*Head office and principal place of  
business in the PRC:*

25 Floor, Building B  
No. 3300 Zhongshan North Road  
Putuo District, Shanghai  
PRC

*Independent Non-Executive Directors:*

Mr. Leung Ho Sun Wilson (梁浩新先生)  
Ms. Luo Yan (羅妍女士)  
Mr. Liu Yi (劉毅先生)

*Principal place of business in Hong Kong:*

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

24 November 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF THE RESTRICTED SHARE UNIT  
SCHEME (H SHARE);**

**AND**

**(2) NOTICE OF THE SECOND 2023 EGM**

**I. INTRODUCTION**

The purpose of this circular is to provide you with the notice of the Second 2023 EGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the Second 2023 EGM.

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## LETTER FROM THE BOARD

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At the Second 2023 EGM, special resolutions will be proposed to consider and (if thought fit) approve:

- (1) the adoption of the RSU Scheme;
- (2) the adoption of the Scheme Mandate Limit; and
- (3) the authorisation to the Board and/or any persons to which the Board has delegated its authority to make any necessary amendments to the Articles of Association and do such other things to effect the amendments to the Articles of Association.

## II. DETAILS OF THE RESOLUTIONS

### SPECIAL RESOLUTIONS OF THE SECOND 2023 EGM

#### **Proposed adoption of the Restricted Share Unit Scheme (H Share) and adoption of the Scheme Mandate Limit**

##### *Adoption of the RSU Scheme*

The Board considered that the adoption of the RSU Scheme will ensure the Group to attract, reward, motivate and retain the Employee Participants which will comply with the requirements of Chapter 17 of the Listing Rules and provide the Company with more flexibility in long term planning of granting of the Share Awards to Employee Participants for their contributions or potential contributions to the Group.

##### *Conditions to adoption*

The RSU Scheme will constitute a share scheme involving issue of new H Shares by the Company under Chapter 17 of the Listing Rules, and the adoption of the RSU Scheme is subject to the approval from the Shareholders. The Company will convene the Second 2023 EGM for the purposes of, among other things, seeking the approval from the Shareholders for the adoption of the RSU Scheme.

The RSU Scheme is conditional upon:

- (a) the passing of special resolution(s) by the Shareholders at a general meeting of the Company to approve the adoption of the Scheme, and to authorise the directors of the Company to grant Share Awards under the Scheme and to allot and issue, procure the transfer of and otherwise deal with the Shares underlying the Share Awards granted in accordance with the terms and conditions the RSU Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the new Shares to be allotted and issued underlying the Share Awards granted in accordance with the terms and conditions of the RSU Scheme.

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## LETTER FROM THE BOARD

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Notwithstanding the above, if the Grantee is a PRC resident, he or she shall not be entitled to receive any Shares pursuant to a Share Award until: (i) to the extent applicable, any restriction or condition imposed by the relevant PRC laws, regulations and notices in relation to the subscription of or dealing in shares of overseas listed companies by PRC residents or any law, regulation or notice with similar effects have been abolished or removed or ceased to be applicable to the Grantee or the Grantee has obtained approval, exemption or waiver from the relevant PRC regulatory authorities for the subscription of and dealing in the Shares; and (ii) he or she has given a representation to the Company to the effect that he or she has satisfied all the relevant laws, regulations and notices in acquiring such Shares.

### *Purpose*

The purpose of the RSU Scheme is to attract new talents and retain employees whose contributions are important to the long-term growth and success of the Group, to recognise and reward Employee Participants for their contributions to the Group, to provide Employee Participants with the opportunity to acquire proprietary interests in the Company and to encourage Employee Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The RSU Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Employee Participants.

### *Employee Participants and the basis of determining the eligibility of the Employee Participants*

Employee Participants who may participate in the RSU Scheme include any director (executive Directors or non-executive Directors but does not include independent non-executive Directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries (including any persons who are granted Share Awards under the RSU Scheme as an inducement to enter into employment contracts with these companies). The above is subject to the Board's consideration, in its sole discretion, that the Employee Participants have contributed or will contribute to the Group.

In the case of the Employee Participants, in assessing their eligibility, the Board will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; (iii) the individual contribution or potential contribution to the development and growth of the Group; and (iv) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success. The Board or the chief executive officer shall also take into consideration certain relevant matters, in particular, the Employee Participants' performance appraisal score in the preceding financial year of the granting of RSUs shall not be less than 90 points and the Employee Participants are not prohibited from participating in the RSU Scheme as stipulated below.

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## LETTER FROM THE BOARD

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No one should be considered as an Employee Participant if he/she:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any authorised securities regulatory bodies in the last 12 months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last 12 months;
- (c) is in breach of relevant national laws and regulations or the Articles of Association; or
- (d) has caused losses to the Company during his/her term of service due to soliciting bribes, corruption and theft, disclosure of the operation and technology secrets of the Company, infringement of company interest through connected transactions and any acts which cause damage to the reputation and image of the Company, which can be proven with sufficient evidence by the Company.

The Employee Participant shall undertake that if any of the above provisions occurs during implementation of the RSU Scheme which would prevent him/her from being considered as an Employee Participant, he/she shall give up his/her rights to participate in the RSU Scheme and shall not be given any compensation.

The grant for each of the Directors, supervisors and chief executive of the Company has not been determined yet. The Company will make appropriate disclosure upon any grant of RSUs to the Directors, supervisors and chief executive of the Company pursuant to the Listing Rules and relevant laws and regulations.

The Directors consider that the grant of RSUs in accordance with the above-mentioned eligibility considerations aligns with the purposes of the RSU Scheme as it would allow the Company to award and incentivise the Employee Participants based on an overall assessment of their historical and future potential contributions. As their contributions are essential to the development of the Group as well as the Group's business performance, the Directors consider that the above criteria for election of Employee Participants are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Maximum Number of RSUs*

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the RSU Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, being 39,795,790 Shares (the "**Scheme Mandate Limit**"), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Share Awards which have lapsed in accordance with the terms of the RSU Scheme without Shares being issued and options and awards lapsed in accordance with any other share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the total number of Shares in issue was 397,957,900 Shares. Assuming that there is no change in the number of Shares in issue during the period between the Latest Practicable Date and the Adoption Date, the Scheme Mandate Limit will be 39,795,790 Shares (representing 10% of the total number of Shares in issue as at the Adoption Date).

### *Maximum Entitlement to Each Employee Participant*

According to the RSU Scheme, there are no restrictions on the maximum entitlement of Share Awards to be granted to an Employee Participant (save for any requirements under the Listing Rules).

Where any grant of options or Share Awards to an Employee Participant except for a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates), would result in the Shares issued and to be issued in respect of all options and share awards granted to such person (excluding any options and Share Awards lapsed in accordance with the terms of the RSU Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue (the 1% individual limit), such grant must be separately approved by Shareholders in general meeting with such Employee Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Where any grant of Share Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares already granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Where any grant of options or Share Awards to a substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all options and awards involving issue of new Shares already granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of the Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

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## LETTER FROM THE BOARD

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### *Duration*

Unless early termination of the RSU Scheme pursuant to the RSU Scheme Rules, the RSU Scheme shall be valid and effective for the Award Period (after which no further RSUs will be granted or accepted), and thereafter for so long as there are any non-vested RSUs granted and accepted hereunder prior to the expiration of the RSU Scheme, in order to give effect to the vesting of such RSU or otherwise as may be required in accordance with the provisions of the RSU Scheme Rules.

### *Date of Grant*

The Date of Grant shall be determined by the Board after the RSU Scheme is considered and passed at the Second 2023 EGM of the Company. The Date of Grant must be a trading day falling within a period in compliance with the applicable Listing Rules, laws and regulations. Directors who are proposed Employee Participants shall abstain from voting at the Board meeting which reviews and approves the Date of Grant.

### *Grant of RSUs*

The Board may, from time to time, select any Employee Participant in accordance with the RSU Scheme Rules and grant Share Award to such Employee Participant during the Award Period conditional upon fulfilment of terms and conditions of the Share Awards.

Each grant of Share Award to any Director or connected person of the Group shall be approved by all of the independent non-executive Directors of the Company and subject to the Listing Rules and any applicable laws and regulations.

No grant of any RSU to any selected Employee Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of Share Award under the circumstances below:

- (a) where any Director of the Company is in possession of unpublished inside information in relation to the Company; or where any Director of the Company knows or believes there is inside information which must be disclosed pursuant to the Listing Rules or any applicable laws, rules or regulations; or where dealings by Directors of members of the Group are prohibited under any code, internal written guidelines for securities transactions by employees, or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (c) during the period of 30 days immediately preceding the publication date of the quarter or half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant quarter or half-year period of the financial period up to the publication date of such results.

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## LETTER FROM THE BOARD

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### **Cancellation of Share Awards**

Upon occurrence of any events triggering the clawback mechanism, the Board may claw back such number of Share Awards granted as the Board may consider appropriate and such Share Awards shall be regarded as cancelled. For details of the clawback mechanism of the RSU Scheme, please refer to paragraph 11 in Appendix I to this circular.

Notwithstanding any other provisions of the RSU Scheme or any terms and conditions set forth in the relevant offer letter in respect of the Board's discretion to cancel any Share Awards that have not been vested, any Share Award granted but not vested may be cancelled if the Grantee so agrees. Where the Company cancels Share Awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under the RSU Scheme with available Scheme Mandate Limit, and that Share Awards so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

### *Vesting period*

Save for the circumstances described below, the vesting period in respect of any Share Award granted shall be no less than 12 months from (and including) the Date of Grant. Share Awards granted to an Employee Participant may be subject to a shorter vesting period in the following circumstances at the sole discretion of the Remuneration Committee: (i) grants of "make-whole" Share Awards to new joiners to replace the share awards or options forfeited when leaving their previous employers; (ii) grants that are made in batches during a year for administrative or compliance reasons, which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but end up having to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Share Award would have been granted; (iii) grants with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of 12 months, or where the Share Awards may vest by several batches with the first batch vesting within 12 months of the Date of Grant and the last batch vesting 12 months after the Date of Grant; (iv) grants with performance-based vesting conditions provided in the Scheme or as specified in the Offer documentation in lieu of time-based vesting criteria; and (v) grants with a total vesting and holding period of more than 12 months.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; or (ii) attract talents or reward exceptional performers with accelerated vesting. Hence, the Board (and the Remuneration Committee in respect of grants of Share Awards to the Directors and/or senior management) is of the view that the shorter vesting period prescribed in paragraph 9 in Appendix I to this circular is in line with market practice and is appropriate and aligns with the purpose of the RSU Scheme.

### *Vesting of the RSUs*

The Board may determine the vesting criteria and conditions or periods for the RSUs to be vested.

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## LETTER FROM THE BOARD

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The vesting of the Share Award granted under the RSU Scheme is subject to the following conditions and any other applicable vesting conditions as set out in the Grant Letter:

- (a) The Employee Participants in the RSU Scheme are any Director (executive Directors or non-executive Directors but does not include independent non-executive Directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries. All Employee Participants would have signed an employment contract with the Company;
- (b) the Employee Participant shall not violate the laws and regulations applicable to the Company and its employment contract, or the above and/or other agreements signed by both parties, or engage in actions that harm the interests of the Company;
- (c) the number of RSUs granted to the Employee Participant, as well as the grant and attribution dates, shall be subject to the RSU Scheme and the Grant Letter issued by the Company to the Employee Participant; and
- (d) RSUs held by an Employee Participant that are vested as evidenced by the Grant Letter may be exercised (in whole or in part) by the Employee Participant serving an exercise notice in writing on the Company. Upon receipt of an exercise notice, the Board and/or the chief executive officer shall direct and procure the Trustee to, within a reasonable time, transfer the H Shares underlying the RSUs exercised (and, if applicable, dividend declared in relation to the RSUs in respect of those Shares as provided in the RSU Scheme Rules) to the Employee Participant, subject to the Employee Participant paying the purchase price (where applicable).

If the Employee Participant fails to fulfil the vesting conditions applicable to the relevant Share Awards, all the RSUs underlying the relevant Share Awards which may otherwise be vesting during the respective vesting period shall not be vested and become immediately forfeited with respect to such Employee Participant. The Board's decision on whether the vesting conditions are fulfilled and satisfied shall be conclusive and final.

Any Share Award granted hereunder but not yet exercised shall be personal to the Employee Participant to whom it is made and shall not be assignable or transferable and no Employee Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Share Award.

### *Purchase price of RSUs*

A Grantee to whom a RSU shall be granted under the RSU Scheme is required to pay RMB1.00 (per RSU) for any grant or purchase price to the Company to purchase each RSU underlying a Share Award granted, unless otherwise determined by the Board at its sole discretion or as required by applicable law. The purchase price of RMB1.00 is determined with reference to the nominal value of the Shares. Considering that the Employee Participants have contributed or will contribute to the Group, the Board is of the view that the nominal consideration of RMB1.00 (instead of any lower or higher amount) to be paid by each Employee Participant for purchasing each RSU is fair and reasonable and in the interests of the

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## LETTER FROM THE BOARD

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Company and the Shareholders as a whole. The Board considers that such arrangement aligns with the purpose of the RSU Scheme where the Share Awards are intended to be granted to the Employee Participants to reward their contributions to the Group.

### *Performance targets and clawback mechanism*

Vesting of Share Award shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Remuneration Committee from time to time. The Remuneration Committee shall have the authority, after the grant of any Share Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Remuneration Committee. The performance targets may include the attainment of program milestones and market capitalisation milestones by the Group, which may vary among the Grantees. The Remuneration Committee will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Remuneration Committee determines that any prescribed performance targets have not been met, the unvested Share Award shall lapse automatically. For the avoidance of doubt, the performance targets are not applicable to independent non-executive directors of the Company.

The Board believes that the above will provide the Remuneration Committee with more flexibility in setting the performance targets under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group. Further, the Board is of the view that the setting of performance targets can provide ample motivations and incentives for the Grantees to improve their performance and contribute to the Group's overall development and business success. Considering the aforesaid, the Board considers that the performance targets are in line with the purpose of the RSU Scheme and in the interests of the Company and the Shareholders as a whole.

The RSU Scheme will give the Remuneration Committee discretion (but not obligation) to impose that any Share Award shall be subject to a clawback under certain circumstances. Upon occurrence of such circumstances, the Remuneration Committee may (but is not obliged to) claw back such number of Share Awards granted (to the extent not already vested) as the Remuneration Committee may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. For details of the clawback mechanism of the RSU Scheme, please refer to paragraph 11 in Appendix I to this circular.

The Board (and the Remuneration Committee in respect of grants of Share Awards to the Directors and/or senior management) is of the view that the clawback mechanism in the RSU Scheme provides a choice for the Board to claw back the equity incentives granted to Employee Participants culpable of misconduct and provides the Board with more flexibility in setting the terms and conditions of the Share Awards under particular circumstances of each grant, which would facilitate the objective to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group, and is in line with the purpose of the RSU Scheme and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### *Voting Rights*

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (if any). In particular, the Trustee holding unvested Shares, whether directly or indirectly, shall abstain from voting or exercising any voting rights in respect of any Shares held, whether directly or indirectly, under the Trust or as nominee on matters that require approval of the Shareholders under the Listing Rules, unless otherwise required by applicable laws or regulations to vote in accordance with the beneficial owner's direction and such a direction is given.

### *Approval and review*

The RSU Scheme shall be subject to the following administrative bodies, in accordance with the RSU Scheme Rules and, where applicable, the Trust Deed:

- (a) the general meeting of the Shareholders, as the organ of authority of the Company, is responsible for the deliberation and approval of the adoption of the RSU Scheme. The general meeting of the Shareholders may authorise the Board and/or the chief executive officer to deal with all matters related to the RSU Scheme to the extent of its authority; and
- (b) the Board and/or the chief executive officer is the institution in charge of the administration of the RSU Scheme in accordance with the RSU Scheme Rules and where applicable, the Trust Deed. A decision of the Board and/or the chief executive officer shall be final and binding on all persons affected. Upon deliberation and approval of the RSU Scheme by the Board, the Board will submit the RSU Scheme to the general meeting of the Shareholders for consideration. The Board and/or the chief executive officer may handle all matters related to the RSU Scheme within the authorisation by the general meeting of the Shareholders.
- (c) Pursuant to the RSU Scheme Rules, the authority to administer the RSU Scheme may be delegated by the Board to the chief executive officer as deemed appropriate at the sole and absolute discretion of the Board.

The independent non-executive Directors of the Company shall also approve the proposal for the grant of Share Awards to a director, chief executive or substantial shareholder of the Company, or any of its respective associates and formulate their opinions on whether the grant of Share Awards is beneficial to the continuing development of the Company, and whether the grant of Awards is detrimental to the interests of the Company and the Shareholders.

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## LETTER FROM THE BOARD

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### *Source of funds*

For the source of funds for purchasing each Share Award, the Grantee is required to pay RMB1.00.

### *Alteration or Termination of the RSU Scheme*

The RSU Scheme may be altered by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Employee Participants and such alteration is in compliance with all applicable rules and regulations (including but not limited to the Listing Rules).

The RSU Scheme shall terminate on the earlier of (i) the end of the Award Period except in respect of any non-vested RSUs granted and accepted prior to the expiration of the RSU Scheme, for the purpose of giving effect to the vesting of such RSU or otherwise as may be required in accordance with the provisions of the RSU Scheme; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of an Employee Participant under the RSU Scheme.

### *Administration and general*

The RSU Scheme shall be administered by the Board and/or the Trustee (if the Trustee is appointed by the Company) in accordance with the rules of the RSU Scheme and the terms of the Trust Deed. For the Grantees who do not require the service of the Trustee (for example, some Grantees from certain jurisdictions may experience administrative inconvenience in becoming a beneficiary of the Trust), the relevant awards will be administered by the Board (or any persons delegated by the Board) in accordance with the RSU Scheme. The Board may delegate any or all of its powers in relation to the administration and operation of the RSU Scheme to the chief executive officer at its sole discretion. No Trustee has been appointed under the RSU Scheme yet. None of the Directors will be the Trustee of the RSU Scheme or will have any direct or indirect interest in the Trustee of the RSU Scheme (if any). The RSU Scheme may be subject to amendments in order to comply with any requirements of regulatory authorities.

A summary of the principal terms of the RSU Scheme is set out in Appendix I to this circular. A copy of each of the RSU Scheme will be published on the website of the Company at <http://www.chicmaxgroup.com> and on the website of the Stock Exchange at <http://www.hkexnews.hk> for not less than 14 days before the date of the Second 2023 EGM and will be made available for inspection at the Second 2023 EGM.

Application(s) will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares underlying the RSUs granted from time to time under the RSU Scheme.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder had any material interest in the proposed adoption of the RSU Scheme. As such, no Shareholder is required to abstain from voting on the resolutions in relation thereto.

### III. SECOND 2023 EGM ARRANGEMENTS

Special resolutions will be proposed at the Second 2023 EGM in relation to the proposed adoption of the RSU Scheme (H Share), details of which are set out in special resolutions numbered 1, 2 and 3 of the notice of the Second 2023 EGM.

#### **Vote by appointing the chairman of the Second 2023 EGM as your proxy**

All resolutions at the Second 2023 EGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the Second 2023 EGM by proxy. If you wish to vote on any resolution at the Second 2023 EGM, you must appoint the chairman of the Second 2023 EGM as your proxy to exercise your right to vote at the Second 2023 EGM in accordance with your instructions. If you appoint a person who is not the chairman of the Second 2023 EGM as your proxy, that person will not be able to exercise your vote.

A proxy form to be used at the Second 2023 EGM is also enclosed herein and published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

The proxy form should be returned to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for holding the Second 2023 EGM (for the H Share Holders); or to the business address of the Company in the PRC, at 25 Floor, Building B, No. 3300 Zhongshan North Road, Putuo District, Shanghai, PRC not less than 24 hours before the time appointed for the holding of the Second 2023 EGM (for the Domestic Share Holders).

### IV. CLOSURE OF REGISTER OF MEMBERS

To determine the entitlement of the Shareholders of the Company to attend and vote at the Second 2023 EGM, the register of members of the Company would be closed from Monday, 11 December 2023 to Thursday, 14 December 2023, both days inclusive, during which period no share transfers of the Company would be registered. Shareholders whose name appear on the register of members of the Company on Friday, 8 December 2023 will be entitled to attend and vote at the Second 2023 EGM.

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## LETTER FROM THE BOARD

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In order to be eligible to attend and vote at the Second 2023 EGM, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's H Share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 8 December 2023.

### V. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Summary of the Principal Terms of the Restricted Share Unit Scheme (H Share)) to this circular.

### VI. RECOMMENDATION

The Directors consider that the resolution(s) set out in the notice of the Second 2023 EGM is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolution(s) as set out in the notice of the Second 2023 EGM.

### VII. DOCUMENTS ON DISPLAY

A copy of the RSU Scheme Rules will be published on the websites of Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.chicmaxgroup.com>) for display for a period of not less than 14 days before the date of the Second 2023 EGM and will be made available for inspection at the Second 2023 EGM.

### VIII. RESPONSIBILITY STATEMENT

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

Yours faithfully,

By order of the Board

**Shanghai Chicmax Cosmetic Co., Ltd.**

上海上美化妝品股份有限公司

**Mr. Lyu Yixiong**

*Chairman of the Board, Executive Director and Chief Executive Officer*

*The following is a summary of the principal terms of the RSU Scheme proposed to be adopted at the Second 2023 EGM. It does not form part of, nor is it intended to be part of, the rules of the RSU Scheme and it should not be taken as affecting the interpretation of the rules of the RSU Scheme. The Directors reserve the right at any time prior to the Second 2023 EGM to make such amendments to the RSU Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix.*

### **1. PURPOSE OF THE RSU SCHEME**

The purpose of the Scheme is to attract new talents and retain employees whose contributions are important to the long-term growth and success of the Group, to recognise and reward Employee Participants for their contributions to the Group, to provide Employee Participants with the opportunity to acquire proprietary interests in the Company and to encourage Employee Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Employee Participants.

### **2. PARTICIPANTS AND BASIS OF DETERMINING THE ELIGIBILITY**

The Board shall be entitled (but shall not be bound) to make an Offer to an individual, being an Employee Participant, as the Board may in its absolute discretion select, of a Share Award (consisting of RSUs as set forth in the applicable Offer documentation), in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group.

In the case of the Employee Participants, in assessing their eligibility, the Board will consider, in its sole discretion, on a case-by-case basis, the following factors, including but not limited to (i) the individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (ii) the length of engagement with the Group; (iii) the individual contribution or potential contribution to the development and growth of the Group; and (iv) the amount of support, assistance, guidance, advice or efforts that has been given or will be given towards the Group's success.

### **3. SCHEME MANDATE LIMIT**

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, being 39,795,790 Shares (the “**Scheme Mandate Limit**”), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit in accordance with section 7.3. Share

Awards which have lapsed in accordance with the terms of the Scheme without Shares being issued and options and awards lapsed in accordance with any other share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may seek the approval of its Shareholders at general meeting to refresh the Scheme Mandate Limit after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment (as the case may be), such that the total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the Scheme and any other share scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid approval for refreshment by the Shareholders in general meeting. Options and awards lapsed in accordance with the terms of the Scheme and any other share scheme(s) of the Company will not be regarded as utilised for the purpose of calculating the limit as refreshed. The Company shall send a circular to the Shareholders containing the number of options and awards that were already granted under the existing Scheme Mandate Limit, and the reason for the refreshment.

Any refreshment within any abovementioned three-year period must be approved by the Shareholders subject to the following provisions:

- (i) any controlling shareholder(s) of the Company and their respective associates, or if there is no controlling shareholder(s) of the Company, directors (excluding independent non-executive directors) and the chief executives of the Company and their respective associates must abstain from voting in favor of the relevant resolution at the general meeting; and
- (ii) the Company must comply with the requirements under the Listing Rules.

The Company may also seek separate approval of the Shareholders in general meeting for granting any Share Awards beyond the Scheme Mandate Limit, or if applicable, the refreshed limit as referred above, provided that the Share Awards in excess of the Scheme Mandate Limit are granted only to Employee Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to Shareholders containing the name of each specified Employee Participant who may be granted such Share Awards, the number and terms of the Share Awards to be granted to each specified Employee Participant, the purpose of granting Share Awards to the specified Participants with an explanation as to how the terms of the Share Awards serve such purpose, and all other information as required under the Listing Rules. The number and terms of the Share Awards to be granted to such Employee Participant must be fixed before Shareholders' approval.

**4. GRANT OF SHARE AWARDS TO EMPLOYEE PARTICIPANTS AND  
CONNECTED PERSONS**

Each grant of Share Awards to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Share Awards).

According to the RSU Scheme, there are no restrictions on the maximum entitlement of Share Awards to be granted to an Employee Participant (save for any requirements under the Listing Rules).

Where any grant of options or Share Awards to an Employee Participant except for a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates), would result in the Shares issued and to be issued in respect of all options and Share Awards granted to such person (excluding any options and Share Awards lapsed in accordance with the terms of the RSU Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue (the 1% individual limit), such grant must be separately approved by Shareholders in general meeting with such Employee Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

Where any grant of Share Awards to a Director (other than an independent non-executive director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares already granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Where any grant of options or Share Awards to a substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares already granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue as at the Date of Grant, such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

In the circumstances described in above, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The relevant Grantee, his/her associates and all core connected persons of the Company shall abstain from voting at such general meeting, except that such person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

The circular to be issued by the Company to its Shareholders shall contain the following information:

- (i) the details of the number and terms of the Share Awards to be granted to each Grantee which must be fixed before the Shareholders' meeting;
- (ii) the views of the independent non-executive directors of the Company (excluding any independent non-executive director who is the relevant Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to whether to vote for or against the resolution relating to the grant of the Share Awards;
- (iii) the information required under Rule 17.02(2)(c) of the Listing Rules;
- (iv) the information as required under Rule 2.17 of the Listing Rules; and
- (v) any other information as may be required under the Listing Rules or by the Stock Exchange from time to time.

## **5. GRANT OF SHARE AWARDS**

On and subject to the terms of the RSU Scheme, the Board shall be entitled (but shall not be bound) at any time within the period of ten years commencing on the Adoption Date to make an Offer to any Employee Participant, as the Board may in its absolute discretion select, of a Share Award (consisting of either Restricted Shares or RSUs as set forth in the applicable Offer documentation) and on and subject to such terms and conditions as the Board may determine and impose and inform the Trustee and the Grantee accordingly. The Offer shall specify the terms and conditions on which the Share Award is to be granted. Such terms and conditions may include any minimum period(s) for which a Share Award must be held, any minimum period(s) for which the Grantee must be employed or in service to the Group and/or any minimum performance target(s) that must be achieved, before the Share Award shall vest in whole or in part, may include any clawback mechanism in respect of the Share Award, and may include at the discretion of the Board such other terms either on a case by case basis or generally.

**6. ACCEPTANCE OF SHARE AWARDS**

An Offer of a Share Award shall be made to an Employee Participant by a letter in duplicate, in such form as the Board may from time to time determine, requiring the Employee Participant to undertake to hold the Share Award on the terms on which it is to be granted and to be bound by the provisions of the RSU Scheme. Each Offer shall remain open for acceptance by the Employee Participant to whom the Offer is made for a period of five business days from the date on which the letter containing the Offer is delivered to that Employee Participant. An Offer shall be deemed to have been accepted and the Share Award to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer documentation comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, is received by the Company within the aforesaid stipulated period. Subject to otherwise determined by the Board at its sole discretion or as required by applicable law in respect of the consideration (if any) for the acceptance of any particular Share Award which shall be stated in the Offer documentation, the Grantee is required to pay RMB1.00 for any grant or purchase price or make any other payment to the Company to accept a Share Award granted.

**7. PURCHASE PRICE OF SHARE AWARDS**

Subject to otherwise determined by the Board at its sole discretion or as required by applicable law in respect of the purchase price (if any) of any particular Share Award which shall be stated in the Offer documentation, the Grantee is required to pay RMB1.00 as purchase price to the Company to purchase each RSU underlying a Share Award granted.

**8. VESTING OF SHARE AWARDS**

Subject to the terms of the RSU Scheme, the Board may decide at its sole and absolute discretion (subject to, including but not limited to, the execution of any transfer documents or restricted share agreements, the payment of any purchase price or the provision of any transfer or sale direction by the Grantee as may be required by the Board and/or the Trustee, and in accordance with the provisions stated in the Offer documentation to the Grantee) to:

- (i) direct the Trustee to transfer the number of Restricted Shares or the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee which the Trustee has acquired by making purchases of existing Shares (either on-market or off-market) and to be held pending the vesting of the relevant Share Award;

- (ii) procure the Company to allot and issue the number of Restricted Shares or the Shares underlying the RSUs (and, if applicable, transfer the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee (as new Shares under the Scheme Mandate Limit) as fully paid up Shares directly; and/or
- (iii) pay, or procure the payment of, an amount equivalent to the market value of the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee in cash, for the purpose of satisfying the relevant Share Awards of the Grantee upon vesting.

Without prejudicing to the foregoing, whether the Shares underlying the RSUs are to be purchased from secondary markets or subscribed for is determined by the Board having regards to, among other things, the financial position of the Company, the cash position of the Company and the market price of the relevant Shares at the relevant time. The Trustee will hold any Restricted Shares or any Shares underlying the RSUs so purchased in accordance with the terms of the RSU Scheme and the provisions of the trust deed. Such Shares so acquired and/or subscribed for will, subject to the receipt by the Trustee of a confirmation from the Company that all vesting conditions have been fulfilled, be transferred to the Grantee.

## **9. VESTING PERIOD**

Save for the circumstances described below, the vesting period in respect of any Share Award granted shall be no less than 12 months from (and including) the Date of Grant.

Share Awards granted to an Employee Participant may be subject to a shorter vesting period in the following circumstances at the sole discretion of the Remuneration Committee:

- (i) grants of “make-whole” Share Awards to new joiners to replace the share awards forfeited when leaving their previous employers;
- (ii) grants that are made in batches during a year for administrative or compliance reasons, which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but end up having to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Share Award would have been granted;
- (iii) grants with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of 12 months, or where the Share Awards may vest by several batches with the first batch vesting within 12 months of the Date of Grant and the last batch vesting 12 months after the Date of Grant;

- (iv) grants with performance-based vesting conditions provided in the RSU Scheme or as specified in the Offer documentation in lieu of time-based vesting criteria; and
- (v) grants with a total vesting and holding period of more than 12 months.

## **10. PERFORMANCE TARGETS**

Vesting of Share Award shall be subject to the performance targets, if any, to be satisfied by the Grantees as determined by the Remuneration Committee from time to time. The Remuneration Committee shall have the authority, after the grant of any Share Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Remuneration Committee. The performance targets may include the attainment of program milestones and market capitalisation milestones by the Group, which may vary among the Grantees. The Remuneration Committee will conduct assessment from time to time by comparing the performance with the pre-set targets to determine whether such targets and the extents to which have been met. If, after the assessment, the Remuneration Committee determines that any prescribed performance targets have not been met, the unvested Share Award shall lapse automatically. For the avoidance of doubt, the performance targets are not applicable to independent non-executive directors of the Company.

## **11. CLAWBACK**

Notwithstanding the terms and conditions of the RSU Scheme, the Remuneration Committee has the authority to provide that any Share Award shall be subject to a clawback if any of the following events occurs:

- (a) if the Grantee (being an employee or a director of any member of the Group) ceases to be an Employee Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of fraud or dishonesty or persistent or serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (b) if the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company; and
- (c) if any other clawback event set out in the Offer documentation occurs.

Upon occurrence of any of the above events (and whether an event is to be regarded as having occurred for the purpose of this section is subject to the sole determination of the Board) in relation to a Grantee, the Board may (but is not obliged to) by notice in writing to the relevant Grantee (in the case of a Share Award) claw back such number of Share Awards granted (to the extent not already vested) as the Board may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

## **12. RIGHTS ON VOTING AND DIVIDENDS**

No Grantee shall enjoy any rights of a Shareholder by virtue of the grant of a Share Award pursuant to the Scheme, unless and until the Shares are actually issued or transferred to the Grantee pursuant to the vesting of a Share Award. The Share Awards do not carry any right to vote in general meeting of the Company, or the right to dividend and other rights, including those arising on a liquidation of the Company until such Share Awards have been vested as Shares. A Share issued or transferred upon the vesting of a Share Award shall not carry rights until the registration of the Grantee (or any other person so permitted pursuant to the Scheme) as the holder thereof.

Pursuant to the RSU Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held under the Trust. In particular, the Trustee holding unvested Shares, whether directly or indirectly, shall abstain from voting or exercising any voting rights in respect of any Shares held, whether directly or indirectly, under the trust or as nominee on matters that require approval of the Shareholders under the Listing Rules, unless otherwise required by applicable laws or regulations to vote in accordance with the beneficial owner's direction and such a direction is given.

## **13. LIFE OF THE RSU SCHEME**

Subject to any early termination provisions pursuant to the RSU Scheme, the RSU Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. After the expiry of the RSU Scheme, no further Share Awards shall be offered or granted, but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme.

## **14. LAPSE OF SHARE AWARD**

A Share Award shall lapse automatically (to the extent not already vested) on the earliest of:

- (i) the date on which the Grantee ceases to be an Employee Participant for reason of his or her death, ill-health or retirement in accordance with his or her contract of employment;

- (ii) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be an Employee Participant for any reason other than (i) his or her death, ill-health or retirement in accordance with his or her contract of employment or (ii) on one or more of the grounds of termination of employment or engagement specified in sections (iv) and (v) below;
- (iii) the date on which the Grantee commits a breach of selling, transferring, charging, mortgaging, encumbering or otherwise disposing of or creating any interest in favor of or enter into any agreement with any other person over or in relation to any Share Award or any property held by the Trustee on trust for the Grantees;
- (iv) the date on which the Grantee (being an employee or a director of any member of the Group) ceases to be an Employee Participant by reason of the termination of his or her employment or engagement on the grounds that he or she voluntarily resigns, he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (v) the date on which the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company;
- (vi) the date on which the Remuneration Committee determines that any prescribed performance targets have not been met after conducting the assessment;
- (vii) the date on which the Grantee appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts when they fall due or has become insolvent or has made any arrangement or composition with its creditors generally; and
- (viii) the date the Grantee ceases to be an Employee Participant for any other reason as determined by the Board or chief executive officer.

Upon the termination of an unvested Share Award pursuant to the above, in the case of a Share Award, the unvested RSUs shall be cancelled without payment.

Upon any event in which the Company does not survive, or does not survive as a publicly traded company in respect of its ordinary shares or any event of change in control of the Company occurs (including, without limitation, a dissolution, voluntary winding-up, offer (by way of takeovers, scheme of arrangement or otherwise), merger, reconstruction, amalgamation, combination, consolidation, conversion, exchange of securities, or other reorganisation, or a sale of all or substantially all of the business, stock or assets of the Company), the Board may

make provision for a cash payment in settlement of, or for the termination, assumption, substitution or exchange of any or all outstanding awards or the cash, securities or property deliverable to the holders of any or all outstanding Share Awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to Shareholders upon or in respect of such event. Upon the occurrence of any event described in the preceding sentence, in connection with which the Board has made a provision for a Share Award to be terminated (and the Board has not made a provision for the substitution, assumption, exchange or other continuation or settlement of the Share Award): (i) unless otherwise provided in the applicable Offer documentation, each then-outstanding Share Award granted under the RSU Scheme shall become payable to the holder of such award (with any performance goals applicable to the award in each case being deemed met, unless otherwise provided in the Offer documentation, at the “target” performance level); and (ii) each Share Award shall terminate upon the related event.

## **15. RESTRICTIONS AND LIMITATIONS**

A Share Award shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any Share Award (or, prior to vesting of a Restricted Share award, the Shares subject thereto) or any property held by the Trustee on trust for the Grantees.

No Offer shall be made and no Share Award shall be granted to any Employee Participant in circumstances prohibited by the Listing Rules or at a time when the Employee Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or laws. No Offer shall be made and no Share Award shall be granted to any Employee Participants after inside information has come to the knowledge of the Company until (and including) the trading day after such inside information has been published in an announcement in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company’s quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Share Award may be granted. Such period will also cover any period of delay in the publication of any results announcement.

**16. RANKING OF SHARES**

The Shares to be allotted and issued pursuant to any Share Award granted under the RSU Scheme shall be identical to the then existing issued shares of the Company and subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with the other fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date the name of the Grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

**17. CANCELLATION OF SHARE AWARDS**

Upon the occurrence of any events triggering the clawback mechanism, the Board may claw back such number of Share Awards granted as the Board may consider appropriate and such Share Awards shall be regarded as cancelled. For details of the clawback mechanism of the RSU Scheme, please refer to paragraph 11 above.

Notwithstanding any other provisions of the RSU Scheme or any terms and conditions set forth in the relevant offer letter in respect of the Board's discretion to cancel any Share Awards that have not been vested, any Share Award granted but not vested may be cancelled if the Grantee so agrees. Where the Company cancels Share Awards granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made under the RSU Scheme with available Scheme Mandate Limit, and that Share Awards so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

**18. REORGANISATION OF CAPITAL STRUCTURE**

In the event of an alteration in the capital structure of the Company whilst any Share Award remains outstanding by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements in Hong Kong and the PRC and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to the number or nominal amount of Shares comprised in each Share Award to the extent outstanding as the Auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing to the Board, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should

give each Grantee the same proportion of the equity capital, rounded to the nearest whole Share, of the Company as that to which that Grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the Auditors or independent financial advisor (as the case may be) in this section is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or independent financial advisor (as the case may be) shall be borne by the Company.

To the extent not otherwise determined by the Board, the method of adjustment of the number of Share Award to the extent outstanding is set out as below:

**Capitalisation issue**

$$Q = Q0 \times (1 + n)$$

Where: “Q0” represents the number of Share Award before the adjustment; “n” represents the ratio per Share resulting from the capitalisation issue; “Q” represents the number of Share Award after the adjustment.

**Rights issue**

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “Q0” represents the number of Share Award before the adjustment; “P1” represents the closing price of the Shares as at the record date; “P2” represents the subscription price of the rights issue; “n” represents the ratio of the rights issue allotment; “Q” represents the number of Share Award after the adjustment.

**Consolidation of Shares or share subdivision or reduction of the share capital**

$$Q = Q0 \times n$$

Where: “Q0” represents the number of Share Award before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Share Award after the adjustment.

**19. ALTERATION AND TERMINATION**

The Board may by resolution amend any of the provisions of the RSU Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the RSU Scheme) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date and such alternation is in compliance with all applicable rules and regulations (including but not limited to the Listing Rules)).

Any alterations to the terms and conditions of the Scheme which are of a material nature, or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Employee Participants, must be approved by Shareholders in general meeting. Any change to the terms of Share Awards granted to an Employee Participant, must also, to be effective, be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Share Awards was approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the Scheme. The Scheme so altered must comply with the Listing Rules. Any change to the authority of the Board, the Trustee or other administrator of the Scheme in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

The Company by special resolution in general meeting or the Board may at any time resolve to terminate the operation of the RSU Scheme prior to its expiry, and in such event no further Share Awards will be offered or granted but the provisions of the RSU Scheme shall remain in full force to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme. Share Awards which are granted during the life of the RSU Scheme and remain outstanding immediately prior to the termination of the operation of the RSU Scheme shall continue to be valid and eligible to vest in accordance with their terms of issue after the termination of the RSU Scheme.

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## NOTICE OF THE SECOND 2023 EGM

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# CHICMAX

## Shanghai Chicmax Cosmetic Co., Ltd. 上海上美化妝品股份有限公司

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

**(Stock Code: 2145)**

### NOTICE OF THE SECOND 2023 EGM

Notice is hereby given that the extraordinary general meeting (the “**Second 2023 EGM**”) of Shanghai Chicmax Cosmetic Co., Ltd. (the “**Company**”) will be held at Meeting Room, 25 Floor, Building B, No. 3300 Zhongshan North Road, Putou District, Shanghai, the PRC on Thursday, 14 December 2023 at 2:00 p.m., for the purpose of considering and if thought fit, passing the following resolutions:

#### SPECIAL RESOLUTIONS

1. “**THAT:**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the new Shares to be allotted and issued underlying the share awards granted in accordance with the terms and conditions of the Restricted Share Unit Scheme of the Company (the “**RSU Scheme**”), the rules of which are contained in the document marked “A” produced to the Second 2023 EGM and initialled by the chairman of the Second 2023 EGM for the purpose of identification, the RSU Scheme be and is hereby approved and adopted, and any directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as he may in his absolute discretion consider necessary or expedient in order to give effect to the RSU Scheme, including without limitation:
  - (i) to administer and operate the RSU Scheme under which RSUs will be granted to eligible participants under the RSU Scheme;
  - (ii) to modify and/or amend the RSU Scheme from time to time, provided that such modification and/or amendment is/are effected in accordance with the provisions of the RSU Scheme relating to modification and/or amendment and is in compliance with Chapter 17 of the Listing Rules;

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## NOTICE OF THE SECOND 2023 EGM

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- (iii) to grant share awards under the RSU Scheme and to allot and issue and/or purchase from time to time such number of Shares as may be required to be allotted and issued and/or purchased in respect of the share awards granted in accordance with the terms and conditions of the RSU Scheme and subject to the Listing Rules;
  - (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares that may be allotted and issued underlying the share awards granted in accordance with the terms and conditions of the RSU Scheme; and
  - (v) to consent, if he so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the RSU Scheme.”
2. “**THAT** the Scheme Mandate Limit (as defined in the Circular) on the total number of Shares which may be issued in respect of all awards involving issue of new Shares that may be granted under the RSU Scheme and any other share scheme(s) of the Company, representing 10% of the total number of Shares in issue at the date of the passing of this resolution, be and is hereby approved and adopted and any directors of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he may in his absolute discretion consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit.”
3. “**THAT** the Board and/or any persons to which the Board has delegated its authority to, to make any necessary amendments to the Articles of Association of the Company to reflect the change to the total number of issued shares of the Company due to the issue of new shares of the Company pursuant to the RSU Scheme, and such directors of the Company be and is hereby authorised to do such other things, for and on behalf of the Company, as he may in his absolute discretion consider necessary, desirable or expedient to effect the amendments to the Articles of Association of the Company, including but not limited to applying to the relevant regulatory authorities for the relevant approval, registration and filing procedures.”

By Order of the Board

**Shanghai Chicmax Cosmetic Co., Ltd.**

上海上美化妝品股份有限公司

**Mr. Lyu Yixiong**

*Chairman of the Board, Executive Director and Chief Executive Officer*

Shanghai, the PRC  
24 November 2023

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## NOTICE OF THE SECOND 2023 EGM

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*Notes:*

1. All resolutions at the Second 2023 EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The results of the poll will be published on the websites of the Company at <http://www.chicmaxgroup.com> and Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after the Second 2023 EGM.
2. For details of the resolutions to be approved in this Second 2023 EGM, please refer to the circular of the Company dated 24 November 2023 (the “Circular”). Unless the context requires otherwise, the terms used in this notice of Second 2023 EGM shall have the meaning same as those used in the Circular.
3. For determining the entitlement to attend and vote at the Second 2023 EGM, the register of members of H Shares of the Company would be closed from Monday, 11 December 2023 to Thursday, 14 December 2023, both days inclusive, during which period no share transfers of the Company would be registered. In order to be eligible to attend and vote at the Second 2023 EGM, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company’s H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 8 December 2023 (for H Share Holders).
4. H Share Holders and Domestic Share Holders who have the right to attend and vote at the Second 2023 EGM are entitled to appoint one or more proxies (whether or not a Shareholder) to attend and vote on his/her/its behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. However, given the arrangements adopted by the Company as set out in the section headed “Second 2023 EGM Arrangements” in the Letter from the Board of the Circular, Shareholders who wish to vote at the Second 2023 EGM shall appoint the chairman of the Second 2023 EGM as their proxy to exercise their rights to vote at the Second 2023 EGM in accordance with their instructions.
5. As set out in the section headed “Second 2023 EGM Arrangements” in the Letter from the Board of the Circular, if the Shareholders will not be able to attend the Second 2023 EGM in person, Shareholders who wish to vote at the Second 2023 EGM shall appoint the chairman of the Second 2023 EGM as their proxy by completing the accompanying form of proxy. In order to be valid, the proxy form must be completed and signed in accordance with the instructions printed thereon and return it to the Company’s H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the Second 2023 EGM (for the H Share Holders); or to the business address of the Company in the PRC, at 25 Floor, Building B, No. 3300 Zhongshan North Road, Putuo District, Shanghai, PRC not less than 24 hours before the time appointed for the holding of the Second 2023 EGM (for the Domestic Share Holders).
6. If a proxy is appointed to attend the Second 2023 EGM on behalf of a Shareholder, the proxy must produce a proxy form which is signed by the appointer or his/her agent so authorised in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorised. The proxy form shall specify the number of shares represented by the proxy of the Shareholder. Where a Shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy. However, given the arrangements adopted by the Company as set out in the section headed “Second 2023 EGM Arrangements” in the Letter from the Board of the Circular, Shareholders who wish to vote at the Second 2023 EGM shall appoint the chairman of the Second 2023 EGM as their proxy to exercise their rights to vote at the Second 2023 EGM in accordance with their instructions.
7. If the proxy form is signed by another person as authorised by the appointer, the power of attorney or other authorisation document must be notarised. The notarised power of attorney or other authorisation document must be deposited together with the proxy form at the H Share Registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the Second 2023 EGM (for the H Share Holders) or the business address of the Company in the PRC, at 25 Floor, Building B, No. 3300 Zhongshan North Road, Putuo District, Shanghai, PRC (for Domestic Share Holders) not less than 24 hours before the time for holding the Second 2023 EGM.
8. References to time and dates in this notice are to Hong Kong time and dates.