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Bairong Inc.
百融雲創

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock Code: 6608)

(1) PROPOSED ADOPTION OF THE 2024 SHARE SCHEME
(2) PROPOSED ADOPTION OF THE RSU SCHEME
AND
(3) REPLACEMENT OF THE 2021 ESOP AND
THE 2021 SHARE AWARD SCHEME
AND NO FURTHER GRANT UNDER THE 2019 ESOP

BACKGROUND

As at the date of this announcement, the Company has three existing share schemes, namely the 2019 ESOP, the 2021 ESOP and the 2021 Share Award Scheme. In order to comply with the requirements under the new Chapter 17 of the Listing Rules (effective from January 1, 2023), the Board has resolved to propose the adoption of the 2024 Share Scheme and the RSU Scheme, the terms of which will observe all the applicable requirements under the new Chapter 17 of the Listing Rules, to replace the 2021 ESOP and the 2021 Share Award Scheme.

The adoption of the 2024 Share Scheme and the RSU Scheme and the replacement of the 2021 ESOP and the 2021 Share Award Scheme are conditional upon the Shareholders' approval of the 2024 Share Scheme. Immediately upon the 2024 Share Scheme and the RSU Scheme taking effect, the Company shall not grant any further options and awards under the 2021 ESOP and the 2021 Share Award Scheme thereafter, provided that any granted and unexercised options made under the 2021 ESOP and any granted and unvested award shares under the 2021 Share Award Scheme shall continue to be valid and exercisable and/or vested in accordance with the original terms of grant and the relevant scheme rules of the 2021 ESOP and the 2021 Share Award Scheme.

Shareholders should note that the 2019 ESOP has ceased granting of any share options after the Listing Date.

LISTING RULES IMPLICATIONS

The 2024 Share Scheme constitutes a share scheme involving the grant by a listed issuer of (i) new shares of the listed issuer; or (ii) options over new shares of the listed issuer, to, or for the benefit of, specified participants of the scheme under Rule 17.01(1)(a) of the Listing Rules and its proposed adoption is subject to the Shareholders' approval by way of ordinary resolution(s) at the AGM or any adjourned meeting. Further details of the terms of the 2024 Share Scheme will be set out in a circular to be despatched to the Shareholders in due course. Meanwhile, the RSU Scheme constitutes a share scheme of a listed issuer that is funded by existing shares of the listed issuer under Rule 17.01(1)(b) of the Listing Rules and its proposed adoption shall not be subject to the Shareholders' approval under Chapter 17 of the Listing Rules. Nevertheless, the Board has resolved that the adoption of the RSU Scheme shall be conditional upon the Shareholders' approval of the 2024 Share Scheme.

An application will be made to the Listing Committee of the Stock Exchange, as and when appropriate, for the listing of, and permission to deal in, the Class B Shares which may fall to be issued pursuant to the vesting and/or exercise of Awards under the 2024 Share Scheme of up to 10% of the Shares in issue as at the date of the AGM or any adjourned meeting.

PROPOSED ADOPTION OF THE 2024 SHARE SCHEME

The Board has resolved to propose the adoption of the 2024 Share Scheme, a share scheme involving the grant of new Class B Shares issued by the Company.

Operation of the 2024 Share Scheme is conditional upon (a) the passing of a resolution by the Shareholders to approve the adoption of the 2024 Share Scheme; and (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Class B Shares to be allotted and issued pursuant to the 2024 Share Scheme.

Details of the terms of the 2024 Share Scheme will be set out in a circular to be despatched to the Shareholders in due course.

A summary of the principal terms of the 2024 Share Scheme is set out below:

Purposes

The purposes of the 2024 Share Scheme are:

- (a) to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage the Eligible Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole;
- (b) to encourage and retain Eligible Participants and attract talents to make contributions to the long-term development goals of the Group; and
- (c) to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

Eligible Participants

The Board or the Scheme Administrator may from time to time, at its sole and absolute discretion, select any Eligible Participant (other than any Excluded Participant) for participation in the 2024 Share Scheme. The Eligible Participants shall fall under one or more of the below categories:

- (a) **Employee Participants**, being directors and employees (including full-time and part-time employees) of the Company or any of its subsidiaries (including persons who are granted Awards as an inducement to enter into employment contracts with these companies).
- (b) **Related Entity Participants**, being directors and employees of the Related Entities.
- (c) **Service Provider Participants**, being persons (natural persons or corporate entities) who provide services to the Group in relation to the Group's model as a service (MaaS) and business as a service (BaaS) business operations on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long-term growth of the Group, including:
 - (i) suppliers who supply the Group with technical or technology services, with which the Group would consider important to maintain a close business relationship on an ongoing basis for the operations and growth of the Group;
 - (ii) consultants or advisors, who provide consultancy or advisory services to the Group in relation to research and development, industry research, corporate governance and business administration, strategic planning and business expansion, government relations, etc., where the continuity and frequency of their services are akin to those of employees; or
 - (iii) business partners or joint venture business partners who are, or are anticipated to be, significant to the Group's technical and technological development in relation to artificial intelligence (AI), software as a service (SaaS), and other areas important to the business and operations of the Group,

excluding (1) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (2) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

Scheme Mandate Limit and Service Provider Sublimit

The Scheme Mandate Limit is initially set at 10% of the Shares in issue as at the Share Scheme Adoption Date, within which, the Service Provider Sublimit is initially set at 1% of the Shares in issue as at the Share Scheme Adoption Date. The Company shall not make any further grant of Awards that would result in the total number of Class B Shares issued under the 2024 Share Scheme and any other share schemes of the Company exceeding the Scheme Mandate Limit and, where applicable, the Service Provider Sublimit. Both the Scheme Mandate Limit and the Service Provider Sublimit may be subsequently refreshed by the Shareholders at general meeting in accordance with the 2024 Share Scheme Rules and the Listing Rules.

Awards that have lapsed in accordance with the 2024 Share Scheme Rules will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

Awards that have been cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

Maximum Entitlement of Each Eligible Participant

Grants to individuals that exceed the thresholds set out in Chapter 17 of the Listing Rules will be subject to additional approval requirements as required under Chapter 17 of the Listing Rules.

Issue Price and Exercise Price

The Board or the Scheme Administrator may determine in its absolute discretion the Issue Price of Share Awards and the Exercise Price for Share Options and such prices shall be set out in the Award Letter.

The Exercise Price for Share Options shall be no less than the higher of: (i) the closing price of the Class B Shares on the Grant Date; (ii) the average closing price of the Class B Shares for the 5 Business Days immediately preceding the Grant Date; and (iii) the nominal value of the Class B Shares.

The Issue Price of Share Awards shall be determined on an individual basis for each Grantee by the Board or the Scheme Administrator. For the avoidance of doubt, the Board may determine the Issue Price to be nil.

Exercise Period

The Board or the Scheme Administrator may determine in its absolute discretion the Exercise Period for any award of Share Options and such period shall be set out in the Award Letter. In any event, the Exercise Period for any Share Options shall not be longer than 10 years from the Grant Date.

Award Vesting Period

The Board or the Scheme Administrator may determine the Award Vesting Period and specify such period in the Award Letter. Save as otherwise provided in the limited circumstances set out in the 2024 Share Scheme Rules, the vesting period shall be in the range of 12 months to 48 months and may not be a period less than 12 months from the Grant Date.

The limited circumstances set out in the 2024 Share Scheme Rules only apply to Employee Participants and are consistent with the scenarios contemplated in FAQ 092-2022 issued by the Stock Exchange, including where:

- (a) grants of “make-whole” share awards to an Employee Participant who is a new joiner to replace the share awards he/she has forfeited when leaving the previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, in which circumstances the vesting of shares awards may accelerate;
- (c) grant of awards that are subject to performance-based vesting conditions, in lieu of time-based vesting criteria;

- (d) awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the awards would have been granted;
- (e) awards are granted with a mixed or accelerated vesting schedule (such as where the awards may vest evenly over a period of 12 months); and/or
- (f) awards with a total vesting and holding period of more than 12 months.

Performance Targets

The Board or the Scheme Administrator may, in its absolute discretion, set performance criteria/targets in the Award Letter in respect of Awards granted on a case-by-case basis. The Board or the Scheme Administrator shall not set any performance criteria/targets in the Award Letter in respect of Awards granted to any independent non-executive Director. The performance targets refer to any performance measures, or derivations of such performance measures that may be related to the individual Grantee or the Group as a whole, or to a subsidiary, division, department, region, function or business unit of the Company or the relevant Related Entity Participant or the relevant Service Provider Participant. The following general factors will be taken into account when deciding the performance targets to be attached to an Award, including but not limited to:

- (a) the contribution of the Eligible Participants to the Group's financial or business performance;
- (b) the individual performance appraisal of the Eligible Participants;
- (c) the key operational/financial metrics of the Group or any line of business, such as retention rate of key clients, client satisfaction, revenues, earnings, cash flows or non-IFRS EBITDA;
- (d) the business goals and future development milestones of the Group or any line of business; and
- (e) any other matters deemed relevant by the Board or the Scheme Administrator.

The Board or the Scheme Administrator shall also establish robust mechanisms to ensure impartial evaluation of such indicators. For the avoidance of doubt, an Award shall not be subject to any performance targets, criteria or conditions if none are set out in the relevant Award Letter.

Voting and Dividend Rights

Awards do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. Neither the Grantee nor the Trustee may exercise any of the voting rights in respect of any Awards that have not yet vested or have vested but not yet been exercised and/or satisfied.

Restrictions on Granting of Awards

No Award shall be granted to any Eligible Participant:

- (a) in circumstances prohibited by the Listing Rules or at a time when the relevant Eligible Participant would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules) or by any applicable rules, regulations or law;
- (b) where the Company is in possession of any unpublished inside information in relation to the Company, until (and including) the trading day after such inside information has been announced;
- (c) during the periods commencing one month immediately before the earlier of the date of the board meeting for approving the Company's results for any year, half-year, quarterly or any other interim period and the deadline for the Company to announce such results, and ending on (and including) the date of publication of the results announcement, provided that such period will also cover any period of delay in the publication of any results announcement;
- (d) if any member of the Group is required under applicable laws, rules or regulations to issue a prospectus or other offer documents in respect of such grant or the 2024 Share Scheme;
- (e) where such grant or dealing in the Shares in respect of such grant would result in a breach by any member of the Group or any of its directors of any applicable laws, rules, regulations or codes in any jurisdiction from time to time;
- (f) in circumstances where the requisite approval from any applicable governmental or regulatory authority has not been obtained, provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon such approval being obtained;
- (g) in circumstances which would result in a breach of the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be), provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon the Scheme Mandate Limit or the Service Provider Sublimit (as the case may be) being refreshed or approval of the Shareholders being otherwise obtained; or
- (h) where such Award is to a connected person and under the Listing Rules requires the specific approval of Shareholders, until such approval of Shareholders is obtained, provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon such specific Shareholders' approval being obtained,

and any such grant so made (or made without being subject to the necessary conditions contemplated above) shall be null and void to the extent (and only to the extent) that it falls within the circumstances described above.

Term of the 2024 Share Scheme

Subject to any early termination pursuant to the 2024 Share Scheme Rules, the 2024 Share Scheme will be valid and effective for 10 years commencing on the Share Scheme Adoption Date in accordance with Rule 17.03(11) of the Listing Rules.

Scheme Administration and Appointment of Trustee

The 2024 Share Scheme shall be administered by the Board or the Scheme Administrator in accordance with the 2024 Share Scheme Rules. The Company may also establish a Trust and appoint a Trustee to hold Class B Shares and other trust property under the Trust for the purposes of implementing and administering the 2024 Share Scheme. The administration and operation of the Trust shall be governed by the Trust Deed. Unless otherwise agreed between the Company and any Trustee, the Board or the Scheme Administrator shall act on behalf of the Company to give instructions to and direct the Trustee.

As at the date of this announcement, the Company has not yet appointed a Trustee for the 2024 Share Scheme. The Trustee and its ultimate beneficial owners shall be independent third parties.

Amendment

The Board or the Scheme Administrator may amend the 2024 Share Scheme or the terms of an Award, provided that:

- (a) the amendment must comply with Chapter 17 of the Listing Rules;
- (b) Shareholders' approval at general meeting is required for the following:
 - (i) any amendment or alteration to the terms and conditions of the 2024 Share Scheme that is of a material nature or any amendment or alteration to those provisions that relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants;
 - (ii) any change to the authority of the Board or the Scheme Administrator to alter the terms of the 2024 Share Scheme; and
- (c) any amendment or alteration to the terms of an Award the grant of which was subject to the approval of a particular body shall be subject to approval by the same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under the terms of the 2024 Share Scheme.

Termination

The 2024 Share Scheme shall terminate on the earlier of:

- (a) the 10th anniversary of the Share Scheme Adoption Date; and
- (b) such date of early termination as determined by either (i) an ordinary resolution in general meeting passed by the Shareholders or (ii) the Board.

Notwithstanding such termination, the 2024 Share Scheme and the 2024 Share Scheme Rules shall continue to be valid and effective to the extent necessary to give effect to the vesting and/or exercise of any Awards granted prior to the termination of the 2024 Share Scheme and such termination shall not affect any subsisting rights already granted to any Grantee thereunder.

PROPOSED ADOPTION OF THE RSU SCHEME

The Board has approved the proposed adoption of the RSU Scheme, a share scheme that is funded by existing Class B Shares of the Company.

The adoption of the RSU Scheme shall be conditional upon the Shareholders' approval of the 2024 Share Scheme.

A summary of the principal terms of the RSU Scheme is set out below:

Purposes

The purposes of the RSU Scheme are:

- (a) to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage the Eligible Persons to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole;
- (b) to encourage and retain Eligible Persons and attract talents to make contributions to the long-term development goals of the Group; and
- (c) to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Persons.

Eligible Persons

The Eligible Persons of the RSU Schemes are any individual and/or entity (as the case may be), being (i) any directors or employees of the Group; (ii) any directors or employees of any Related Entity; and (iii) any officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any Related Entity who the Board or the Scheme Administrator considers, in its sole discretion and from time to time, to have contributed or will contribute to the long-term growth of the Group.

However, no individual or entity who is resident in a place where the grant, acceptance or vesting of a RSU Award pursuant to the RSU Scheme is not permitted under the laws and regulations in such place or where, in the view of the Board or the Scheme Administrator, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the RSU Scheme and such individual and/or entity shall therefore be excluded from the term Eligible Person.

RSU Scheme Limit

The Company shall not make further grant of RSUs which will result in the aggregate number of Class B Shares granted underlying all grants made pursuant to the RSU Scheme (excluding any RSUs lapsed in accordance with the RSU Scheme Rules) to exceed five per cent (5%) of the total number of issued Shares as at the relevant Grant Date unless the Board approve a further refreshment of the RSU Scheme Limit.

Maximum Entitlement of Each Selected Participant

The aggregate number of RSUs granted and to be granted to a Selected Participant (excluding any RSUs lapsed in accordance with the RSU Scheme Rules) in the twelve (12)-month period up to and including the relevant Grant Date shall not exceed one per cent (1%) of the total number of issued Shares as at the relevant Grant Date.

Vesting of RSU Award

The Board or the Scheme Administrator may from time to time while the RSU Scheme is in force and subject to all applicable laws, rules and regulations, determine in its sole and absolute discretion such vesting criteria and conditions or periods for the RSU Award to be vested hereunder. The relevant vesting date of any RSU Award and any other criteria or conditions for vesting shall be set out in the RSU Award Letter. The vesting of the RSU Award granted under the RSU Scheme is subject to the vesting conditions as set out in the RSU Award Letter.

If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant RSU Awards, all the RSUs underlying the relevant RSU Awards which may otherwise be vested during the respective vesting period shall not be vested and become immediately lapsed with respect to such Selected Participant. The Trustee shall be notified of such lapse and such Shares underlying the RSU shall be held by the Trustee as Returned Shares. The Board's or the Scheme Administrator's decision on whether the vesting conditions are fulfilled and satisfied shall be conclusive and final.

Any dividend underlying an unvested RSU shall be retained by the Trustee as part of the funds in the Trust. At the sole and absolute discretion of the Board and/or the Scheme Administrator, the Selected Participant may be entitled to any related income or dividend declared in relation to the RSUs during the period from the Grant Date to the date of vesting of RSU, subject to the terms and conditions specified in the RSU Award Letter. In the event that the RSUs are to be forfeited, lapsed or cancelled, such underlying dividend shall be retained by the Trustee as part of the funds in the Trust for the benefit of the RSU Scheme.

Within a reasonable time period after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board and/or the Scheme Administrator may, in respect of all or part of the RSUs that have been vested, decide at its absolute discretion either to:

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

Grant of RSU Awards

The Board or the Scheme Administrator may, from time to time, select any Eligible Person to be a Selected Participant and, subject to the RSU Scheme Rules, grant a RSU Award to such Selected Participant during the RSU Award Period conditional upon fulfilment of terms and conditions of the RSU Awards.

In determining the Selected Participants, the Board or the Scheme Administrator shall take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Group, the Group's general financial condition, and the Group's overall business objectives and future development plan. The Board and the Scheme Administrator shall, on the basis of the above conditions and taking into account the purpose of the RSU Scheme and other factors that the Board and the Scheme Administrator consider appropriate, still have the sole and absolute discretion in determining the relevant Selected Participant to implement and/or waive the conditions.

No grant of any RSU to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of a RSU Award where such RSU Award is to a connected person and the Listing Rules requires the specific approval of Shareholders, until such approval of Shareholders is obtained, provided that to the extent permissible in accordance with applicable laws, rules and regulations a RSU Award may be made conditional upon such specific Shareholders' approval being obtained.

Timing of RSU Awards

No grant of any RSU Award shall be made to Selected Participants pursuant to the RSU Scheme Rules and no directions or recommendation shall be given to the Trustee with respect to a grant of a RSU Award under the RSU Scheme:

- (a) where any Director is in possession of unpublished inside information in relation to the Company (within the meaning under the SFO) or, in the reasonable opinion of the Directors, subject to Rule 13.09(2)(a) of the Listing Rules and the inside information provisions of Part XIVA of the SFO (within the meaning under the Listing Rules); or where any Director knows or believes there is inside information which must be disclosed pursuant to the Listing Rules or any applicable laws, rules or regulations; or where dealings by directors or employees of any member of the Group are prohibited under any code, internal written guidelines for securities transactions, or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (b) during the period commencing one month immediately before the earlier of (i) the date of the meeting of the Board (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 (ii) 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. Such period will also cover any period of delay in publishing a results announcement of the Company;
- (c) in any circumstance prohibited by the Listing Rules or at a time when the relevant Eligible Person would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules) or by any applicable rules, regulations or law; and

- (d) in any circumstance where any requisite approval from any governmental or regulatory authority has not been granted.

In respect of the administration and operation of the RSU Scheme, the Company shall comply with all applicable disclosure regulations including those imposed by the Listing Rules and all applicable laws, rules and regulations from time to time.

Terms of the RSU Awards

The Company or the Scheme Administrator shall issue a letter or notice (including but not limited to by mail, e-mail or by notification via any electronic means) to each Selected Participant in such form as the Board or the Scheme Administrator may from time to time determine, specifying the Grant Date, the manner of acceptance of the RSU Award, the Purchase Price of each RSU and/or the number of RSU underlying the RSU Award, the vesting criteria and conditions (which may include, but not limited to, the fulfilment of the key quantitative and qualitative requirements of the relevant business unit(s) and personal performance targets by the relevant Selected Participant prescribed by the Group), the vesting date and such other details, terms and conditions as the Board may consider necessary and in compliance with the RSU Scheme.

Duration

Subject to any early termination pursuant to the RSU Scheme Rules, the RSU Scheme shall be valid and effective for the RSU Award Period, after which no further RSU Awards will be granted under the RSU Scheme, and thereafter for so long as there are any unvested RSU Awards granted prior to the expiration of the RSU Award Period, in order to give effect to the vesting of such RSU Awards or otherwise as may be required in accordance with the provisions of the RSU Scheme Rules.

Administration

The Board shall be responsible and have full authority for the administration of the RSU Scheme in accordance with the RSU Scheme Rules. The authority to administer the RSU Scheme may be delegated by the Board to the Scheme Administrator, including its powers to offer or grant RSU Awards and to determine the terms and conditions of such RSU Awards, provided that nothing shall prejudice the Board's power to revoke such delegation at any time or derogate from the full authority rested with the Board for the administration of the RSU Scheme. Decisions of the Board or the Scheme Administrator in relation to the operation of the RSU Scheme or interpretation of the RSU Scheme Rules shall be final and binding on all parties.

The Board or the Scheme Administrator may appoint one or more administrators from time to time, who may be independent third-party contractors, to assist in the administration of the RSU Scheme, to whom they may delegate such functions relating to the administration of the RSU Scheme as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrators shall be determined by the Board or the Scheme Administrator.

The Company may establish a Trust and appoint a Trustee to hold Shares and other trust property under the Trust for the purposes of implementation and administration of the RSU Scheme. The administration and operation of the Trust shall be governed by the Trust Deed. Unless otherwise agreed between the Company and any Trustee, the Scheme Administrator shall act on behalf of the Company to give instructions to and direct the Trustee. A Trustee shall not exercise any voting rights in respect of any unvested Shares held by it, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

As at the date of this announcement, the Company has not yet appointed a Trustee under the RSU Scheme. The Trustee and its ultimate beneficial owners shall be independent third parties.

Amendment of the RSU Scheme or Terms of the RSU Awards

Subject to the RSU Scheme Rules, the Board or the Scheme Administrator may amend any of the provisions of the RSU Scheme or any RSU Awards granted under the RSU Scheme at any time and in any respect.

No amendment or alteration shall be made to any provisions of the RSU Scheme or any RSU Awards granted under the RSU Scheme to the extent that such amendment or alteration has a material adverse effect on any subsisting rights of any Selected Participant at that date in respect of RSU Awards already granted to that Selected Participant and to the extent that such RSU Awards have not vested or lapsed, without such Selected Participant's consent, provided that no such consent shall be required if the Board or the Scheme Administrator determines in its sole discretion that such amendment or alteration either:

- (a) is necessary or advisable in order for the Company, the RSU Scheme or the RSU Award to satisfy any applicable law or Listing Rules or to meet the requirements of, or avoid adverse consequences under, any accounting standard; or
- (b) is not reasonably likely to diminish materially the benefits provided under such RSU Award, or that any such diminishment has been adequately compensated.

Termination

Subject to the paragraph under the section headed "*Duration*" above, the RSU Scheme shall terminate on the earlier of:

- (a) the end of the RSU Award Period except in respect of any non-vested RSUs granted and accepted hereunder prior to the expiration of the RSU Scheme, for the purpose of giving effect to the vesting of such RSUs or otherwise as may be required in accordance with the provisions of the RSU Scheme; or
- (b) such date of early termination as determined by the Board,

notwithstanding such termination, the RSU Scheme and the RSU Scheme Rules shall continue to be valid and effective to the extent necessary to give effect to the vesting of any RSU Awards granted prior to the termination of the RSU Scheme and such termination shall not affect any subsisting rights already granted to any Selected Participants hereunder. The RSU Awards granted shall continue to be held by the Trustee and become vested in the Selected Participant.

REPLACEMENT OF THE 2021 ESOP AND THE 2021 SHARE AWARD SCHEME AND NO FURTHER GRANT UNDER THE 2019 ESOP

Immediately upon the 2024 Share Scheme and the RSU Scheme taking effect, the Company shall not grant any further options and awards under the 2021 ESOP and the 2021 Share Award Scheme thereafter, provided that any granted and unexercised options made under the 2021 ESOP and any granted and unvested award shares under the 2021 Share Award Scheme shall continue to be valid and exercisable and/or vested in accordance with the original terms of grant and the relevant scheme rules of the 2021 ESOP and the 2021 Share Award Scheme.

Shareholders should note that the 2019 ESOP has ceased granting of any share options after the Listing Date.

LISTING RULES IMPLICATIONS

The 2024 Share Scheme constitutes a share scheme involving the grant by a listed issuer of (i) new shares of the listed issuer; or (ii) options over new shares of the listed issuer, to, or for the benefit of, specified participants of the scheme under Rule 17.01(1)(a) of the Listing Rules and its proposed adoption is subject to the Shareholders' approval by way of ordinary resolution(s) at the AGM or any adjourned meeting. Further details of the terms of the 2024 Share Scheme will be set out in a circular to be despatched to the Shareholders in due course. Meanwhile, the RSU Scheme constitutes a share scheme of a listed issuer that is funded by existing shares of the listed issuer under Rule 17.01(1)(b) of the Listing Rules and its adoption shall not be subject to the Shareholders' approval under Chapter 17 of the Listing Rules. Nevertheless, the Board has resolved that the adoption of the RSU Scheme shall be conditional upon the Shareholders' approval of the 2024 Share Scheme.

An application will be made to the Listing Committee of the Stock Exchange, as and when appropriate, for the listing of, and permission to deal in, the Class B Shares which may fall to be issued pursuant to the vesting and/or exercise of Awards under the 2024 Share Scheme of up to 10% of the Shares in issue as at the date of the AGM or any adjourned meeting.

DEFINITIONS

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

“2019 ESOP”	the share incentive plan approved and adopted by the Company in August 2019, the principal terms of which are set out in “Statutory and general information-Share Schemes” in Appendix V in the Prospectus
“2021 ESOP”	the post-IPO share option scheme conditionally approved and adopted by the Company on March 16, 2021, the principal terms of which are set out in “Statutory and general information-Share Schemes” in Appendix V in the Prospectus
“2021 Share Award Scheme”	the share award scheme adopted by the Company on May 28, 2021, the details of which are set out in the announcement of the Company dated May 31, 2021

“2024 Share Scheme”	the 2024 share scheme of the Company proposed to be adopted at the AGM or any adjourned meeting
“2024 Share Scheme Rules”	the rules relating to the 2024 Share Scheme as amended from time to time
“Actual Selling Price”	the actual price at which the Class B Shares underlying the RSUs are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy, Accounting and Financial Reporting Council transaction levy and any other applicable costs except stamp duty) on vesting of a RSU Award pursuant to the RSU Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to the RSU Scheme Rules, the consideration receivable under the related scheme or offer
“AGM”	the annual general meeting to be convened by the Company in 2024
“Articles”	the articles of association of the Company, as amended from time to time
“Awards(s)”	an award, which may take the form of a Share Option or a Share Award, granted under the 2024 Share Scheme by the Board or the Scheme Administrator to a Grantee in accordance with the 2024 Share Scheme Rules
“Award Letter”	a letter issued by the Company on the Grant Date in respect of each grant of Awards in such form as the Board or the Scheme Administrator may from time to time determine setting out the terms and conditions of the Award
“Award Share(s)”	new Class B Share(s) underlying an Award pursuant to the 2024 Share Scheme
“Award Vesting Period”	the period commencing on the Grant Date and ending on the date or dates on which a Grantee’s entitlement to any interest derived from an Award is vested in such Grantee in accordance with the 2024 Share Scheme Rules
“Board”	the board of Directors

“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Class A Share(s)”	class A ordinary share(s) in the share capital of the Company with a par value of US\$0.00002 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to (i) any amendment to the memorandum of association of our Company (as amended from time to time) or the Articles, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Company’s auditors; and (iv) the voluntary liquidation or winding-up of the Company, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary share(s) in the share capital of our Company with a par value of US\$0.00002 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings
“Company”	Bairong Inc., a company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any individual and/or entity (as the case may be), being eligible person(s) of the RSU Scheme
“Eligible Participant(s)”	any individual being an Employee Participant, a Related Entity Participant or a Service Provider Participant at any time during the term of the 2024 Share Scheme
“Employee Participant(s)”	director(s) and employee(s) (including full-time and part-time employees) of the Group (including persons who are granted Awards as an inducement to enter into employment contracts with these companies)
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the interests derived from an Award pursuant to the 2024 Share Scheme Rules is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant

“Exercise Period”	in respect of any Award, the period during which the Grantee may exercise the Award
“Exercise Price”	the price per Class B Share at which a Share Scheme Grantee may subscribe for Class B Shares upon the exercise of a Share Option
“Grant Date”	the date (which shall be a Business Day) on which the grant of an Award/RSU Award is made to an Eligible Participant/ Selected Participant, being the date of an Award Letter/RSU Award Letter, as the case may be
“Grantee”	any Eligible Participant approved for participation in the 2024 Share Scheme and who has been granted any Award pursuant to the 2024 Share Scheme Rules (or his/her legal personal representative or lawful successor as the case may be)
“Group”	the Company and its subsidiaries from time to time, and “member of the Group” means any or a specific one of them
“holding company(ies)”	has the meaning ascribed to it under the Listing Rules
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	in respect of Share Award, the price per Class B Share a Grantee is required to pay to subscribe for the Award Shares
“independent third party(ies)”	person or company who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company under the Listing Rules
“Listing Date”	March 31, 2021, being the date on which the Class B Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated March 19, 2021
“Purchase Price”	if any, the purchase price payable for the RSUs pursuant to a RSU Award Letter
“Related Entity(ies)”	a holding company of the Company, subsidiaries of the holding company other than members of the Group and associated companies of the Company
“Related Entity Participant(s)”	directors and employees of the Related Entities

“Returned Shares”	such RSUs that cannot be vested and/or are lapsed, cancelled or forfeited in accordance with the terms of the RSU Scheme, or such Class B Shares being deemed to be Returned Shares under the RSU Scheme Rules
“RSU(s)”	restricted share unit, each unit represents one underlying Class B Share granted to a Selected Participant in a RSU Award
“RSU Adoption Date”	the date on which the RSU Scheme is adopted, which shall be the same date as the Share Scheme Adoption Date
“RSU Award(s)”	A RSU Award granted by the Board or the Scheme Administrator to a Selected Participant, which may vest in the form of Class B Shares underlying the RSUs or the Actual Selling Price of the Class B Shares underlying the RSUs in cash, as the Board or the Scheme Administrator may determine in accordance with the terms of the RSU Scheme Rules
“RSU Award Letter”	a letter issued by the Company on the Grant Date in respect of each grant of RSU Awards in such form as the Board or the Scheme Administrator may from time to time determine setting out the terms and conditions of the RSU Award
“RSU Award Period”	the period commencing on the RSU Adoption Date, and ending on the Business Day immediately prior to the tenth (10th) anniversary of the RSU Adoption Date
“RSU Scheme”	the restricted share unit scheme proposed to be adopted by the Company
“RSU Scheme Limit”	the total number of Class B Shares which may be granted in the form of RSU Awards pursuant to the RSU Scheme
“RSU Scheme Rules”	the rules relating to the RSU Scheme as set out hereof in its present form or as amended from time to time
“Scheme Administrator”	any committee of the Board or other persons to whom the Board has delegated its authority to administer the 2024 Share Scheme and/or the RSU Scheme in accordance with the 2024 Share Scheme Rules and/or the RSU Scheme Rules, as the case may be
“Scheme Mandate Limit”	the total number of Class B Shares which may be issued pursuant to all Awards together with the number of Shares which may be issued under any other share schemes of the Company

“Selected Participant(s)”	any Eligible Person approved for participation in the RSU Scheme, in accordance with the RSU Scheme Rules, and who has been granted any RSU Award or any person who is entitled to any RSU Award in accordance with the RSU Scheme Rules
“Service Provider Participant(s)”	persons (including entities) providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group as determined by the Board or the Scheme Administrator pursuant to criteria set out in the 2024 Share Scheme Rules
“Service Provider Sublimit”	within the Scheme Mandate Limit, the total number of Class B Shares which may be issued pursuant to all Awards together with the number of Class B Shares which may be issued under any other share schemes of the Company, all of which to be granted to Service Provider Participants
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	the Class A Shares and Class B Shares in the share capital of the Company
“Share Award”	an award which vests in the form of the right to subscribe for and/or be issued such number of Class B Shares as the Board or the Scheme Administrator may determine at the Issue Price in accordance with the terms of the 2024 Share Scheme Rules
“Share Option”	an award which vests in the form of the right to subscribe for such number of Class B Shares as the Board or the Scheme Administrator may determine during the Exercise Period at the Exercise Price in accordance with the terms of the 2024 Share Scheme Rules
“Share Scheme Adoption Date”	the date on which the 2024 Share Scheme is approved by the Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any subsidiary (as the term is defined in the Listing Rules) of the Company

“Trust”	any trust or similar arrangement established for the purposes of implementation and administration of the 2024 Share Scheme or the RSU Scheme, as the case may be
“Trust Deed”	the deed constituting and/or governing any Trust or such other governing documents or custodian arrangements entered into between the Company and any Trustee, as the Board or the Scheme Administrator considers appropriate
“Trustee”	the trustee as appointed under the Trust Deed to act as trustee of the Trust, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed, or such other person(s) who for the time being is duly appointed to be the trustee(s) of the Trust
“weighted voting rights”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
Bairong Inc.
Zhang Shaofeng
Chairman

Hong Kong, April 10, 2024

As at the date of this announcement, the Board comprises Mr. Zhang Shaofeng, Mr. Zheng Wei and Ms. Cathryn Xie Jianing as executive Directors, Mr. Bai Linsen and Professor Liao Jianwen as non-executive Directors, and Professor Chen Zhiwu, Mr. Zhou Hao and Dr. Li Yao as independent non-executive Directors.