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中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

(formerly known as “Qidian International Co., Ltd. 奇点国际有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

(1) PROPOSED AMENDMENTS TO THE 2023 SHARE AWARD SCHEME; AND (2) NOTICE OF EGM

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 6 to 15 of this circular.

A notice convening the EGM of China Qidian Guofeng Holdings Limited (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, 25 January 2024 at 10:00 a.m. at which the aforesaid share award scheme will be considered is set out on pages EGM-1 to EGM-2 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 10:00 a.m. on Tuesday, 23 January 2024. 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.

5 January 2024

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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 existing share award scheme of the Company adopted on 15 June 2023
“Adoption Date”	15 June 2023, the adoption date of the 2023 Share Award Scheme
“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
“Amended 2023 Share Award Scheme”	the amended share award scheme of the Company which has incorporated all of the Proposed Amendments, proposed to be adopted by an ordinary resolution to be passed by the Shareholders at the EGM, a summary of the amended terms are set out in Appendix I to this circular
“Amendment Date”	being the date on which the 2023 Share Award Scheme is amended by the Company upon the approval by the Shareholders of the Proposed Amendments to 2023 Share Award Scheme and the Service Provider Sublimit
“Award(s)”	an award of Award Share(s) by the Board to Selected Participant(s) pursuant to the Amended 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 by the Trustee or issued and allotted by the Company for the benefit of the Selected Participants upon the Board’s determination pursuant to the Amended 2023 Share Award Scheme and 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
“Beijing Shengshang”	Beijing Shengshang Entrepreneurial Technology Co., Ltd (北京聖商創業科技有限公司), a company with limited liability established in the PRC on 5 August 2005

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“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 Amended 2023 Share Award Scheme
“Company”	China Qidian Guofeng Holdings Limited (中国奇点国峰控股有限公司), (formerly known as “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 EGM to be convened and held by the Company to consider and, if thought fit, approve the Proposed Amendments to the 2023 Share Award Scheme and the Service Provider Sublimit
“Eligible Participant(s)”	refers to the categories of participants of the Amended 2023 Share Award Scheme as set out in paragraph headed “Basis of Eligibility of the Eligible Participants” under the Amended 2023 Share Award Scheme
“Excluded Participant(s)”	(1) any director of the BVI Co; and (2) any Eligible Participant who is (i) resident in a place where the award of the Award 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 mechanism set out in the paragraph headed “10. Clawback mechanism” in the Appendix I to this circular

DEFINITIONS

“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”	4 January 2024, 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
“Listing Approval”	the listing committee of the Stock Exchange’s approval of the listing of, and the permission to deal in, any Shares on the Stock Exchange which may be issued by the Company pursuant to the exercise of any Awards under the Amended 2023 Share Award Scheme
“May 2023 SAS Circular”	the circular of the Company dated 22 May 2023 in relation to, among other things, the adoption of the 2023 Share Award Scheme
“October 2023 Circular”	the circular of the Company dated 24 October 2023 in relation to, among other things, the continuing connected transaction in relation to the agency agreement dated 28 August 2023
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Amendments”	the proposed amendments to the 2023 Share Award Scheme, key changes of which are set out in this circular
“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
“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

DEFINITIONS

“Restrictions on Awards”	(1) Purchase Restrictions; (2) where granting of any Award would result in a breach by the Company, its Subsidiaries or any of their respective directors of any applicable securities laws, rules or regulations; (3) where such grant of any Award would result in a breach of the Scheme Mandate Limit; or (4) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Mandate Limit”	the maximum number of Award Shares which may be purchased issued, allotted and allocated in respect of all Awards to be granted under the Amended 2023 Share Award Scheme
“Selected Employee(s)”	Selected Participant(s) who is/are Employee Participant(s)
“Selected Participant(s)”	Eligible Participant(s) selected by the Board to grant Award(s) pursuant to the Amended 2023 Share Award Scheme
“Service Provider Sublimit”	the Amended 2023 Share Award Scheme sublimit set for service providers
“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)
“Shenzhen Co.”	Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司), a company with limited liability established in the PRC on 8 August 2023 and a subsidiary owned as to 75% by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“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, holding any new Shares issued and allotted for any Selected Participants, 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
“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 Amended 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 Amended 2023 Share Award Scheme
%	per cent

* *for identification purpose only*

LETTER FROM THE BOARD



中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

(formerly known as “Qidian International Co., Ltd. 奇点国际有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

Executive Directors

Mr. Yuan Li (Chairman)

Mr. Xu Xinying (Vice-chairman)

Mr. Zhuang Liangbao

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

Non-executive Director

Ms. Xu Honghong

Principal Place of Business in Hong Kong

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

Independent Non-executive Directors

Mr. Zhang Yihua

Mr. Chen Rui

Mr. Fung Tak Choi

5 January 2024

To the Shareholders:

**(1) PROPOSED AMENDMENTS TO THE 2023 SHARE AWARD SCHEME;
AND
(2) NOTICE OF EGM**

INTRODUCTION

At the extraordinary ordinary meeting of the Company held on 15 June 2023, resolutions were passed for approving, inter alia, the adoption of the 2023 Share Award Scheme.

The purpose of this circular is to provide you with, among other matters, (i) Proposed Amendments to the 2023 Share Award Scheme; and (ii) 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, to approve the Proposed Amendments to the 2023 Share Award Scheme and the Service Provider Sublimit.

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 Proposed Amendments to the 2023 Share Award Scheme, such that it must abstain from voting, and, accordingly, all Shareholders will be permitted to vote at the EGM to approve the aforementioned matters.

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PROPOSED AMENDMENTS TO THE 2023 SHARE AWARD SCHEME

The Company adopted the 2023 Share Award Scheme on 15 June 2023. As previously disclosed in the May 2023 Circular, the liquor business under Renhuai Guofeng was newly developed at the start of 2023, and the Group only intended to incentivise and boost the sales target(s) for the sale of liquor under the 2023 Share Award Scheme. For the 9 months ended 30 September 2023, the revenue recorded for the liquor business of Renhuai Guofeng was approximately RMB31 million (unaudited). As at 30 September 2023, there are (i) not less than 709 service providers who have made certain payments to Renhuai Guofeng for placing the first order of purchase of liquor; and (ii) 29 employees under Renhuai Guofeng. After adoption of the 2023 Share Award Scheme, there was an increase in revenue from the Group's liquor business of Renhuai Guofeng from approximately RMB12 million for the 4 months ended 31 May 2023 (unaudited) to approximately RMB19 million for the 4 months ended 30 September 2023 (unaudited). As such, the Board is of the view that the 2023 Share Award Scheme provided incentives to the eligible participants therein. In light of the positive impacts of the 2023 Share Award Scheme, the Board would like to extend the scope of the Eligible Participants to also cover other businesses of the Group, whilst continuously support and incentivise the liquor business of Renhuai Guofeng, so to also bring incentives to these businesses of the Group.

Having considered that (i) the offline retail performance of the Group's sale of household and home appliances has been slightly impacted by the rapid development of online channels, resulting in a slight decrease from approximately RMB126.8 million for the six months ended 30 June 2022 (unaudited) to approximately RMB121.7 million for the six months ended 30 June 2023 (unaudited); and (ii) as disclosed in the October 2023 Circular, in light of the agency agreement entered into between Shenzhen Co. and Beijing Shengshang on 28 August 2023, the Shenzhen Co. intends to (a) provide sales agency services for other training courses other than Beijing Shengshang; and (b) as part of its future business plan, develop its own training courses in relation to relationship, traditional Chinese culture, study tour programs and new media, so as to build up its brand influence and become a leading company in the training services industry, the Board is of the view that, these aforementioned other businesses would also benefit from the Proposed Amendments to the 2023 Share Award Scheme.

In particular, in addition to repurchasing existing Shares, the Group will involve the grant of Award Shares by the Company of new shares and/or existing shares under the Amended 2023 Share Award Scheme, which is mainly for reducing the allocation of cash flow for purchasing of existing Shares. Having taken into consideration that (i) the working capital needed for pre-ordering liquor from the Group's liquor supplier to cater for the orders of liquor from customers of Renhuai Guofeng; and (ii) certain capital is reserved as initial funding for (a) the new development of agency services for business management and in the management training industry; and (b) future business plan of Shenzhen Co. to develop its own training services, the Board is of the view that more working capital is needed for the abovementioned business development of the Group. As such, in order to reserve cash flow as working capital for the business operation of Renhuai Guofeng and the new potential business of Shenzhen Co., the Board is of the view that the use of new Shares in addition to repurchasing existing Shares under the Amended Share Award Scheme may allow more flexibility for

LETTER FROM THE BOARD

the Group in allocation of cash flow. In light of the aforementioned reasons, the Board proposes to amend the 2023 Share Award Scheme, the key changes entailed by the Proposed Amendments to the 2023 Share Award Scheme are set out below:

- (a) to revise the paragraph headed “1. Purpose Duration and Administration of the 2023 Share Award Scheme” in the Appendix I to the May 2023 SAS Circular, in particular, the operation of the 2023 Share Award Scheme to allow the Company to, upon the Board’s instruction, allot and issue new Shares to the Trust for the benefit of the Selected Participants for the Amended 2023 Share Award Scheme pursuant to valid mandate of the Company, for granting of Award Shares to the Eligible Participant(s);
- (b) to revise the paragraph headed “2. Who May Join” in the Appendix I to the May 2023 SAS Circular, in particular, to extend the scope of the Eligible Participants;
- (c) to revise the paragraph headed “3. Maximum Number of Shares” in the Appendix I to the May 2023 SAS Circular, in particular, the Service Provider Sublimit from approximately 9% to approximately 7% of the existing issued Shares of the Company;
- (d) to revise the paragraph “5. Vesting of Awards” in the Appendix I to the May 2023 SAS Circular, in particular, the vesting conditions including the performance criteria and relevant factors considered by the Board for determination of vesting of Awards and number of Award Shares;
- (e) to revise the paragraph headed “6. Performance Targets” in the Appendix I to the May 2023 SAS Circular, in particular, the performance targets will be set out in the Grant Notice on a case-by-case basis; and
- (f) to revise the paragraph headed “10. Clawback Mechanism” in the Appendix I to the May 2023 SAS Circular, in particular, to reflect the changes in accordance to the amended scope of Eligible Participants.

All of the amendments proposed to be made to the 2023 Share Award Scheme to be approved at the EGM are set out in Appendix I to this circular. Save as the Proposed Amendments set out in Appendix I to this circular, the terms and conditions of the Amended 2023 Share Award Scheme remain the same as those of the 2023 Share Award Scheme.

The Board believes that the Proposed Amendments would (i) allow the Company to include more experienced employees of the Group to take part in achieving the performance goals; (ii) to further develop different business segments of the Group by including more different Service Providers in the scheme; and (iii) to allow more working capital to be used for the Group’s business developments of different segments, all to enhance the achievability of the specific objectives of the Amended 2023 Share Award Scheme set out in paragraph headed “1. Purpose Duration and Administration of the Amended 2023 Share Award Scheme” in Appendix I to this circular.

Due to the change from the use of only purchased shares to include issuance of new shares under the Proposed Amendments, the Scheme Mandate Limit and the Service Provider Limit under the Amended 2023 Share Award Scheme are based on the number of shares of the Company in issue on the date of approval of the Amended 2023 Share Award Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 219,279,744 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date, the maximum number of Shares issuable pursuant to the Amended 2023 Share Award Scheme and any other schemes of the Company in aggregate will be 21,927,974 Shares, being 10% of the total number of Shares in issue on the Amendment Date. Furthermore, no Award has been granted yet under the 2023 Share Award Scheme as at the Latest Practicable Date for the following reasons:

- (i) the Service Providers are subject to a twelve-month assessment period, namely not later than 14 June 2024, in relation to their sales performance before the Company shall grant to them any Award;
- (ii) the sales target performance of liquor business for Employee Participants set under the 2023 Share Award Scheme has not been fulfilled yet; and
- (iii) the Company is still in the process of assessing the performance of Employee Participants for granting of Awards.

As at the Latest Practicable Date, no Award has been granted and outstanding under the 2023 Share Award Scheme.

BASIS OF ELIGIBILITY OF THE ELIGIBLE PARTICIPANTS UNDER THE AMENDED 2023 SHARE AWARD SCHEME

Eligible Participants under the Amended 2023 Share Award Scheme, as amended, include the following:

- (i) any employees of the Group at all levels (including but not limited to officers, directors and chief executives) who are responsible for the daily management and administrative services which, among others, include employees of Renhuai Guofeng (“**Employee Participant(s)**”);
- (ii) (a) in respect of the Group’s liquor business: (1) regional dealers, distributors and sales channels who have exclusive regional distribution rights in a certain district, county or province; and (2) authorised/designated dealers, distributors and sales channels with necessary operating licences who may sell liquor in any parts of the PRC; and

(b) in respect of the Group’s sales agency services and training business: (1) external sales agents for the promotion and sale of training courses; (2) promotion consultants/advisers; and (3) trainers/instructors of the training courses.

(all together “**Service Providers**”)

For the avoidance of doubt, the Service Providers exclude customers purchasing goods from the Group; 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.

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The basis of eligibility of Employee Participants to the grant of any Awards shall be determined by the Board from time to time, at its discretion, all the factors considered appropriate, including but not limited to (i) their potential and/or actual contribution to the development and growth of the Group; (ii) their positions and responsibilities; and (iii) their expected work performance and quality.

The basis of eligibility of Service Providers to the grant of any Awards shall be determined by the Board from time to time, at its discretion, all the factors considered appropriate, including but not limited to (i) the potential and/or actual contribution to the development and growth of the Company attributable to the Service Providers; (ii) the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services; and (iii) the scale and length of the Group's engagement of or collaboration with the Service Provider. The Board is of the view that to include the Service Providers in the Amended 2023 Share Award Scheme would be in the interest of the Group, as by holding onto equity incentive, the Service Providers would be encouraged to achieve and fulfill, among other things, the performance criteria set out in the paragraph headed "5. Vesting of Awards" in the Appendix I to this circular on a continuous and long-term basis.

SERVICE PROVIDER SUBLIMIT

The Company proposes to revise the service provider sublimit of approximately 9% of the shares in issue as at the Adoption Date under the 2023 Share Award Scheme in respect of Awards that may be granted to Service Providers in which the maximum number of Shares may be granted to the Service Providers is 19,735,176 Shares, subject to the Shareholders' approval at the EGM. Under the Amended 2023 Share Award Scheme, the Service Provider Sublimit shall be that, assuming there is no change in the issued Shares between the period from the Latest Practicable Date, the maximum number of Shares that may be granted to the Service Providers is 15,349,582 Shares, representing approximately 7% of the shares in issue as at the Amendment Date, approximately 7% of the existing issued Shares of the Company, and no more than 70% of the Scheme Mandate Limit.

The Board is of the view that, by holding on to equity incentives, the Service Providers (if granted the Awards) would benefit from the long-term growth of the Group, and in light of the twelve-month assessment period before granting of Awards, the Service Providers as participants of the Amended 2023 Share Award Scheme are incentivised to, on a continuous and long-term basis, achieve and fulfil the other performance criteria that the Group would consider before vesting of Awards. As such, the Service Providers may be more likely to consider their own interests to be in line with the long-term growth of the Group. Moreover, under the Amended 2023 Share Award Scheme where the Group would issue new Shares in addition to repurchasing existing Shares for the granting of Awards, it would reduce allocation of cash flow to the remuneration of the Service Providers (if granted the Awards). Therefore, the Board is of the view that it would be in the Group's interest to include the Service Providers in the Amended 2023 Share Award Scheme.

The basis of for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Providers; (ii) the expected contribution to the development and growth of the Company attributable to the Service Providers; and (iii) the amended scope of Eligible Participants, including the increased number of Employee Participants.

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The Board has taken into consideration that (i) there is no other share scheme after the expiration of the share option scheme on 5 March 2020; (ii) the Service Providers are important links between the Group and the end customers for the retail businesses of the Group; (iii) the Group's business needs and the nature of the Group's business model in relying on Service Providers for market expansion; (iv) the estimated ratio of Employees Participants and Service Providers is approximately 0.3; and (v) the relatively higher number of Service Providers. Accordingly, in light of the aforementioned factors and despite that there may be potential dilutive impact to the shareholders, the Service Provider Sublimit of 7% is considered (i) appropriate and reasonable and is in line with the purposes and objectives of the Amended 2023 Share Award Scheme; and (ii) aligns with the industry norms.

As the Board intends to incentivise, award and recognise the contributions of the Selected Participants, as well as to attract suitable personnel, including Employee Participants with valuable talent and Service Providers with substantial contribution, for further development of the Group, the Board is of the view that it may help achieve the abovementioned purposes under the Amended 2023 Share Award Scheme if the Selected Participants do not need to pay for the awarded shares.

The Company proposes to revise the performance target set for the Employee Participants under the 2023 Share Award Scheme, where it was set out that the sales target of the liquor of Renhuai Guofeng shall meet not less than RMB100,000,000 by its financial year end. As the scope of Eligible Participants under the Amended 2023 Share Award Scheme is now extended to cover the whole Group, the Board proposes to not set a specified performance target for the whole Group, save as otherwise imposed by the Board as it thinks fit.

The Board will assess the performance criteria to be satisfied by the Selected Participants and relevant factors (as set out in the paragraph headed "5. VESTING OF AWARDS" in the Appendix I to this circular) on a case-by-case basis, which include performance targets at the Company level and/or individual level set out in the Grant Notice, to ensure that the vesting of the Awards would be beneficial to the Group. There is no specified performance target which must be achieved by the Selected Participant under the Amended 2023 Share Award Scheme before an Award is vested, save as otherwise imposed by the Board as it thinks fit in the relevant Award made pursuant to the Amended 2023 Share Award Scheme.

VIEW OF THE BOARD ON THE PROPOSED AMENDMENTS TO THE 2023 SHARE AWARD SCHEME

The Board (excluding the independent non-executive Directors) are of the view that:

- (a) the Proposed Amendments allow greater flexibility in utilizing the Group's resources to implement the Amended 2023 Share Award Scheme;
- (b) the Proposed Amendments enable the Group to use share incentives to (i) encourage employees of the Group at all levels and Service Providers of the Group to contribute to the Group and align the mutual interests of each party; and (ii) to attract suitable personnel to enhance its business performance, as the Group, the Employee Participants and the Service Providers will mutually benefit from the long-term growth of the Group by holding on to equity incentives;

LETTER FROM THE BOARD

- (c) the Service Providers have played significant roles in the Group's business growth and development, and therefore the categories of service providers are in favour of the long-term development of the Group's business, in line with the Company's business needs and the industry norms, and in the interest of the Company and its Shareholders;
- (d) the criteria for selection of Eligible Participants and the terms of the grants, including the performance criteria and relevant factors for determination of vesting of Awards, align with the purposes and objectives of the scheme; and
- (e) the Proposed Amendments are fair and reasonable.

VIEW OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS ON THE PROPOSED AMENDMENTS TO THE 2023 SHARE AWARD SCHEME

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

- (a) the Proposed Amendments and the Service Provider Sublimit are appropriate and reasonable such that it provides the Group with the flexibility in utilising resources while providing further incentives to employees of the Group and service providers to contribute to the growth and success of the Group, which is in line with the long-term interests of the Company and its Shareholders;
- (b) the Service Providers have played significant roles in the Group's business growth and development, and therefore the categories of service providers are in line with the Company's business needs and the industry norm;
- (c) the criteria for selection of Eligible Participants and the terms of the grants, including the performance criteria and relevant factors for determination of vesting of Awards, align with the purposes and objectives of the scheme; and
- (d) the Proposed Amendments are fair and reasonable.

VESTING PERIOD

To ensure the practicability in fully attaining the purpose of the Amended 2023 Share Award Scheme, the Board and the Remuneration Committee are of the view that (i) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the holders of the Awards, which are set out in the paragraph headed "5. VESTING OF AWARDS" in the Appendix I to this circular; (ii) there is a need for the Company to retain flexibility in certain cases to reward, attract and retain individuals to provide services to the Group, to provide for succession planning and the effective transition of employee responsibilities and to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions based on the valuable talent of the Selected Employees instead of only time-based vesting criteria depending on individual circumstances.

LETTER FROM THE BOARD

As such, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in the paragraph headed “5. VESTING OF AWARDS” in the Appendix I to this circular is in line with the market practice and is appropriate and aligns with the purpose of the Amended 2023 Share Award Scheme.

PERFORMANCE TARGETS

The Company proposes to revise the performance target set for the Employee Participants under the 2023 Share Award Scheme, where it was set out that the sales target of the liquor of Renhuai Guofeng shall meet not less than RMB100,000,000 by its financial year end. As the scope of Eligible Participants under the Amended 2023 Share Award Scheme is now extended to cover the whole Group, the Board proposes to not set a specified performance target for the whole Group, save as otherwise imposed by the Board as it thinks fit.

The Board will assess the performance criteria to be satisfied by the Selected Participants and relevant factors (as set out in the paragraph headed “5. VESTING OF AWARDS” in the Appendix I to this Circular) on a case-by-case basis, which include performance targets at the Company level and/or individual level set out in the Grant Notice, to ensure that the vesting of the Awards would be beneficial to the Group. There is no specified performance target which must be achieved by the Selected Participant under the Amended 2023 Share Award Scheme before an Award is vested, save as otherwise imposed by the Board as it thinks fit in the relevant Award made pursuant to the Amended 2023 Share Award Scheme.

In light of the abovementioned reasons, the Board and the Remuneration Committee are of the view that the Proposed Amendments in relation to the performance target are in line with the market practice, appropriate and align with the purpose of the Amended 2023 Share Award Scheme.

ADOPTION CONDITIONS FOR THE PROPOSED AMENDMENTS TO THE 2023 SHARE AWARD SCHEME

The adoption of the Proposed Amendments to the 2023 Share Award Scheme is conditional upon the fulfilment of the following conditions:

- (a) the passing of the ordinary resolutions by the Shareholders at the EGM to approve (i) the Proposed Amendments to the 2023 Share Award Scheme; and (ii) the Service Provider Sublimit; and
- (b) the Company having obtained the Listing Approval.

In relation to the condition set out in (a) above, ordinary resolutions will be proposed at the EGM for Shareholders to consider and, if thought fit, to approve the Proposed Amendments to the 2023 Share Award Scheme and the Service Provider Sublimit. In relation to the condition set out in (b) above, an application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued by the Company pursuant to the exercise of any awards up to 10% of the Shares in issue as at the Amendment Date.

LETTER FROM THE BOARD

EGM

The EGM will be held for Shareholders to consider and, if thought fit, approve the Proposed Amendments to the 2023 Share Award Scheme and the Service Provider Sublimit. 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, 25 January 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 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).

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 10:00 a.m. on Tuesday, 23 January 2024). 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 22 January 2024 to Thursday, 25 January 2024, 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, 19 January 2024.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

For the reasons set out above, the Directors consider that the Proposed Amendments to the 2023 Share Award Scheme are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to approve the resolution as set out in the notice of EGM on page EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

A copy of the Amended 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 Amended 2023 Share Award Scheme will be made available for inspection at the EGM.

Yours faithfully,
By Order of the Board
China Qidian Guofeng Holdings Limited
Yuan Li
Chairman

Set out below is a summary of the amended terms and conditions of the 2023 Share Award Scheme to provide sufficient information to Shareholders for their consideration of the Proposed Amendments to the 2023 Share Award Scheme proposed to be adopted at the EGM. The Directors reserve the right at any time prior to the EGM to make such amendments to the Amended 2023 Share Award Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any materials aspects with the summary in this Appendix I, and that any such amendments will be disclosed to the Shareholders for their re-approval at the EGM.

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

The specific purpose and objectives of the Amended 2023 Share Award Scheme (i) to recognize the contributions by certain Selected Participants with an opportunity to acquire a proprietary interest in the Company; (ii) to provide additional incentives for the Eligible Participants to achieve performance goals; (iii) to attract suitable personnel for further development of the Group; and (iv) to recognize 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, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Participants directly to the Shareholders through ownership of Shares.

Subject to any early termination, the Amended 2023 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. The Amended 2023 Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Amended 2023 Share Award Scheme and the Trust Deed. The decision of the Board and the Trustee with respect to any matter arising under the Amended 2023 Share Award Scheme (including the interpretation of any provision) shall be final and binding. Subject to the rules of the Amended 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 Amended 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 or issued and allotted by the Company 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 Amended 2023 Share Award Scheme. The BVI Co will purchase such Shares as directed by the Board subject to the Purchase Restrictions.

Purchase of Shares/Issue of new Shares and Allocation of Awarded Shares

Upon the establishment of the Trust:

- (i) 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 Scheme remains valid and effective, subject to the Restrictions on Awards; or
- (ii) the Board may at its discretion at any time after the date of grant and on or before the Vesting Date, issue and/or allot new Shares in respect of the Awards to the Trust for the benefit of the Selected Participants. The Company shall comply with the relevant Listing Rules and the Articles when allotting and issuing new Shares and application shall be made to the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the new Shares to be issued and/or allotted to the Trust for the benefit of the Selected Participants. Such issue and/or allotment of new Shares pursuant to the Scheme should only be made upon the fulfillment of the following conditions: (i) the total number of Shares to be allotted and issued to the Trust for the benefit of the Selected Participants shall not exceed the total number of Award Shares granted to such Selected Participants; (ii) the total number of Shares to be allotted and issued to the Trust for the benefit of the Selected Participants in respect of the Awards granted under the Amended 2023 Share Award Scheme shall not exceed the Scheme Mandate Limit; (iii) the listing committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares which may be allotted and issued by the Company to the Trust for the benefit of the Selected Participants; and (iv) the Company having obtained the Shareholders' approval in general meeting under a valid mandate to authorise the Directors to allot and issue new Shares to the Trust for the benefit of the Selected Participants in respect of the Awards granted under the Amended 2023 Share Award Scheme.

The Shares so purchased, issued and/or allotted for the benefit of the Selected Participants in respect of the Awards granted under the Amended 2023 Share Award Scheme will, subject to the vesting conditions being fulfilled and the vesting schedule of such Selected Participants, be allocated and transferred to the Selected Participants pursuant to the terms and conditions of the Amended 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), issuing and allotting, 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:

- (i) any employees of the Group 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)**”);
- (ii) (a) in respect of the Group’s liquor business: (1) regional dealers, distributors and sales channels who have exclusive regional distribution rights in a certain district, county or province; and (2) authorised/designated dealers, distributors and sales channels with necessary operating licences who may sell liquor in any parts of the PRC; and
- (b) in respect of the Group’s sales agency services and training business: (1) external sales agents for the promotion and sale of training courses; (2) promotion consultants/advisers; and (3) trainers/instructors of the training courses.
- (all together “Service Providers”)

For the avoidance of doubt, the Service Providers exclude customers purchasing goods from the Group; 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 basis of eligibility of Employee Participants to the grant of any Awards shall be determined by the Board from time to time, at its discretion, all the factors considered appropriate, including but not limited to (i) their potential and/or actual contribution to the development and growth of the Group; (ii) their positions and responsibilities; and (iii) their expected work performance and quality.

The basis of eligibility of Service Providers to the grant of any Awards shall be determined by the Board from time to time, at its discretion, all the factors considered appropriate, including but not limited to (i) the potential and/or actual contribution to the development and growth of the Company attributable to the Service Providers; (ii) the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services; and (iii) the scale and length of the Group’s engagement of or collaboration with the Service Provider.

3. MAXIMUM NUMBER OF SHARES

The maximum number of Award Shares which may be purchased, issued, allotted and allocated in respect of all Awards to be granted under the Amended 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 Amendment 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, issued, allotted and allocated in respect of all Awards to be granted to Service Providers under the Amended 2023 Share Award Scheme, must not in aggregate exceed 70% 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 Amended 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 Amended 2023 Share Award Scheme after three years from the Amendment 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 Amended 2023 Share Award Scheme within a three-year period from the Amendment 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 Amended 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the Amended 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 Amended 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the Amended 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 Amended 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the Amended 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 shall be determined by the Board and set out in the notice containing details concerning the grant of Award Shares (“Grant Notice”) and the notice concerning the vesting. Subject to other terms and conditions of the Amended 2023 Share Award Scheme, the vesting of the Awards is subject to the Selected Participant remaining at all times after the date of Grant Notice and on the Vesting Date as an Eligible Participant. A Selected Participant, who is a Service Provider, is regarded as ceasing to be a Selected Participant if such person or entity ceases to provide services to the Group on a continuing or recurring basis. However, a Selected Employee is regarded as remaining as a Selected Participant notwithstanding that he or she ceases to hold a position of employment or directorship with a member of the Group, if at the same time he or she takes up a different position of employment and/or directorship with another member of the Group as requested or instructed by the Company. For the avoidance of doubt, if a Selected Participant ceases to hold a position of employment or directorship with a member of the Group and at the same time takes up a different position of employment and/or directorship with another member of the Group for any reason other than at the request or direction of the Company, the Selected Participant will be regarded as ceasing to be a Selected Participant (except as otherwise determined in absolute discretion by the Board).

In determining the vesting of Awards and the number of Award Shares, it shall be subject to performance criteria to be satisfied by the Selected Participants (excluding any Excluded Participants) and factors determined by the Board from time to time as it thinks appropriate. The performance criteria and relevant factors include, without limitation to, the following matters:

- (i) the potential and/or actual contribution of the relevant Selected Participant(s) to the financial performance of the Group;
- (ii) the sales performance and sales revenue of the Group by the end of each of the financial year of the Group;
- (iii) the performance of the relevant Selected Participants;
- (iv) the general financial condition of the Group;
- (v) the Group's overall business objectives and future development plan; and
- (vi) any other matter which the Board considers relevant.

Subject to the terms and conditions of the Amended 2023 Share Award 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 Amended 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) issue and allot new Shares to the Trust for the benefit of the Selected Participants and/or cause the Trustee to allocate and transfer the Shares so purchased, issued and/or allotted to such Selected Participant in accordance with the 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 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, except for the specific circumstances set out below in respect of Awards granted only to Selected Employees:

- (a) to provide competitive terms and conditions to Selected Employees 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 Employee retired at his or her normal retirement date, that is, 60 of age for male employees and 50-55 of age for female employees, all the Awarded Shares of the relevant Selected Employee, as determined by the Board in its absolute discretion, shall be deemed to be vested on the day immediately prior to his or her 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 Employee at any time prior to a Vesting Date, the Awarded Shares of such Selected Employee shall be deemed to be vested on the day immediately prior to his or her 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 Awarded Shares shall vest to the Selected Employees; or
- (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 Awarded Shares shall vest to the Selected Employees and the time at which such Awarded Shares shall vest.

For the avoidance of doubt, the vesting period in respect of Awards granted to Selected Participants who are Service Providers shall not be less than 12 months.

6. PERFORMANCE TARGETS

The Board will assess the performance criteria to be satisfied by the Selected Participants and relevant factors (as set out in the paragraph headed “5. VESTING OF AWARDS” in this Appendix) on a case-by-case basis, which include performance targets at the Company level and/or individual level set out in the Grant Notice, to ensure that the vesting of the Awards would be beneficial to the Group. There is no specified performance target which must be achieved by the Selected Participant under the Amended 2023 Share Award Scheme before an Award is vested, save as otherwise imposed by the Board as it thinks fit in the relevant Award made pursuant to the Amended 2023 Share Award Scheme.

7. GRANT PRICE

Subject to the rules of the Amended 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 Amended 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 Amended 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 determined otherwise by the Board at its discretion from time to time, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant include the following:

- (i) 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 and whether or not it has resulted in his employment or engagement or service being terminated by the relevant member of the Group; or
- (ii) 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; or
- (iii) where such person has been convicted of any criminal offence; or
- (iv) 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
- (v) where such person commits a material breach of contract(s) between any member of the Group and the Eligible Participant(s),

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 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 Amended 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 Amended 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 Amended 2023 Share Award Scheme and comply with the requirements of Chapter 17 of the Listing Rules.

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

Except for those prohibited under the rules of the Amended 2023 Share Award Scheme, the Amended 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 Amended 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 Amended 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 Amended 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 Amended 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 Amended 2023 Share Award Scheme, (i) no further grant of Award Shares may be made under the Amended 2023 Share Award Scheme; (ii) all the Awards of the Selected Participant granted under the Amended 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 Amended 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 Amended 2023 Share Award Scheme.

15. RESTRICTIONS AND PROHIBITIONS

No Award shall be made by the Board pursuant to the paragraph headed “1. PURPOSE DURATION AND ADMINISTRATION OF THE AMENDED 2023 SHARE AWARD SCHEME” where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Pursuant to rule 17.05 of the Listing Rules and without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until the trading day after such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period commencing one month immediately before the earlier of:
 - (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to announce its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, no Awards may be granted during any period of delay in publishing a results announcement of the Company; or

- (iii) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

In addition, no Award shall be granted by the Board to an Eligible Participant who is a Director during a period in which the Directors are prohibited from dealing in Shares pursuant to Appendix 10 of the Listing Rules “Model Code for Securities Transactions by Directors of Listed Issuers”, or the Company’s own equivalent code or by any other applicable rules, regulations or law. Accordingly, no instructions shall be given by the Board to the BVI Co and the BVI Co shall not purchase any Shares when the Directors are under absolute prohibitions to deal with the Shares for themselves under Appendix 10 of the Listing Rules.

NOTICE OF EGM



中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

(formerly known as “Qidian International Co., Ltd. 奇点国际有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an EGM (the “EGM”) of the shareholders (the “Shareholder(s)”) of China Qidian Guofeng Holdings Limited (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, 25 January 2024 at 10:00 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**,
 - (i) the Proposed Amendments to the 2023 Share Award Scheme (the “**Amended 2023 Share Award Scheme**”) a copy of which is produced to this meeting, marked “A” and initialed by the chairman of the meeting for identification purpose, be and is hereby approved and adopted in all respects; and
 - (ii) the Directors be and are hereby authorized to grant the awards thereunder, and do all such acts and execute all such documents as he/she may deem necessary or expedient in order to give full effect to implementation of the Amended 2023 Share Award Scheme.”
2. “**THAT**, conditional on the passing of the ordinary resolution no. 1 set out in this notice and adoption of the Amended 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 Amended 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
China Qidian Guofeng Holdings Limited
Yuan Li
Chairman

Hong Kong, 5 January 2024

NOTICE OF EGM

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, 22 January 2024 to Thursday, 25 January 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the EGM, 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 Friday, 19 January 2024.
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.
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 EGM 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, Mr. Xu Xinying and Mr. Zhuang Liangbao; 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.