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Shanghai Conant Optical Co., Ltd.
上海康耐特光學科技集團股份有限公司

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

(Stock Code: 2276)

- (1) PROPOSED ADOPTION OF THE RESTRICTED SHARE UNIT SCHEME;
(2) PROPOSED AUTHORISATION TO THE REMUNERATION COMMITTEE
AS DELEGATEE TO HANDLE MATTERS PERTAINING TO
THE RESTRICTED SHARE UNIT SCHEME;
AND
(3) CLOSURE OF REGISTER OF MEMBERS**

(1) PROPOSED ADOPTION OF THE SCHEME

The Board has resolved at a meeting of the Board held on 27 November 2023 to propose the adoption of the Scheme by the Company for the purpose of retaining and attracting talents by rewarding the Eligible Persons for their past, present or expected contribution and loyalty to the Group and aligning their interests with those of the Shareholders through the grant of Award. The Scheme is subject to the consideration and approval of the Shareholders which will be sought at the EGM. The Scheme constitutes a share scheme funded by existing Shares for the purposes of Chapter 17 of the Listing Rules.

Any grant of Award to any connected person of the Company will be subject to compliance with Chapter 14A of the Listing Rules.

The principal terms of the Scheme are set out below.

Purposes

- (a) to recognize the contributions made by the Eligible Persons and provide incentives to them in order to retain them for the continuous operation and development of the Group;
- (b) to attract talents for further development of the Group and enhance competitiveness of such talents; and
- (c) to align the interests of Eligible Persons to the Group's values, enabling employees to work towards the Group's long-term development goals.

Conditions

The Scheme is conditional upon the passing of resolutions by the Shareholders to approve the adoption of the Scheme and to authorize the Remuneration Committee or any other Delegatee to grant Awards under the Scheme and/or to procure the transfer of H Shares underlying the RSUs in connection with the Scheme.

Eligible Persons and scope

Pursuant to the Scheme, the Board and/or the Delegatee may, from time to time, in its absolute discretion, select the Selected Participants after taking into consideration various factors as they deem appropriate and determine the terms and conditions of the Award to be granted to each of the Selected Participants.

Eligible Persons who may participate in the Scheme include any individual, being those who the Board or the Delegatee consider, in their sole discretion, to have significantly contributed or will significantly contribute to the development of the Group, are as below:

- (a) Employees;
- (b) directors (including executive, non-executive and independent non-executive directors);
- (c) supervisors;
- (d) senior management; and
- (e) key operating team member of any member of the Group.

In determining the Selected Participants, the Board or the Delegatee shall take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Group, the Group's general financial condition and the Group's overall business objectives and future development plan.

Duration

Subject to the Board's decision to early terminate the Scheme, the Scheme shall be valid and effective for a term of 5 years commencing on the Adoption Date.

Maximum number of Shares to be granted

The Company shall not make any further grant which will result in the aggregate number of H Shares granted in relation to RSUs under the Scheme to exceed 3.0% of the total number of issued H Shares as at the relevant Grant Date.

Administration of the Scheme

The Scheme shall be subject to the administration of the Board or the Delegatee in accordance with the Scheme Rules and the Trust Deed. The Trustee shall hold the trust fund in accordance with the Scheme Rules and the terms of the Trust Deed.

The Scheme shall be subject to the administration of the following administrative bodies, in accordance with the 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 Scheme. The general meeting of the Shareholders may authorize the Board and/or the Delegatee to deal with all matters related to the Scheme to the extent of its authority; and
- (b) the Board is the institution in charge of the administration of the Scheme in accordance with the Scheme Rules and where applicable, the Trust Deed. A decision of the Board and/or the Delegatee shall be final and binding on all persons affected. Upon deliberation and approval of the Scheme by the Board, the Board will submit the Scheme to the general meeting of the Shareholders for consideration. The Board and/or the Delegatee may handle all matters related to the Scheme within the authorisation by the general meeting of the Shareholders.

Pursuant to the Scheme Rules, the authority to administer the Scheme may be delegated by the Board to the Delegatee as deemed appropriate at the sole and absolute discretion of the Board.

Source of funds

The source of funds for funding the Scheme is the internal funds of the Group.

Source of Awards

The Group may from time to time, subject to the terms and conditions in the Scheme Rules and the compliance of all relevant laws, rules and regulations, cause to transfer funds to the Trust as for the acquisition of H Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Board and/or the Delegatee may from time to time instruct the Trustee (which shall be an independent third party) in writing to acquire H Shares. Once acquired, the Shares are to be held under the Trust for the benefit of the Selected Participants on and subject to the terms and conditions of the Scheme Rules and the Trust Deed.

For the avoidance of doubt, the Company will not issue any new H Shares under the Scheme.

Restrictions

Each grant of an Award to any connected person of the Group shall be approved by all independent non-executive Directors and subject to the Listing Rules and any applicable laws and regulations. Any member of the Board who himself has interest in a proposed Award shall abstain from voting on any resolution by which the Award is proposed.

No grant of any RSU to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award under, among others, the circumstances below:

- (a) in any circumstances where the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (b) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Scheme, unless the Board determines otherwise;

- (c) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (d) where such grant of Award would result in a breach of the Scheme Limit;
- (e) after the expiry of the Award Period or after the early termination of the Scheme in accordance with the Scheme Rules;
- (f) where any Director is in possession of unpublished inside information relation to the Company; or where any Director 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;
- (g) 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
- (h) 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.

Vesting and exercise of the Awards

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

The vesting of the Award granted under the Scheme is subject to the certain vesting conditions and any other applicable conditions as set out in the Award Letter.

Within a reasonable time period after the vesting criteria, conditions and time schedule having been reached, fulfilled, satisfied or waived, the Board and/or the Delegatee may exercise all or part of the vested RSUs and may then decide at its absolute discretion either to:

- (a) direct and procure the Trustee to, within a reasonable time, transfer the H Shares underlying the RSUs exercised (and, if applicable, the related income or dividend declared in relation to the RSUs in respect of those Shares as provided in the Scheme Rules) to the Selected Participant, subject to the Selected Participant paying the exercise price (where applicable); or
- (b) pay, or direct and procure the Trustee to, within a reasonable time, pay, to the Selected Participant in cash the Actual Selling Price on or about the date of exercise (and, if applicable, the related income or dividend declared in relation to the RSUs in respect of those Shares as provided in the Scheme Rules) less any exercise price (where applicable) and after deduction or withholding of any tax, levies and other charges applicable to the entitlement of the Selected Participant and the sale of any H Shares to fund such payment and in relation thereto.

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

Any Award granted under the Scheme but not yet exercised shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected 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 Award or enter into any agreement to do so, unless the Award or any interest thereof is transferred as a result of the Selected Participant's death in accordance with the terms of the Scheme.

Voting rights

Pursuant to the Scheme, the Trustee holding unvested H Shares underlying the RSUs shall abstain from voting on matters that requires shareholders' approval of the Company under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

Alteration or termination of the Scheme

The Scheme may be altered by a resolution of the Board or the Delegatee provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Participants.

The Scheme shall terminate on the earlier of:

- (a) the fifth (5th) anniversary of the Adoption Date; or
- (b) such date of early termination as determined by the Board.

(2) PROPOSED AUTHORISATION TO THE REMUNERATION COMMITTEE AS DELEGATEE TO HANDLE MATTERS PERTAINING TO THE SCHEME

In order to ensure the successful implementation of the Scheme, the Board proposed that, subject to the approval of the Scheme by the Shareholders at the EGM, the Shareholders also grant an authorisation to the Remuneration Committee as the Delegatee to deal with matters in relation to the Scheme with full authority, including but not limited to:

- (a) to construe and interpret the Scheme Rules and the terms of the Award granted under the Scheme;
- (b) to supervise the daily management of the Scheme;
- (c) to make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Scheme, provided that they are not inconsistent with the Scheme Rules;
- (d) to decide how the vesting and exercise of the RSUs will be settled pursuant to the Scheme Rules;

- (e) to determine the basis of eligibility of any Eligible Person for the grant of Awards from time to time on the basis of their contribution to the development and growth of the Group or such other factors deemed appropriate;
- (f) to grant Awards to those Eligible Person whom it shall select from time to time;
- (g) to determine the terms and conditions of the Awards and determine whether the vesting conditions are met;
- (h) to determine adjustment (downward adjustment only) to the exercise price as set out in the Award Letter (if any) and, in such a case, a notice (including but not limited to, by mail, by e-mail or by notification via any other electronic means) stating the adjusted exercise price shall be issued to the Selected Participants concerned;
- (i) to establish and administer performance targets in respect of the Scheme;
- (j) to approve from time to time the form of an Award Letter and Vesting Notice;
- (k) to exercise any authority as may be granted by the Shareholders from time to time;
- (l) for the purposes of the operations of the Scheme and dealing with the RSUs in accordance with the Trust Deed, to sign all relevant documentations for securities account opening;
- (m) to determine the execution, amendment and termination of the Scheme;
- (n) to engage bank(s), broker(s), trustee(s), accountant(s), legal adviser(s), consultant(s) and other professional parties for the purpose of the Scheme; and
- (o) to sign, execute, affix the Company seal, amend and terminate documents (including the Trust Deed) on behalf of the Company relating to the Scheme and take such other steps or actions to give effect to the terms and intent of the Scheme Rules.

The aforementioned authorisation to the Remuneration Committee as the Delegatee shall be valid so long as the Scheme remains valid.

Reasons for and benefits of the adoption of the Scheme

The Directors are of the view that the adoption of the Scheme will realise the purposes set out in the section headed “PROPOSED ADOPTION OF THE SCHEME — Purposes” of this announcement, which in turn will be beneficial to the development and business performance of the Group and hence also benefit the Shareholders, and that the terms of the Scheme are on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the adoption of the Scheme.

(3) CLOSURE OF REGISTER OF MEMBERS

The Board hereby announces that the EGM is tentatively fixed to be held on Monday, 18 December 2023 for considering and approving the resolutions relating to the matters as set out in the Announcement.

The register of members of the Company will be closed from Wednesday, 13 December 2023 to Monday 18 December 2023 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending and voting in person at the EGM, all transfers documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 12 December 2023.

LISTING RULES IMPLICATIONS

The Scheme will constitute a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new Shares as referred to in Chapter 17 of the Listing Rules. Therefore, the adoption of the Scheme will not be subject to the Shareholders’ approval requirement under Chapter 17 of the Listing Rules.

EGM

On the other hand, pursuant to the laws of the PRC and article 46 of the Articles of Association, the adoption of the Scheme and the authorisation to the Remuneration Committee as the Delegatee to handle matters pertaining to the Scheme are subject to the approval of the Shareholders at the EGM by way of special resolutions.

A circular of the Company containing, among other things, (i) further details of the Scheme; (ii) the proposed authorisation to the Remuneration Committee to handle matters pertaining to the Scheme; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Actual Selling Price”	the actual price at which the H Shares underlying the RSUs are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy, Accounting and Financial Reporting Council transaction levy and any other applicable costs) on exercise of an Award pursuant to the Scheme or in the case of an exercise when there is an event of change in control or privatisation of the Company pursuant to the Scheme Rules, the consideration receivable under the related scheme or offer;
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Award(s)”	award(s) granted by the Board or the Delegatee to a Selected Participant, which may vest in the form of H Shares underlying the RSUs or the Actual Selling Price of the H Shares underlying the RSUs in cash, as the Board or the Delegatee may determine in accordance with the terms of the Scheme Rules;

“Award Letter”	letter or notice (including but not limited to, by mail, e-mail or by notification via any electronic means) to each Selected Participant in such form as the Board or the Delegatee may from time to time determine, specifying the Grant Date, the manner of acceptance of the Award, the exercise price of each RSU (if any) and/or the number of RSUs underlying the 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 Scheme;
“Award Period”	the period commencing on the date on which the Shareholders approve the Scheme, and ending on the business day immediately prior to the fifth (5th) anniversary of the date on which the Shareholders approved the Scheme;
“Board”	the board of the Directors;
“Company”	Shanghai Conant Optical Co., Ltd. (上海康耐特光學科技集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2276);
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Delegatee”	the Remuneration Committee, or any other person(s), or board committee(s) to which the Board has delegated its authority;
“Directors”	the directors of the Company;
“EGM”	an extraordinary general meeting of the Company or any adjournment thereof to approve, among other things, (i) the proposed adoption of the Scheme; and (ii) the proposed authorisation to the Remuneration Committee to handle matters pertaining to the Scheme;

“Eligible Person”	any individual, being an Employee, director (including executive, non-executive and independent non-executive director), supervisor, senior management, key operating team member of any member of the Group who the Board or its Delegatee considers, in their sole discretion, to have significantly contributed or will significantly contribute to the development of the Group. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations in such place or where, in the view of the Board or the Delegatee, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded from the term Eligible Person;
“Employee”	any employee or contractual staff of any members of the Group provided that the Selected Participant shall not cease to be an Employee in the case of (a) any leave of absence approved by the Company; or (b) transfer amongst the Company and any members of the Group or any successor, provided that an Employee shall, for the avoidance of doubt, cease to be an Employee with effect from (and including) the date of termination of his employment/appointment;
“Grant Date”	the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter;
“Group”	the Company and its Subsidiaries from time to time, and the expression “member(s) of the Group” shall be construed accordingly;
“H Share(s)”	overseas listed ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“independent third party”	person or company who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Remuneration Committee”	the remuneration committee of the Board;
“RMB”	Renminbi, the lawful currency of the PRC;
“RSU(s)”	restricted share unit, each unit represent one underlying H Share granted to a Selected Participant in an Award;
“Scheme”	the restricted share unit scheme proposed to be adopted by the Company in accordance with the Scheme Rules;
“Scheme Limit”	the maximum number of H Shares that could be granted under the Scheme. The Company shall not make further grant which will result in the aggregate number of H Shares granted in relation to RSUs to exceed 3.0% of the total number of issued H Shares as at the relevant Grant Date;
“Scheme Rules”	the rules relating to the Scheme as amended from time to time;
“Selected Participant(s)”	any Eligible Person approved for participation in the Scheme, in accordance with the Scheme Rules, and who has been granted any Award or any person who is entitled to any Award in accordance with the Scheme Rules;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholder(s)”	the shareholder(s) of the Company;
“Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary” or “Subsidiaries”	any subsidiary (as defined in the Listing Rules) of the Company;
“Trust”	the trust constituted by the Trust Deed to service the Scheme;
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time);
“Trustee”	the professional trustee to be appointed by the Company for the purpose of the Trust (which shall be an independent third party);
“Vesting Notice”	the vesting notice sent by the Company to the relevant Selected Participant within a reasonable time period after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived;
“%”	per cent.

By Order of the Board
Shanghai Conant Optical Co., Ltd.
 上海康耐特光學科技集團股份有限公司
Fei Zhengxiang

Executive Director and Chairman of the Board

Hong Kong, 27 November 2023

As at the date of this announcement, the Board comprises Mr. Fei Zhengxiang, Mr. Zheng Yuhong, Mr. Xia Guoping and Mr. Chen Junhua as executive Directors; Dr. Takamatsu Ken and Ms. Zhao Xiaoyun as non-executive Directors; and Dr. Xiao Fei, Mr. Chen Yi and Mr. Jin Yiting as independent non-executive Directors.