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This circular is for information purposes only and is being provided to you solely for the purposes of considering the resolutions to be voted upon at the EGM to be held on Thursday, 15 June 2023. This circular does not constitute an offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for securities referred to in this circular.



奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

(1) PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 16 of this circular.

A notice convening the EGM of Qidian International Co., Ltd. (the “Company”) to be held at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC on Thursday, 15 June 2023 at 9:30 a.m. at which the aforesaid share award scheme will be considered is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the meeting, please complete and sign the accompanying form of proxy in accordance with the instructions stated thereon and return it to the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong as soon as possible but in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered to the Company no later than 9:30 a.m. on Tuesday, 13 June 2023. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and at any adjournment thereof if you so wish. In such event, the form of proxy shall be deemed to be revoked.

22 May 2023

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DEFINITIONS

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

“2023 Share Award Scheme”	the share award scheme of the Company proposed to be considered and adopted at the EGM, the principal terms of which are set out in Appendix I to this circular
“Alteration of Share Capital”	any alteration of share capital of the Company arising out of a capitalisation issue, rights issue, open offer, consolidation, reclassification, subdivision, reduction or reconstruction of share capital of the Company
“Award(s)”	an award of Award Share(s) by the Board to Selected Participant(s) pursuant to the 2023 Share Award Scheme
“Award Share(s)”	the Shares to be granted to the Eligible Participant(s)
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares purchased and allocated by the Trustee upon the Board’s determination to the Selected Participant(s) pursuant to the 2023 Share Award Scheme to be held by the BVI Co pursuant to the provisions of the Trust Deed
“Board”	the board of Directors
“Business Day”	means any day on which securities are traded on the Stock Exchange
“BVI”	the British Virgin Islands
“BVI Co”	a company to be incorporated in BVI with limited liability having its registered office at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola VG1110, BVI, the issued share(s) of which are held solely by the Trustee upon trust pursuant to the Trust Deed
“Clawback”	in respect of any Awarded Shares vested or unvested, allocated or awarded to a Selected Participant, the return or repayment of all or a specified part of such Awarded Shares by such Selected Participant and/or the ceasing or variation of the Selected Participant’s entitlement to receive or be vested with all or a specified part of any such Awarded Shares which have not yet been vested in the Selected Participant, pursuant to the clawback provisions under the rules of the 2023 Share Award Scheme

DEFINITIONS

“Company”	Qidian International Co., Ltd. (奇点国际有限公司), a company incorporated in the Cayman Islands with limited liability on 5 February 2008, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1280)
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	means the directors of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, approve (1) the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit; and (2) authorise the Board to grant Awards under the 2023 Share Award Scheme and to purchase and allocate, procure the transfer of and otherwise deal with the Awarded Shares and the Shares which may fall to be purchased, allocated or otherwise dealt with on the vesting of any Awarded Shares in connection with the 2023 Share Award Scheme
“Excluded Participant”	(1) any director of the BVI Co; and (2) any Eligible Participant who is (i) resident in a place where the award of the Awarded Shares and/or vesting and transfer of the Awarded Shares pursuant to the terms of the equity-based incentive program is not permitted under the laws and regulations of such place; or (ii) where in the view of the Board, compliance with the applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant, to be subject to the Clawback provisions under the 2023 Share Award Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party who is not a connected person of the Company and is independent of the Company and its connected parties
“Latest Practicable Date”	18 May 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Purchase Restrictions”	(i) the Scheme Mandate Limit, (ii) the terms of the Trust Deed, (iii) there being available funds to enable such purchase of Shares, and (iv) the absolute prohibitions against the Directors to deal with the Shares for themselves under Appendix 10 of the Listing Rules. For the avoidance of doubt, the Board shall not give instructions to the BVI Co to purchase Shares when the Directors are under absolute prohibitions to deal with the Shares for themselves under Appendix 10 of the Listing Rules
“Related Entities”	holding companies, fellow subsidiaries or associated companies of the Company
“Renhuai Guofeng”	Guizhou Renhuai Guofeng Liquor Co., Ltd.* (貴州仁懷國峰酒業有限公司), an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Mandate Limit”	the maximum number of Award Shares which may be purchased and allocated in respect of all Awards to be granted under the 2023 Share Award Scheme to be approved by the Shareholders at the EGM
“Selected Participant(s)”	Eligible Participant(s) selected by the Board to grant Award(s) pursuant to the 2023 Share Award Scheme
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share in the capital of the Company with a nominal value of US\$0.02 each (or of such other nominal amount as shall result from a subdivision, consolidation, reclassification, reduction or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed, which is the BVI law governed trust established by the Company as settlor for the purpose of purchasing the Shares, through the BVI Co, and allocating such Shares upon the Board’s instructions to the Selected Participant(s) as Awarded Shares held by the Trustee as shareholder of the BVI Co upon trust pursuant to the provisions of the Trust Deed

DEFINITIONS

“Trustee”	Conyers Trustee Services (BVI) Limited, the trustee of the Trust appointed by the Company to hold Awarded Shares through BVI Co, is an Independent Third Party for administration of the 2023 Share Award Scheme or any additional or replacement trustee(s), and the sole shareholder of the BVI Co
“Trust Deed”	the trust deed made between the Company and the Trustee in relation to the 2023 Share Award Scheme (as restated, supplemented and amended from time to time)
“US\$”	United States dollar, the lawful currency of the United States
“Vesting Date”	in respect of a Selected Participant, the date on which his/her entitlement to the Awarded Shares is vested in such Selected Participant under the 2023 Share Award Scheme
%	per cent

* *for identification purpose only*

LETTER FROM THE BOARD



奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1280)

Executive Directors

Mr. Yuan Li (*Chairman*)

Mr. Xu Xinying (*Vice-chairman*)

Non-executive Director

Ms. Xu Honghong

Independent Non-executive Directors

Mr. Zhang Yihua

Mr. Chen Rui

Mr. Fung Tak Choi

Registered Office

The offices of Vistra (Cayman) Limited,
P.O. Box 31119 Grand Pavilion,
Hibiscus Way, 802 West Bay Road,
Grand Cayman, KY1-1205, Cayman Islands

Principal Place of Business in Hong Kong

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

22 May 2023

To the Shareholders:

**(1) PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Adoption of the 2023 Share Award Scheme

References are made to the announcements of the Company dated 16 February 2023 and 17 May 2023 with respect to the proposed adoption of the 2023 Share Award Scheme.

The 2023 Share Award Scheme is conditional upon the passing of a resolution by the Shareholders to (1) approve the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit (as defined below); and (2) to authorise the Board to grant Awards under the 2023 Share Award Scheme and to purchase and allocate, procure the transfer of and otherwise deal with the Awarded Shares and the Shares which may fall to be purchased, allocated or otherwise dealt with on the vesting of any Awarded Shares in connection with the 2023 Share Award Scheme.

* *For identification purpose only*

LETTER FROM THE BOARD

Subject to the satisfaction of the conditions above, and any early termination, the 2023 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date of the 2023 Share Award Scheme (the “**Adoption Date**”).

A summary of the principal terms of the 2023 Share Award Scheme is set out in Appendix I to this circular.

The purpose of this circular is to provide you with, among other matters, (1) details regarding the proposed adoption of the 2023 Share Award Scheme; and (2) the notice of the EGM and a form of proxy to the Shareholders. The EGM is convened to be held for Shareholders to consider and, if thought fit, (1) approve the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit; and (2) authorise the Board to grant Awards under the 2023 Share Award Scheme and to purchase and allocate, procure the transfer of and otherwise deal with the Awarded Shares and the Shares which may fall to be purchased, allocated or otherwise dealt with on the vesting of any Awarded Shares in connection with the 2023 Share Award Scheme.

Any Shareholder with a material interest in the proposed transaction, and his/her close associates, will abstain from voting at relevant resolutions at the EGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the matters which are the subject of the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit, such that it must abstain from voting, and, accordingly, all Shareholders will be permitted to vote at the EGM to approve the aforementioned matters.

2. DETAILS OF THE 2023 SHARE AWARD SCHEME

Reference is made to the voluntary announcement of the Company dated 13 October 2022 in relation to, among other things, the proposed commencement of the liquor business. Capital in the amount of RMB10,000,000 was invested in Renhuai Guofeng. As at the Latest Practicable Date, Renhuai Guofeng has no future plan for any additional capital injection yet.

Heavy reliance on the performance of the Service Providers for the sale of liquor can be found in various liquor industry players in relation to the involvement of service providers under their business models. The liquor business is a newly developed business of Renhuai Guofeng, and the scale of which is much smaller than other liquor industry leaders. If Renhuai Guofeng engages both the sales company / employees and the Service Providers for the sale of liquor at this stage, higher costs and expenses will be incurred. As at the Latest Practicable Date, Renhuai Guofeng has not opened any retail shops yet. Therefore, the Board (including the independent non-executive Directors) is of the view that, apart from the contributions from employees and directors of the Group, the success of the sale of liquor in Renhuai Guofeng has heavy reliance on the performance of the Service Providers: (i) Renhuai Guofeng is the supplier of the liquor whereas the Service Providers are the distribution channels to sell the liquor to the market. The Service Providers are the important links between Renhuai Guofeng and the end customers who consume the liquor, since they are more experienced in expanding the sales market for liquor and have a wider and more stable customer base. Engaging Service Providers for the sale of liquor is more efficient than Renhuai Guofeng being the seller of liquor itself / employing designated salesperson, because Renhuai Guofeng does not have

LETTER FROM THE BOARD

such a wide and stable customer base / is not as experienced as the Service Providers. Renhuai Guofeng will also incur extra costs for the employment of other designated salespersons; and (ii) the Service Providers will have to make payments to Renhuai Guofeng in advance when placing order before the liquor is delivered to them, which creates early cash flows to Renhuai Guofeng.

Other liquor industry players also signed sales contracts with service providers. Renhuai Guofeng first signed a memorandum of understanding with the authorised representatives (i.e. individuals) of the Service Providers to set out the basic terms and the intention to enter into the definitive sales contracts. Since Renhuai Guofeng would like to enter into definitive service contracts with entities such as companies / corporations, instead of individuals, Renhuai Guofeng will enter into definitive sales contracts with such companies / corporations after they are established in accordance with the PRC laws. Such business arrangement has no non-compliance issues in accordance with the PRC laws.

Based on the above, the current arrangement of only engaging the Service Providers aligns with industry norm, and is fair and reasonable and in the interest of the Company.

The details of the proposed adoption of the 2023 Share Award Scheme are set out below:

Objectives:

The specific objectives of the 2023 Share Award Scheme are:

- (i) to incentivise the Eligible Participants in boosting the sales target(s) for the sale of liquor;
- (ii) to award certain Selected Participants with Awarded Shares for achieving certain sales target(s) for the sale of liquor; and
- (iii) to recognise the contributions by certain Selected Participants and to provide them with incentives in order to retain them for continual operation, development and growth of the Group as a whole.

If a certain sales revenue is met, the Service Providers will receive a certain percentage of sales rebate from Renhuai Guofeng in the form of goods. It allows Renhuai Guofeng to have a better control in its cash flows. In addition, any Awarded Shares held on trust by the Trustee, as sole shareholder of the BVI Co, shall be protected in case of any future liquidation of the Group or claims from creditors against the Group. Therefore, the adoption of the 2023 Share Award Scheme will incentivise the sales performance of the Service Providers who have contributed to the Group or may contribute to the Group in the future. The Board (including the independent non-executive Directors) is of the view that the criteria for the selection of the Eligible Participants and the proposed categories of Service Providers are in line with the Company's business needs and align with the purpose of the 2023 Share Award Scheme.

LETTER FROM THE BOARD

The adoption of the 2023 Share Award Scheme enables the Group to use share incentives to encourage persons outside of the Group to contribute to the Group and align the mutual interests of each party, as the Company, the Employee Participants and the Service Providers, by holding on to equity incentives, will mutually benefit from the long-term growth of the Group. Granting the Awards, rather than by payment of cash, allows Renhuai Guofeng to have better control over its cash flows, and the 2023 Share Award Scheme will incentivise the sales performance of the Service Providers who have contributed to the Group or may contribute to the Group in the future are important to the success of the liquor business. The Company can instruct the BVI Co to purchase the Shares in the market at any time it deems appropriate (e.g. purchase the Shares when the Share price is low), subject to the Purchase Restrictions. The costs and expenses of the 2023 Share Award Scheme are much less than that of the current home appliance business model of the Company. Therefore, such arrangement aligns with the business purposes, and is fair and reasonable.

Eligible Participants:

Eligible Participants include:

- (i) any employees of Renhuai Guofeng at all levels (including but not limited to officers, directors and chief executives) who are responsible for the daily management and administrative services (“**Employee Participant(s)**”); and
- (ii) any regional or designated dealers, distributors or sales channels who signed definitive service contracts within six months after entering into the memorandum of understanding with and provided distribution and promotion services for the sale of liquor to Renhuai Guofeng in relation to the liquor business on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of long-term growth of the Group (“**Service Provider(s)**”). There are two types of Service Providers, namely regional and designated Service Providers. Both types of Service Providers provide similar services as sales channels of liquor, except that the provision of services by regional Service Providers is restricted to a certain area of the PRC whereas designated Service Providers can sell liquor in any parts of the PRC. Designated Service Providers can also enjoy the supporting services provided by regional Service Providers, such as training, management, promotional and marketing activities.

LETTER FROM THE BOARD

For the avoidance of doubt, the Service Providers exclude customers purchasing goods from the Group; other service providers or suppliers save as those set out in (ii) above; placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions; and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity. The Board (including the independent non-executive Directors) is of the view that the categories of the Service Providers are in-line with the industry norm.

Administration and operation of
the 2023 Share Award Scheme:

The 2023 Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the 2023 Share Award Scheme and the Trust Deed. Subject to the rules of the 2023 Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 2023 Share Award Scheme as a Selected Participant, and grant Awards to any Selected Participant at no consideration and in such number and on and subject to such terms and conditions, including but not limited to, the conditions of entitlement and/or vesting of the Awarded Shares, restrictions on the transfer of the Awarded Shares and the right to alter the terms and conditions of the Awards, as it may in its absolute discretion determine.

The Awards granted by the Board may, from time to time, at the absolute discretion of the Board be satisfied by the Awarded Shares to be allocated or otherwise dealt with by the BVI Co upon the Board's instructions to the Selected Participants under the Scheme Mandate Limit.

The Trustee has been appointed to hold the Awarded Shares through the BVI Co to be held on trust and to assist the Board with the administration and vesting of the Awards and the Awarded Shares granted pursuant to the rules of the 2023 Share Award Scheme. The BVI Co will purchase such Shares as directed by the Board in accordance with the terms of the Trust Deed subject to there being available funds to enable such purchase of Shares.

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Upon the establishment of the Trust, the Board shall cause to be paid the money for the purchase of Shares, representing the market value of the Shares at the time of purchase multiplied by the number of the Shares to be purchased, from the Company's resources. The Board shall have the absolute discretion on the time and frequency to instruct the BVI Co to purchase the Shares in the market as long as the 2023 Share Award Scheme remains valid and effective, subject to the Purchase Restrictions. The allocation of the Awarded Shares from the BVI Co to the Selected Participants shall follow the vesting schedule of such Selected Participants pursuant to the terms and conditions of the 2023 Share Award Scheme.

The Trustee shall deal with the Awarded Shares in accordance with the decisions and directions of the Board. The Company and/or the Trustee and/or the BVI Co shall comply with the relevant Listing Rules and any other applicable laws or regulations when purchasing the Shares, granting of Award(s), allocating or otherwise dealing in the Awarded Share(s) (as the case may be).

In determining the number of Awarded Shares to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to,

- (i) for Employee Participants:
 - (1) the responsibility taken up by them and whether they have demonstrated efforts in improving and enhancing the revenues, profits, clientele, awards and goodwill of the Group;
 - (2) whether they should be rewarded to further motivate their performances and efficiencies for the benefit of the Group; and
 - (3) whether they would accept the Awarded Shares as part of their remuneration or compensation package and as inducement for them to accept any offer for appointment, employment or engagement extended by the Group to them; and

LETTER FROM THE BOARD

(ii) for Service Providers:

- (1) the expected sales revenue of the liquor to be generated by the Service Providers;
- (2) the reputation, geographical location and scale of the Service Providers; and
- (3) the historical records of sales revenue generated by the Service Providers.

Vesting:

The vesting conditions of the Selected Participants are as follows:

- (i) for Employee Participants: the sales target of the liquor of Renhuai Guofeng shall meet not less than RMB100,000,000 by the financial year end of the Company (i.e. 31 December every year); and
- (ii) for Service Providers: the sales revenue of the liquor generated by the Service Providers shall meet the corresponding requirements set out in the grant notice issued to such Service Providers based on the service contracts signed between Renhuai Guofeng and each of such Service Providers within the twelve-month vesting period after the grant notice issued by the Company to each of such Service Providers.

LETTER FROM THE BOARD

The Board is entitled to impose any terms and conditions (including a period of continued employment, engagement and/or service within the Group and/or any Related Entities after the Award shall become entitled and/or vested), as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Awarded Shares on the Selected Participant and shall inform such Selected Participant the relevant conditions of the Award and the Awarded Shares provided that the vesting period for Awards shall not be less than 12 months unless under the specific circumstances set out in Appendix I to this circular. Notwithstanding the foregoing, the Board may impose a shorter vesting period on the Awards granted to any Selected Participants who are Employee Participants (i) under the first financial year end of the Company following the adoption of the 2023 Share Award Scheme, since the first financial year end of Renhuai Guofeng following the adoption of the 2023 Share Award Scheme is approaching (i.e. 31 December 2023), and the business of Renhuai Guofeng has already commenced; and/or (ii) to provide competitive terms and conditions to Employee Participants and individuals that the Board considers are valuable talent for the development and growth of the businesses of the Group in the future in order to attract and induce them in accepting the employment offer made by the Group to them. As at the Latest Practicable Date, Renhuai Guofeng has no current plan to grant the Awards to induce the Selected Participants in accepting the employment offer.

Subject to the foregoing, any Awards granted by the Board to any Selected Participants but not vested shall automatically and immediately lapse after the last day of the vesting period. The Board believes that its ability to provide for flexible accelerated exercisability or vesting of the Award under specific circumstances allows it to provide competitive remuneration package to attract and retain individuals to provide services to the Group.

Based on the aforementioned, the Board (including the independent non-executive Directors) is of the view that the terms of the granting Award(s) (including but not limited to the vesting requirements and sales target) align with the purpose of the 2023 Share Award Scheme.

LETTER FROM THE BOARD

Scheme Limit:

As at the Latest Practicable Date, the Company has 219,279,744 issued Shares. Since no issue of new Shares is involved under the 2023 Share Award Scheme, there will be no dilution impact to the existing Shareholders. Subject to the obtaining of Shareholders' approval with respect to the adoption of the 2023 Share Award Scheme and assuming that there is no change in the issued Shares between the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares to be purchased and allocated pursuant to the 2023 Share Award Scheme on the Adoption Date will be 21,927,974 Shares, representing approximately 10% of the existing issued Shares of the Company (i.e. the Scheme Mandate Limit).

The Company also proposes to set a sublimit of the Shares in respect of Awards that may be granted to Service Providers, assuming there is no change in the issued Shares between the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares may be granted to the Service Providers is 19,735,176 Shares, representing approximately 9% of the existing issued Shares of the Company (the "**Service Provider Sublimit**"). The Service Provider Sublimit is determined based on 90% of the Scheme Mandate Limit. The Service Provider Sublimit is determined based on the estimated ratio of the Employees Participants to the Service Providers, as well as the possible number of Award Shares that the Company intends to grant to Service Providers and the Company's future business and development plan. More than 600 Service Providers have made certain payments to Renhuai Guofeng for placing the first order of purchase of liquor as at the Latest Practicable Date, and it is expected that these Service Providers will sign memorandum of understanding by the end of March 2023, and the definitive service contracts will be signed within 6 months after entering into the memorandum of understanding. As at the Latest Practicable Date, there are 18 employees in Renhuai Guofeng. Hence, the ratio of the number of Employee Participants and that of the Service Providers will be approximately 0.03. Save as the Awards to be granted under the 2023 Share Award Scheme and the sales rebate as aforementioned, the Service Providers will receive no further benefits.

LETTER FROM THE BOARD

Taking into account of aforementioned, the Board (excluding the independent non-executive Directors) is of the view that the Service Provider Sublimit:

- (i) aligns with the purpose of the 2023 Share Award Scheme and the long-term interests of the Company and the Shareholders, and therefore is fair and reasonable;
- (ii) is in the interests of the Company and the Shareholders as a whole; and
- (iii) is appropriate and reasonable taking into account (a) the grant of Awards to the Service Providers under the 2023 Share Award Scheme will be decided on a case-by-case basis based on whether the sales revenue requirements have been met pursuant to the grant notice issued to the Service Providers based on the service contracts signed between Renhuai Guofeng and each of such Service Providers; and (b) the Company estimates that the percentage of the number of the Award Shares that the Company intends to grant to the Service Providers will be less than 9% of existing issued Shares of the Company as at the Adoption Date.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM and conditional on the adoption of the 2023 Share Award Scheme. Grant of Awards to any Service Provider will be subject to the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit. For the avoidance of doubt, if either the adoptions of the 2023 Share Award Scheme or the Service Provider Sublimit is not approved by the Shareholders at the EGM, no Awards are allowed to be granted to any Service Provider.

LETTER FROM THE BOARD

Based on the aforementioned, the independent non-executive Directors are of the view that the Service Provider Sublimit:

- (i) aligns with the purpose of the 2023 Share Award Scheme and the long-term interests of the Company and the Shareholders, and therefore is fair and reasonable;
- (ii) is in the interests of the Company and the Shareholders as a whole;
- (iii) is subject to separate approval by the Shareholders at the EGM and conditional on the adoption of the 2023 Share Award Scheme. Grant of Awards to any Service Provider will be subject to the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit. For the avoidance of doubt, if either the adoptions of the 2023 Share Award Scheme or the Service Provider Sublimit is not approved by the Shareholders at the EGM, no Awards are allowed to be granted to any Service Provider; and
- (iv) the Service Provider Sublimit is appropriate and reasonable given the Group's business needs and such a limit provides the Group with the flexibility to provide equity incentives to reward and collaborate with persons who are not employees or officers of the Group, but who may have expertise in their field or who may be able to provide valuable expertise or services to the Group.

3. EGM

The EGM will be held for Shareholders to consider and, if thought fit, (1) approve the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit; and (2) authorise the Board to grant Awards under the 2023 Share Award Scheme and to purchase and allocate, procure the transfer of and otherwise deal with the Awarded Shares and the Shares which may fall to be purchased, allocated or otherwise dealt with on the vesting of any Awarded Shares in connection with the 2023 Share Award Scheme. A notice convening the EGM to be held at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC on Thursday, 15 June 2023 at 9:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.hyjd.com).

LETTER FROM THE BOARD

Whether or not Shareholders are able to attend the EGM, they are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar and Transfer Office, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 9:30 a.m. on Tuesday, 13 June 2023). To be effective, all forms of proxy must be lodged with Tricor Secretaries Limited before the deadline. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

4. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023, both dates inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the office of the Company's Share Registrar and Transfer Office, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 9 June 2023.

5. RECOMMENDATION

For the reasons set out above, the Directors consider that the adoption of the 2023 Share Award Scheme and the Service Provider Sublimit are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to approve all the resolutions as set out in the notice of EGM on page EGM-1 to EGM-3 of this circular.

6. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix I to this circular.

A copy of the 2023 Share Award Scheme will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the EGM and the 2023 Share Award Scheme will be made available for inspection at the EGM.

Yours faithfully,
By Order of the Board
Qidian International Co., Ltd.
Yuan Li
Chairman

Set out below is a summary of the principal terms and conditions of the 2023 Share Award Scheme to provide sufficient information to Shareholders for their consideration of the 2023 Share Award Scheme proposed to be adopted at the EGM.

1. PURPOSE, DURATION AND ADMINISTRATION OF THE 2023 SHARE AWARD SCHEME

The purpose of the 2023 Share Award Scheme is (i) to incentivise the Eligible Participants in boosting the sales target(s) for the sale of liquor; (ii) to award certain Selected Participants with Awarded Shares for achieving certain sales target(s) for the sale of liquor; and (iii) to recognise the contributions by certain Selected Participants and to provide them with incentives in order to retain them for continual operation, development and growth of the Group as a whole.

Subject to any early termination, the 2023 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. The 2023 Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the 2023 Share Award Scheme and the Trust Deed. The decision of the Board and the Trustee with respect to any matter arising under the 2023 Share Award Scheme (including the interpretation of any provision) shall be final and binding. Subject to the rules of the 2023 Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 2023 Share Award Scheme as a Selected Participant, and grant Awards to any Selected Participant at no consideration and in such number and on and subject to such terms and conditions, including but not limited to, the conditions of entitlement and/or vesting of the Awarded Shares, restrictions on the transfer of the Awarded Shares and the right to alter the terms and conditions of the Awards, as it may in its absolute discretion determine.

The Awards granted by the Board may, from time to time, at the absolute discretion of the Board be satisfied by the Awarded Shares to be allocated or otherwise dealt with by the BVI Co upon the Board's instructions to the Selected Participants under the Scheme Mandate Limit.

The Trustee has been appointed to hold the Awarded Shares through the BVI Co to be held on trust and to assist the Board with the administration and vesting of the Awards and the Awarded Shares granted pursuant to the rules of the 2023 Share Award Scheme. The BVI Co will purchase such Shares as directed by the Board subject to the Purchase Restrictions.

Upon the establishment of the Trust, the Board shall cause to be paid the money for the purchase of Shares, representing the market value of the Shares at the time of purchase multiplied by the number of the Shares to be purchased, from the Company's resources. The Board shall have the absolute discretion on the time and frequency to instruct the BVI Co to purchase the Shares in the market as long as the 2023 Share Award Scheme remains valid and effective, subject to the Purchase Restrictions. The allocation of the Awarded Shares from the BVI Co to the Selected Participants shall follow the vesting schedule of such Selected Participants pursuant to the terms and conditions of the 2023 Share Award Scheme.

The Trustee shall deal with the Awarded Shares in accordance with the decisions and directions of the Board. The Company and/or the Trustee and/or the BVI Co shall comply with the relevant Listing Rules and any other applicable laws or regulations when purchasing the Shares, granting of Award(s), allocating or otherwise dealing in the Awarded Share(s) (as the case may be).

2. WHO MAY JOIN

The Board may, at its absolute discretion, invite any persons belonging to any of the following classes of participants (i.e. Eligible Participants), to be offered Awards:

- (a) any employees of Renhuai Guofeng at all levels (including but not limited to officers, directors and chief executives) who are responsible for the daily management and administration services (i.e. Employee Participant(s)); and
- (b) any regional or designated dealers, distributors or sales channels who signed service contracts within six months after entering into the memorandum of understanding with and provided distribution and promotion services for the sale of liquor to Renhuai Guofeng in relation to the liquor business on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of long-term growth of the Group (i.e. Service Provider(s)). There are two types of Service Providers, namely regional and designated Service Providers. Both types of Service Providers provide similar services as sales channels of liquor, except that the provision of regional Service Providers is restricted to a certain area of the PRC whereas designated Service Providers can sell liquor in any parts of the PRC. Designated Service Providers can also enjoy the supporting services provided by regional Service Providers, such as training, management, promotional and marketing activities.

For the avoidance of doubt, the Service Providers exclude customers purchasing goods from the Group; other service providers or suppliers save as those set out in (b) above; placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions; and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity.

3. MAXIMUM NUMBER OF SHARES

The maximum number of Award Shares which may be purchased and allocated in respect of all Awards to be granted under the 2023 Share Award Scheme (i.e. the Scheme Mandate Limit), must not aggregate exceed ten (10) percent of the Shares in issue as at the Adoption Date. The Company shall not grant any further Awards which will result in the total number of Award Shares in respect of all Awards granted/to be granted to the Selected Participants exceeding the Scheme Mandate Limit.

The maximum number of Award Shares which may be purchased and allocated in respect of all Awards to be granted to Service Providers under the 2023 Share Award Scheme, must not in aggregate exceed 90% of the Scheme Mandate Limit (i.e. the Service Provider Sublimit). The Company shall not grant any further Awards which will result in the total number of Award Shares in respect of all Awards granted/to be granted to Service Providers exceeding the Service Providers Sublimit.

Subject to the rules of the 2023 Share Award Scheme, the Scheme Mandate Limit and the Service Provider Sublimit may be refreshed by the Company as follows:

- (a) the Company may seek approval from its Shareholders in general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) under the 2023 Share Award Scheme after three years from the Adoption Date or from the date of Shareholders' approval for the last refreshment; and
- (b) if the Company seeks to refresh the Scheme Mandate Limit and the Service Provider Sublimit (as the case may be) under the 2023 Share Award Scheme within a three-year period from the Adoption Date or from the date of Shareholders' approval for the last refreshment, such refreshment must be approved by the Shareholders in general meeting subject to the following provisions:
 - (i) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules,

provided that point (b) above does not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro-rata basis as set out in rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities rounded to the nearest whole Share.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

No Award shall be granted to any Selected Participant which would result in the total number of (a) the Award Shares purchased/allocated and to be purchased/allocated under the Awards already granted or to be granted to such Selected Participant under the 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the 2023 Share Award Scheme); and (b) any Shares issued and to be issued and/or purchased and to be purchased and/or allocated and to be allocated in respect of all other options and awards (if any) granted to such elected Participant, in the 12-month period up to and including the date of such grant representing in aggregate over 1 % of the Shares in issue (the "**1% Individual Limit**"). Any grant of Awards that shall exceed the 1% Individual Limit must be separately approved by Shareholders in general meeting which such Selected Participant and his/her close associates (or associates if such Selected Participant is a connected person) abstaining from voting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

Any grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards).

No Award shall be granted to any Selected Participant who is a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates which would result in the total number of the Award Shares allocated and to be allocated under the Awards already granted or to be granted to such Selected Participant under the 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the 2023 Share Award Scheme) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (the “**0.1% Limit**”). Any grant of Awards to such Selected Participant that shall exceed the 0.1% Limit must be approved by Shareholders in general meeting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

No Award shall be granted to any Selected Participant who is an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates which would result in the total number of the Award Shares allocated and to be allocated under the Awards already granted or to be granted to such Selected Participant under the 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the 2023 Share Award Scheme) in the 12-month period up to and including the date of such grant, representing in aggregate over the 0.1% Limit. Any grant of Awards to such Selected Participant that shall exceed the 0.1% Limit must be approved by Shareholders in general meeting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

In the event of any Award being granted to any Selected Participant who is a Director, chief executive of the Company, a substantial shareholder of the Company, or any of their respective associate which would exceed the 0.1% Limit, the grantee of the Award and all core connected persons of the Company must abstain from voting in favour at such general meeting convened to approve the granting of the Award and the Company must comply with the requirements under Chapter 13 of the Listing Rules.

5. VESTING OF AWARDS

The vesting conditions of the Selected Participants are as follows:

- (a) for Employee Participants: the sales target of the liquor of Renhuai Guofeng shall meet not less than RMB100,000,000 by the financial year end of the Company (i.e. 31 December every year); and
- (b) for Service Providers: the sales revenue of the liquor generated by the Service Providers shall meet the corresponding requirements set out in the grant notice issued to such Service Providers based on the service contracts signed between Renhuai Guofeng and each of such Service Providers within the twelve-month vesting period after the grant notice issued by the Company to each of such Service Providers.

Subject to the terms and conditions of the 2023 Share Award Scheme Scheme and the fulfillment of all entitlement and/or vesting conditions to the entitlement and/or vesting of the Awarded Shares on such Selected Participant as specified in the 2023 Share Award Scheme and the grant notice (unless otherwise waived by the Board), the Board shall on the Vesting Date (or if the Vesting Date is not a

Business Day, on the next Business Day) cause the Trustee to allocate and transfer to such Selected Participant such number of Award Shares as set out in the grant notice and the consideration for the allocation and transfer fees of the Shares representing the market value of the Shares shall be borne by the Company's resources.

The Board is entitled to impose any terms and conditions (including a period of continued employment, engagement and/or service within the Group and/or any Related Entities after the Award shall become entitled and/or vested), as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Awarded Shares on the Selected Participant and shall inform such Selected Participant the relevant conditions of the Award and the Awarded Shares provided that the vesting period for Awards shall not be less than 12 months unless under the specific circumstances below:

- (a) to provide competitive terms and conditions to Employee Participants and individuals who the Board considers are valuable talent for the development and growth of the businesses of the Group in order to attract and induce them in accepting the employment offer made by the Group to them;
- (b) in the event that a Selected Participant retired at his normal retirement date, all the Award Shares of the relevant Selected Participant, as determined by the Board in its absolute discretion, shall be deemed to be vested on the day immediately prior to his normal retirement or such earlier or later date by agreement with the relevant member of the Group;
- (c) in the event of the death of a Selected Participant at any time prior to a Vesting Date, the Award Shares of such Selected Participants shall be deemed to be vested on the day immediately prior to his death;
- (d) in the event of a change in control of the Company as defined in the Hong Kong Code on Takeovers and Merges and Share Buy-back prior to the Vesting Date, the Board shall determine at its absolute discretion whether such Award Shares shall vest to the Selected Participant;
- (e) in the event that a notice is duly given by the Company to its Shareholders to convene a general meeting for the purpose of considering a resolution for the voluntary winding-up of the Company or an order of winding up of the Company is made, the Board shall determine at its discretion whether such Award Shares shall vest to the Selected Participant and the time at which such Award Shares shall vest; or
- (f) notwithstanding the foregoing, the Board may impose a shorter vesting period on the Awards granted to any Selected Participants who are Employee Participants under the first financial year end of the Company following the adoption of the 2023 Share Award Scheme, since the first financial year end of Renhuai Guofeng following the adoption of the 2023 Share Award Scheme is approaching (i.e. 31 December 2023), and the business of Renhuai Guofeng has already commenced.

Subject to the rules of the 2023 Share Award Scheme, any Awards granted by the Board to any Selected Participants but not vested shall automatically and immediately lapse after the last day of the vesting period. The Board believes that its ability to provide for flexible accelerated exercisability or vesting of the Award under specific circumstances allows it to provide competitive remuneration package to attract and retain individuals to provide services to the Group.

6. PERFORMANCE TARGETS

The performance targets of the Selected Participants are as follows:

- (i) for Employee Participants: the sales target of the liquor of Renhuai Guofeng shall meet not less than RMB100,000,000 by the financial year end of the Company (i.e. 31 December every year); and
- (ii) for Service Providers: the sales revenue of the liquor generated by the Service Providers shall meet the corresponding requirements set out in the grant notice issued to such Service Providers based on the service contracts signed between Renhuai Guofeng and each of such Service Providers within the twelve-month vesting period after the grant notice issued by the Company to each of such Service Providers.

The Board is entitled to impose any terms and conditions (including a period of continued employment, engagement and/or service within the Group and/or any Related Entities after the Award shall become entitled and/or vested), as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Awarded Shares on the Selected Participant.

7. GRANT PRICE

Subject to the rules of the 2023 Share Award Scheme, the Board may grant Awards to any Selected Participant at no consideration from time to time.

8. RIGHTS ATTACHING TO THE AWARD SHARES

A Selected Participant shall not have any interest or rights (including the right to receive dividends) in the Award Shares under an Award prior to the Vesting Date; and a Selected Participant shall have no voting rights in the Award Shares under an Award prior to the Vesting Date. The Trustee holding unvested shares of a share scheme (if any), whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval 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.

9. AUTOMATIC CANCELLATION OF AN AWARD

An Award shall be automatically cancelled if:

- (a) the Selected Participant fails to sign and return the acceptance form attached to the grant notice before the expiry of the acceptance period;

- (b) the Board does not receive the reply slip and the relevant duly signed documents from the Selected Participant at least fifteen (15) Business Days prior to the Vesting Date;
- (c) in the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant pursuant to the 2023 Share Award Scheme; and
- (d) unless otherwise waived or determined by the Board, the entitlement and vesting condition specified in the grant notice are not fully satisfied prior to or on the relevant Vesting Date. If any entitlement condition specified in the grant notice for any specific number of Award Shares under an Award is being satisfied prior to or on the relevant Vesting Date, such number of Award Shares shall, upon the vesting condition for those entitled Award Shares being satisfied prior to or on the relevant Vesting Date, be vested to the Selected Participant on the relevant Vesting Date and any remaining number of Award Shares the entitlement condition is not being satisfied prior to or on the relevant Vesting Date shall be automatically cancelled on the relevant Vesting Date.

Awards that are cancelled in accordance with the terms of the 2023 Share Award Scheme shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

10. CLAWBACK MECHANISM

Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant, without limitation, the following:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement or service to any member of the Group or Related Entities and whether or not it has resulted in his employment or engagement or service being terminated by the relevant member of the Group or any Related Entities;
- (b) where such a person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (c) where such person has been convicted of any criminal offence;
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; or

- (e) where such person commits a breach of relevant clauses under the service contract, which shall be submitted to the district court where such service contract is signed, including:
- (i) if the Service Provider violates the intellectual property rights and confidentiality obligations stipulated under the service contract, Renhuai Guofeng has the right to request the Service Provider to stop the infringement, eliminate the impact, and compensate for losses. Renhuai Guofeng reserves its right to unilaterally terminate the service contract;
 - (ii) if the Service Provider violates the relevant provisions on horizontal competition under the service contract, or the Service Provider promotes, sells, uses or produces products with counterfeit or counterfeit Guofeng brand logos, or uses Guofeng brand in any form in any other business or product other than Renhuai Guofeng's products, the Service Provider shall pay to Renhuai Guofeng the liquidated damages based on 10 times the market value of the products and businesses involved, and the Service Provider shall be liable for breach of the service contract;
 - (iii) any of the following circumstances encountered by the Service Provider shall constitute a major breach of contract, and Renhuai Guofeng has the right to unilaterally terminate the service contract at any time and hold the Service Provider liable for breach of contract:
 - (1) occurrence of illegal or serious violations, revocation of business license, food business license/record registration and other permits, or involvement in major administrative penalties, suspension of business for rectification, takeover, cancellation, dissolution, bankruptcy and other procedures;
 - (2) material adverse change in the Service Provider's financial or operating conditions, or the Service Provider is involved in criminal cases, public security cases or administrative violations, or have major negative public opinion, and Renhuai Guofeng believes that the circumstances are serious and have had or may have a major adverse impact on Renhuai Guofeng; and
 - (3) during the effective period of the service contract, the Service Provider violates the relevant responsibilities or obligations under the service contract, and Renhuai Guofeng considers the circumstances to be serious,

the relevant Award made to such Selected Participant shall automatically be cancelled, provided that a determination of the Board and/or the Trustee to the effect that the Award shall lapse and not be vested or exercisable on one or more of the grounds as specified above shall be conclusive and binding on the Eligible Participant and that in each case above the Board and/or the Trustee in its absolute discretion may decide that such Award shall not so lapse or determine subject to such conditions or limitations as it may decide; and that any of such decision shall be conclusive and binding on the Eligible Participant. The Company shall not owe any liability to any Eligible Participant for the lapse of any Award under the Clawback mechanism. Any Awards lapsed in accordance with the terms and conditions of the 2023 Share Award Scheme will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit. Such Selected Participant shall have no right or claim against the Company, any other member of the Group, the Board or with respect to those or any other Shares or any right thereto or interest therein in any way.

The Clawback mechanism ensures that the Awards granted to the Eligible Participants are equitable and will remain equitable before vesting. In certain circumstances, it may be regarded as inequitable for any Awarded Shares to be vested or retained, as applicable. Such Awarded Shares are therefore subject to Clawback, including but not limited to where there has been a material misstatement or omission in the financial reports of the Group, if the relevant Selected Participant has engaged in serious negligence, fraud or misconduct, or if the relevant Selected Participant has become an Excluded Participant prior to or on the Vesting Date. The Company must recover from any such Selected Participant the part of the Award that was erroneously vested in such Selected Participant or Excluded Participant, in accordance with the Clawback provisions under the 2023 Share Award Scheme. Upon Clawback, then, unless determined otherwise by the Board, the Award granted to a Selected Participant will automatically and immediately lapse:

- (a) any entitlement of the Selected Participant to Awarded Shares will be cancelled with immediate effect;
- (b) the Board, at its discretion, may direct the Trustee to sell, transfer, procure redemption/repurchase of, or otherwise deal with all Awarded Shares or related assets;
- (c) the Board, at its discretion, may direct the Trustee to pay, return, or otherwise deal with all disposed Awarded Shares in the form of cash;
- (d) the Board, at its discretion may direct the Selected Participant to return, repay or otherwise deal with any vested Awarded Shares; and
- (e) the Selected Participant will have no claims against the Board or the Trust or BVI Co or any member of the Group in connection with the Clawback.

11. CAPITAL REORGANISATION

In the event of any Alteration of Share Capital of the Company after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Award Shares that may be purchased and/or allocated (as the case may be) in respect of all the Awards to be granted under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such Alteration of Share Capital shall be the same, rounded down to the nearest whole Share.

12. TRANSFERABILITY OF AWARDS GRANTED

Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable 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 the Awarded Shares referable to him pursuant to such Award unless a waiver is granted by the Stock Exchange allowing the transfer of the Awards from a Selected Participant to a vehicle (such as a trust or a private company) for the benefit of such Selected Participant and any family members of such Selected Participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the 2023 Share Award Scheme and comply with the requirements of Chapter 17 of the Listing Rules.

13. ALTERATION OF THE 2023 SHARE AWARD SCHEME AND CHANGE TO THE TERMS OF THE AWARDS

Except for those prohibited under the rules of the 2023 Share Award Scheme, the 2023 Share Award Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Participants thereunder.

Any alteration to the terms and conditions of the Awards granted to a Selected Participant must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the remuneration committee and/or the independent non-executive Directors and/or the Shareholders (as the case may be). Any change to the authority of the Board and/ or the Trustee to alter the terms of the 2023 Share Award Scheme shall be approved by the Shareholders in general meeting. In any event, any amendments to the terms and conditions of the Awards and/or the rules of the 2023 Share Award Scheme must still comply with the requirements under Chapter 17 of the Listing Rules; and any alterations to the terms and conditions of the 2023 Share Award Scheme which are of a material nature, and any change to the terms of any Awards granted to the advantage of Eligible Participants, shall be subject to the approval of the Shareholders in general meeting and, where required under the Listing Rules.

14. TERMINATION

The 2023 Share Award Scheme shall terminate on the earlier of: (i) the tenth anniversary date of the Adoption Date; or (ii) such date of early termination as determined by the Company by ordinary resolution in general meeting or the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

Upon termination of the 2023 Share Award Scheme, (i) no further grant of Award Shares may be made under the 2023 Share Award Scheme; (ii) all the Awards of the Selected Participant granted under the 2023 Share Award Scheme shall continue to be valid and effective and become vested in the Selected Participant according to the terms and conditions of the Award and the 2023 Share Award Scheme, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Participants; (iii) all remaining Awarded Shares not vested and transferred to the Selected Participants held by the Trustee shall be sold by the BVI Co within 40 Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Board may both otherwise determine) (“**Sale of Remaining Shares**”); and (iv) all net proceeds of Sale of Remaining Shares and such other funds and properties subject to the Trust through the BVI Co (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the BVI Co may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever other than its interest in the proceeds of Sale of Remaining Shares.

For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the 2023 Share Award Scheme.

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奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders (the “Shareholder(s)”) of Qidian International Co., Ltd. (the “Company”) will be held at Conference Room, 11th Floor, Block 1, Wangjing Chengying Centre, Laiguangying West Road, Chaoyang District, Beijing, the PRC on Thursday, 15 June 2023 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**, the Shares which may fall to be purchased, allocated or otherwise dealt with on the vesting of any Awarded Shares pursuant to any Awards which may be granted under the 2023 Share Award Scheme, the rules of which are contained in the document marked “A” produced to this meeting and signed by the chairman of this meeting for identification purpose, the 2023 Share Award Scheme and the Scheme Mandate Limit of 21,927,974 Shares be and is hereby approved and adopted and the Directors be and are 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 the Directors may consider necessary, desirable or expedient to effect and implement the 2023 Share Award Scheme, including without limitation,
 - (a) administering the 2023 Share Award Scheme under which Awards will be granted to Eligible Participants under the 2023 Share Award Scheme;
 - (b) modifying and/or amending the 2023 Share Award Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Award Scheme relating to modification and/or amendment and the requirements of the Listing Rules;
 - (c) granting Awards to the Selected Participants under the 2023 Share Award Scheme and purchasing, allocating or otherwise dealing in from time to time such number of Awarded Shares as may be required to be purchased, allocated, or otherwise dealt in pursuant to the vesting of the Awards that may be granted under the 2023 Share Award Scheme and subject to the Listing Rules; and

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- (d) consenting, if it 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 2023 Share Award Scheme.”
2. “**THAT**, conditional on the passing of the ordinary resolution no. 2 set out in this notice and adoption of the 2023 Share Award Scheme, the Service Provider Sublimit on the total number of Award Shares that may be allocated or otherwise dealt in respect of all Awards to be granted to the Service Providers under the 2023 Share Award Scheme be and is hereby approved and adopted and the Directors be and are 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 the Directors may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

By order of the Board
Qidian International Co., Ltd
Yuan Li
Chairman

Hong Kong, 22 May 2023

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this notice.
2. Voting at the EGM will be taken by poll as required under the Listing Rules.
3. The register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the extraordinary general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong for registration not later than 4:30 p.m. on Friday, 9 June 2023.
4. Any member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the meeting of the Company. A proxy need not be a member of the Company.

NOTICE OF EGM

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
6. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
7. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
9. The English text of this notice of extraordinary general meeting shall prevail over the Chinese text in case of inconsistency.
10. If a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is in force at or at any time after 7:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the Company’s website at www.hyjd.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify members of the date, time and place of the rescheduled meeting.
11. As at the date hereof, the executive directors of the Company are Mr. Yuan Li and Mr. Xu Xinying; the non-executive director of the Company is Ms. Xu Honghong; and the independent non-executive directors of the Company are Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi.