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

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

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

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**Beijing Fourth Paradigm Technology Co., Ltd.**  
**北京第四範式智能技術股份有限公司**

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

**(Stock code: 6682)**

- (1) PROPOSED ADOPTION OF THE SHARE OPTION SCHEME**  
**(2) PROPOSED ADOPTION OF THE EQUITY INCENTIVE SCHEME**  
**(3) PROPOSED AUTHORIZATION TO THE BOARD OF DIRECTORS AND/OR**  
**THE SCHEME ADMINISTRATOR TO HANDLE MATTERS RELATING TO**  
**THE SHARE OPTION SCHEME**  
**(4) PROPOSED AUTHORIZATION TO THE BOARD OF DIRECTORS AND/OR**  
**THE AUTHORIZED PERSON TO HANDLE MATTERS RELATING TO**  
**THE EQUITY INCENTIVE SCHEME**  
**AND**  
**(5) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

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The Company will convene the Extraordinary General Meeting of the Company at Level 3, Tower A, Hongyuan New Times Building, No. 17 Shangdi Kaituo Road, Haidian District, Beijing on Thursday, September 19, 2024 at 10:00 a.m.. The notice of the Extraordinary General Meeting of the Company is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's H 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 less than 24 hours before the scheduled time for the Extraordinary General Meeting (i.e. not later than 10:00 a.m. on Wednesday, September 18, 2024 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish.

Non-registered Shareholders whose H Shares are held in the CCASS through banks, brokers, custodians or HKSCC may also be able to vote and attend the meeting. In this regard, they shall consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

This circular together with the form of proxy are also published on the websites of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.4paradigm.com](http://www.4paradigm.com)). Holders of Treasury Shares, if any, have no voting rights at the general meeting of the Company.

August 30, 2024

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
 <b>Letter from the Board</b>	
I.    Introduction .....	7
II.   Matters to be resolved at the EGM .....	7
1.  Proposed Adoption of the Share Option Scheme .....	7
2.  Proposed Adoption of the Equity Incentive Scheme .....	9
3.  Proposed Authorization to the Board of Directors and/or the Scheme Administrator to Handle Matters Relating to the Share Option Scheme .....	14
4.  Proposed Authorization to the Board and/or the Authorized Person to Handle Matters Relating to the Equity Incentive Scheme .....	15
III.  Closure of Register of Members .....	16
IV.  Extraordinary General Meeting and Proxy Arrangement .....	17
V.   Recommendation .....	17
VI.  Documents Available on Display .....	17
VII. Responsibility Statement .....	17
 <b>Appendix I</b> – <b>Principal Terms of the Share Option Scheme</b> .....	 18
 <b>Appendix II</b> – <b>Principal Terms of the Equity Incentive Scheme</b> .....	 32
 <b>Notice of Extraordinary General Meeting</b> .....	 EGM-1

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## DEFINITIONS

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

“Actual Selling Price”	in respect of the Share Option Scheme, an amount that is equal to the actual price at which the H Shares are sold (net of brokerage, Stock Exchange trading fee, transaction levy of the Securities and Futures Commission of Hong Kong, transaction levy of the Accounting and Financial Reporting Council and any other applicable costs) on exercise of an Option pursuant to the Share Option Scheme
“Adoption Date”	the date on which shareholders approve the H-Share Scheme and/or the Partnership Plan
“Articles of Association”	the articles of association of the Company
“Authorized Person”	in respect of the Equity Incentive Scheme, the person(s), board committee(s) or the board of directors of the designated subsidiary to which the Board has delegated its authority
“Award(s)”	an award granted by the Board or the Authorized Person to a Selected Participant, which may vest in the form of RSU or the actual selling price of the RSU in cash, as the Board or the Authorized Person may determine in accordance with the terms of the H-Share Scheme
“Award Period”	the period commencing on the Adoption Date and ending on the Business Day immediately prior to the tenth (10 <sup>th</sup> ) anniversary of the Adoption Date
“Board” or “Board of Directors”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which the Stock Exchange is open for the business of dealing in securities, provided that where, as a result of a typhoon signal number 8, black rainstorm warning or other similar event, the period during which the Stock Exchange is open for business on any day is reduced, such day shall not be a Business Day
“CCASS”	The Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system established and operated by the HKSCC

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## DEFINITIONS

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“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “our Company” or “the Company”	Beijing Fourth Paradigm Technology Co., Ltd. (北京第四範式智能技術股份有限公司), a limited liability company incorporated in the PRC on September 17, 2014 and converted into a joint stock limited liability company incorporated in the PRC on July 9, 2021 with its H Shares listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 6682)
“Director(s)” or “our Director(s)”	the director(s) of the Company
“Domestic Shares”	the domestic shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Level 3, Tower A, Hongyuan New Times Building, No. 17 Shangdi Kaituo Road, Haidian District, Beijing on Thursday, September 19, 2024 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages EGM-1 to EGM-2 of this circular, or any adjournment thereof
“Eligible Participants”	directors and employees of the Company or any of its subsidiaries, and other persons eligible to participate in the H-Share Scheme as the Board or the Authorized Person may determine from time to time
“Employee Shareholding Platform”	certain limited liability partnerships established or proposed to be established in the PRC pursuant to the Partnership Plan (including but not limited to Paradigm (Tianjin) Management Consulting Partnership (Limited Partnership), Nanjing Paradigm Enterprises Management Consulting Partnership (Limited Partnership), Tianjin Paradigm Yinyuan Management Consulting Partnership (Limited Partnership))
“Equity Incentive Scheme”	the H-Share Scheme and the Partnership Plan

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## DEFINITIONS

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“Exercise Price”	the price per H Share, determined by the Board or the Scheme Administrator, at which H Shares may be subscribed for on the exercise of an Option
“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
“HKSCC”	The Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
“H-Share Scheme”	the H-Share RSU scheme adopted on the Adoption Date
“H-Share Scheme Rules”	the rules of the H-Share Scheme as set out in the Equity Incentive Scheme as amended from time to time
“Latest Practicable Date”	August 30, 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	September 28, 2023, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Offer Letter”	the offer letter issued by the Company in respect of the offer of each Option

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## DEFINITIONS

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“Option”	a right to subscribe for such number of H Shares pursuant to the Share Option Scheme
“Partnership Plan”	the partnership employee stock ownership plan adopted on the Adoption Date
“Remuneration Committee”	the remuneration committee of the Board
“Restricted Share Unit(s)” or “RSU(s)”	restricted share unit, each of which represents one underlying H Share granted to a Selected Participant in an Award
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Scheme Administrator”	the committee of the Board or person(s) to which the Board has delegated its authority (as applicable) to administer the Share Option Scheme
“Scheme Period”	a period of ten (10) years commencing from the date on which the Share Option Scheme is approved by the Shareholders on the Adoption Date, unless terminated earlier in accordance with the Scheme Rules
“Scheme Rules”	the rules set out in the Share Option Scheme as amended from time to time
“Selected Participant(s)”	any person who is eligible to receive any Award under the H-Share Scheme
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme adopted on the Adoption Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

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## DEFINITIONS

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“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Treasury Shares”	has the meaning ascribed thereto under the Listing Rules
“Unlisted Shares”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“%”	per cent

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LETTER FROM THE BOARD

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**Beijing Fourth Paradigm Technology Co., Ltd.**  
**北京第四範式智能技術股份有限公司**

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

**(Stock code: 6682)**

*Executive Directors:*

Dr. Dai Wenyuan (*Chairman*)  
Mr. Chen Yuqiang  
Mr. Yu Zhonghao

*Non-executive Directors:*

Dr. Yang Qiang  
Mr. Dou Shuai  
Mr. Zhang Jing

*Independent Non-executive Directors:*

Mr. Li Jianbin  
Mr. Liu Chijin  
Ms. Ke Yele

*Registered Office:*

No. L01301-1, Level 13  
Building 1, No. 66  
Qinghe Middle Street  
Haidian District, Beijing  
PRC

*Headquarters and Principal Place of  
Business in PRC:*

No. L01301-1, Level 13  
Building 1, No. 66  
Qinghe Middle Street  
Haidian District, Beijing  
PRC

*Principal Place of Business in  
Hong Kong:*

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

August 30, 2024

*To the Shareholders*

Dear Sir/Madam,

- (1) PROPOSED ADOPTION OF THE SHARE OPTION SCHEME**  
**(2) PROPOSED ADOPTION OF THE EQUITY INCENTIVE SCHEME**  
**(3) PROPOSED AUTHORIZATION TO THE BOARD OF DIRECTORS AND/OR**  
**THE SCHEME ADMINISTRATOR TO HANDLE MATTERS RELATING TO**  
**THE SHARE OPTION SCHEME**  
**(4) PROPOSED AUTHORIZATION TO THE BOARD OF DIRECTORS AND/OR**  
**THE AUTHORIZED PERSON TO HANDLE MATTERS RELATING TO**  
**THE EQUITY INCENTIVE SCHEME**  
**AND**  
**(5) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

The Extraordinary General Meeting will be held at Level 3, Tower A, Hongyuan New Times Building, No. 17 Shangdi Kaituo Road, Haidian District, Beijing on Thursday, September 19, 2024 at 10:00 a.m., the notice of which is set out on pages EGM-1 to EGM-2 of this circular.

The purpose of this circular is, among other things, to provide you with information on the notices of the Extraordinary General Meeting and certain resolutions to be considered at the aforementioned meeting, so as to enable you to make an informed decision on whether to vote for or against the resolutions at the above meeting.

### II. MATTERS TO BE RESOLVED AT THE EGM

The resolutions put forward to the Shareholders at the EGM for consideration and approval by way of special resolutions include (1) proposed adoption of the Share Option Scheme; (2) proposed adoption of the Equity Incentive Scheme; (3) proposed authorization to the Board and/or the Scheme Administrator to handle matters relating to the Share Option Scheme; and (4) proposed authorization to the Board and/or the Authorized Person to handle matters relating to the Equity Incentive Scheme.

Details of the matters to be resolved at the EGM are set out in the notice of the EGM on pages EGM-1 to EGM-2 of this circular. To enable you to get a better understanding of the resolutions to be proposed at the EGM and make informed decisions with sufficient and necessary information, we have provided particulars thereon in this circular and the accompanying appendices.

## SPECIAL RESOLUTIONS

### 1. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

Reference is made to the announcement of the Company dated August 30, 2024. The Board proposed the adoption of the Share Option Scheme. The provisions of the Share Option Scheme will comply with the requirements of Chapter 17 of the Listing Rules. The principal terms of the Share Option Scheme are set out in Appendix I to this circular.

Currently, there is no share award scheme of the Company which involves the issue of new Shares, and there were no outstanding awards under any share award scheme as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **A. Purpose of the Share Option Scheme**

The purposes of the Share Option Scheme are:

- (1) to attract, motivate and retain skilled and experienced personnel who are Eligible Persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (2) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management and the senior management; and
- (3) to (a) recognize the contributions of the management of the Company (including the executive Directors, non-executive Directors and/or independent non-executive Directors); (b) encourage, motivate and retain the management of the Company whose contributions are beneficial to the ongoing operation, development and long-term growth of the Group; and (c) provide additional incentive for the management of the Company and long standing employees by aligning the interests of the management of the Company to those of the Shareholders and the Group as a whole.

### **B. Duration**

The proposed adoption of the Share Option Scheme is subject to the approval by the Shareholders as required under the Articles of Association. Subject to the fulfilment of conditions stated above and the termination provisions contained in the Share Option Scheme as set out in the Appendix I to this circular, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, during which no further Options shall be granted. Subject to the aforementioned, in all other respects, in particular, in respect of Options remaining outstanding on the expiration of such Option Period (as defined below), the provisions of the Share Option Scheme shall remain in full force and effect.

### **C. Administration**

The Share Option Scheme shall be subject to the administration of the Board or the Scheme Administrator whose decision (save as otherwise provided herein) shall be final and binding on all parties.

### **D. Vesting Period**

Save for the vesting period (being a minimum of twelve (12) months upon the date of grant) for which an Option must be held before it can be exercised, the Share Option Scheme does not stipulate any other vesting period for which an Option must be held. However, under the Share Option Scheme, the Board may at its discretion specify any conditions which must be satisfied before the Option may be exercised in the Offer Letter.

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## LETTER FROM THE BOARD

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### **E. Exercise Price**

The basis for the determination of the Exercise Price (in compliance with Rule 17.03(9) of the Listing Rules) is specified in the Scheme Rules and the Offer Letter. The Board believes that this will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group and for the benefit of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the relevant resolution to approve the adoption of the Share Option Scheme at the Extraordinary General Meeting. The scheme limit, being the maximum limit on the number of H Shares which may be issued upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules), is 5% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date ("**Scheme Limit**"). An application will be made to the listing committee of the Stock Exchange for the approval of listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any share options up to 5% of the Shares in issue (excluding any Treasury Shares) as at the Adoption Date under the Share Option Scheme.

The Company may issue new H Shares or utilize Treasury Shares (if any) to satisfy grant of the Options under the Share Option Scheme.

The resolution was considered and approved at the Board meeting on August 30, 2024, and is hereby submitted to the EGM as a special resolution for consideration and approval.

## **2. PROPOSED ADOPTION OF THE EQUITY INCENTIVE SCHEME**

Reference is made to the announcement of the Company dated August 30, 2024. The Board proposed the adoption of the Equity Incentive Scheme. The Equity Incentive Scheme constitutes a scheme referred to in Chapter 17 of the Listing Rules involving existing Shares. The principal terms of the Equity Incentive Scheme are set out in Appendix II to this circular.

### **Equity Incentive Scheme Limit**

(i) H shares corresponding to the award granted under the H-Share Scheme; and (ii) shares of the Company corresponding to the Incentive Shares granted to the grantee on the grant date under the Partnership Plan shall not in aggregate exceed 5% of the total issued ordinary share capital of the Company (excluding Treasury Shares) as at the Adoption Date (the "**Equity Incentive Scheme Limit**").

Awards that have lapsed under the H-Share Scheme are not counted as utilized for the purpose of determining the amount of utilization of the Equity Incentive Scheme Limit.

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## LETTER FROM THE BOARD

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The Company may convene a general meeting to seek Shareholders' approval to refresh the Equity Incentive Scheme Limit. The Company is required to comply with all applicable laws, regulations and the requirements of the Listing Rules when seeking to refresh the Equity Incentive Scheme Limit.

### 2.1 H-SHARE SCHEME

#### A. Purpose of the H-Share Scheme

The purposes of the H-Share Scheme are:

- (a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and Eligible Participants, to enhance the cohesion of the Eligible Participants, to strengthen the Company's competitiveness, and to ensure the realization of the Company's future development strategies and business objectives;
- (b) to align the interests of the Shareholders, the Company, and grantees, ensuring that all parties are collectively focused on the Company's sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;
- (c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and
- (d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

#### B. Duration of the H-Share Scheme

Subject to the H-Share Scheme Rules, the H-Share Scheme shall be valid and effective for the Award Period (after which no further RSUs will be granted), and thereafter for so long as there are any outstanding RSUs that are granted but not yet vested hereunder prior to the expiration of the H-Share Scheme, the H-Share Scheme will continue to be extended until the vesting of such RSU is completed.

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## LETTER FROM THE BOARD

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### C. Administration

The H-Share Scheme shall be subject to the administration of the following administrative bodies in accordance with the H-Share Scheme Rules and, where applicable, the Trust Deed:

- (a) the general meeting of the Shareholders, as the organ of authority of the Company, is responsible for the deliberation and approval of the adoption of the H-Share Scheme. The general meeting of the Shareholders may authorize the Board and/or the Authorized Person to deal with all matters related to the H-Share Scheme to the extent of its authority; and
- (b) The Board and/or the Authorized Person may, to the extent authorized by the general meeting of the Shareholders, act as the organ responsible for the administration of the H-Share Scheme in accordance with the H-Share Scheme rules and, where applicable, the Trust Deed and deal with all matters relating to the H-Share Scheme.

“Trust Deed” means the trust deed (as may be restated, supplemented and amended from time to time) to be entered into between the Company and/or its designated subsidiaries and the Trustee (as defined below) in respect of the H-Share Scheme.

“Trustee” means the trustee appointed by the Company for the purpose of the Trust. To the best knowledge, information and belief of the Directors, after making all reasonable enquiries, the Trustee and its ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons (as defined in the Listing Rules).

### D. Operation of H-Share Scheme

The Board or the Authorized Person may from time to time select any Eligible Participant as a Selected Participant and, subject to the H-Share Scheme Rules, grant an Award to such Selected Participant during the Award Period conditional upon his or her compliance with the terms and conditions of the Award for such award price as the Board or the Authorized Person shall then determine in its discretion as may be deemed necessary or appropriate.

Any director or connected person of the Group who participates in the H-Share Scheme and is granted Awards is subject to the requirements of the Listing Rules and any applicable laws and regulations.

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## LETTER FROM THE BOARD

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### **E. Award Letter and Notification of Grant of the RSUs**

The Company or the Authorized Person 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 Authorized Person may from time to time determine, specifying the grant date, award price (if any), the manner of acceptance of the Award, the value of the Award and/or the number of RSU underlying the Award, the vesting criteria and conditions (which may include, but not limited to, whether the relevant Selected Participants have achieved the relevant performance targets, if any), the vesting date and such other details, terms and conditions as the Board or the Authorized Person may consider necessary and in compliance with this H-Share Scheme (the “**Award Letter**”). Selected Participants shall indicate his or her acceptance in the manner specifically required by the Company (including but not limited to, by mail, e-mail or at designated electronic platform) within the acceptance period stated in the Award Letter. Otherwise, the grant of the RSU shall be deemed not accepted and lapsed.

### **F. Vesting of Awards**

If a vesting date is not a Business Day, the vesting date shall, subject to any trading halt or suspension in the H Shares, be the Business Day immediately thereafter. The vesting date is set out in the Award Letter by the Board or the Authorized Person.

### **G. Effectiveness Conditions of the H-Share Scheme**

The H-Share Scheme shall become effective after being adopted and approved by the Shareholders at the general meeting of the Company.

## **2.2 PARTNERSHIP PLAN**

### **A. Purpose of the Partnership Plan**

The purposes of the Partnership Plan are:

- (a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and the management team of the Company, to enhance the cohesion of the management team of the Company, to strengthen the Company’s competitiveness, and to ensure the realization of the Company’s future development strategies and business objectives;
- (b) to align the interests of Shareholders, the Company, and grantees, ensuring that all parties are collectively focused on the Company’s sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;

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## LETTER FROM THE BOARD

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- (c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and
- (d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

### **B. Partnership Plan Effectiveness Conditions and Incentive Method**

The Partnership Plan shall become effective after being adopted and approved by the Shareholders at the general meeting of the Company.

The incentive method of the Partnership Plan is that certain limited partnerships established or proposed to be established under the laws of the PRC shall act as Employee Shareholding Platforms to hold the shares of the Company directly or indirectly, and the grantees shall indirectly hold the underlying shares of the incentive (the "**Partnership Plan Incentive Shares**") through the holding of shares of such Employee Shareholding Platforms (the "**Incentive Shares**" or "**Partnership Interest**").

The shares of the Company granted under the Partnership Plan must not cause the Partnership Plan to exceed the limit of Partnership Plan. For the avoidance of doubt, the Partnership Plan does not involve the issue of new Shares or the transfer of Treasury Shares by the Company to the Employee Shareholding Platforms.

### **C. Duration of Partnership Plan**

Subject to early termination as determined by the Board under the Partnership Plan, the Partnership Plan shall remain in effect for a period of ten (10) years from the Adoption Date, after which no further Incentive Shares shall be made.

### **D. Employee Shareholding Platform(s)**

The Employee Shareholding Platform shall be a limited partnership established and validly existing under the laws of the PRC. The Employee Shareholding Platform is administered by its managing partner (being the general partner) who handles the partnership affairs; The managing partner is a general partner; grantees (as defined below) (other than the general partner), as limited partners, do not handle partnership affairs and may not represent the Employee Shareholding Platforms externally.

The resolution was considered and approved at the Board meeting on August 30, 2024, and is hereby submitted to the EGM as a special resolution for consideration and approval.

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## LETTER FROM THE BOARD

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### 3. PROPOSED AUTHORIZATION TO THE BOARD OF DIRECTORS AND/OR THE SCHEME ADMINISTRATOR TO HANDLE MATTERS RELATING TO THE SHARE OPTION SCHEME

In order to ensure the successful implementation of the Share Option Scheme, the Board proposes that, subject to the approval of the Share Option Scheme by the Shareholders at the EGM, it is proposed to the Shareholders to grant an authorization to the Board and/or the Scheme Administrator to handle matters in relation to the Share Option Scheme with full authority, including but not limited to:

- (a) construe and interpret the Scheme Rules and the terms of the Options granted under the Share Option Scheme;
- (b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Share Option Scheme, provided that they are not inconsistent with the Scheme Rules;
- (c) grant Options to those eligible participants whom it shall select from time to time;
- (d) determine the number of Options to be granted;
- (e) determine the terms and conditions of the Options and make any such appropriate adjustments to the terms of the Options granted as it deems necessary or appropriate;
- (f) determine whether and to what extent, and circumstances pursuant to which the Exercise Price of an Option may be paid in, cash, Shares (other than H Shares), or other property, or an Option may be lapsed, cancelled, forfeited and/or surrendered;
- (g) determine the commencement and/or termination date of an eligible participants' employment with any member of the Group;
- (h) where applicable, establish and administer performance targets in respect of the Share Option Scheme;
- (i) approve the form of an Offer Letter (which does not need to be identical for every participant);
- (j) decide any other matters that need to be determined in connection with an offer and make any other determination and take any other actions as it deems necessary or desirable for the administration of the Share Option Scheme;

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## LETTER FROM THE BOARD

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- (k) take such other steps or actions to give effect to the terms and intent of the Scheme Rules and/or the Options; and
- (l) on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement and/or implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the Scheme Administrator shall be valid for the Scheme Period.

The resolution was considered and approved at the Board meeting on August 30, 2024, and is hereby submitted to the EGM as a special resolution for consideration and approval.

#### **4. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE AUTHORIZED PERSON TO HANDLE MATTERS RELATING TO THE EQUITY INCENTIVE SCHEME**

In order to ensure the successful implementation of the Equity Incentive Scheme, the Board proposes that, subject to the approval of the Equity Incentive Scheme by the Shareholders at the EGM, it is proposed to the Shareholders to grant an authorization to the Board and/or the Authorized Person to handle matters in relation to the Equity Incentive Scheme with full authority, including but not limited to:

- (a) construe and interpret the Equity Incentive Scheme rules and the terms of the Awards granted under the Equity Incentive Scheme;
- (b) supervising the daily management of the Equity Incentive Scheme;
- (c) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Equity Incentive Scheme, provided that they are not inconsistent with the Equity Incentive Scheme Rules;
- (d) decide how to proceed with the vesting of the RSUs and the release of the Incentive Shares/Partnership Plan Incentive Shares under the Equity Incentive Scheme;
- (e) determine from time to time the eligibility of any person for the grant of RSUs/Incentive Shares;

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## LETTER FROM THE BOARD

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- (f) grant RSUs/Incentive Shares to those Eligible Persons whom it shall select from time to time;
- (g) determine the terms and conditions of the grant of RSUs/Incentive Shares;
- (h) determine the terms and conditions of RSUs/Incentive Shares and ascertain whether the vesting/release conditions have been fulfilled;
- (i) set and manage performance targets for the Equity Incentive Scheme;
- (j) approve from time to time the form of an Award Letter, vesting notice, confirmation letter and share incentive agreement;
- (k) exercise any authority as may be granted by the Shareholders from time to time;
- (l) engage bank(s), accountant(s), lawyer(s), consultant(s) and other professional parties for the purpose of the Equity Incentive Scheme; and
- (m) sign, execute, affix the common seal of the Company, amend and terminate documents relating to the Equity Incentive Scheme and take such other steps or actions to give effect to the terms and intent of the Equity Incentive Scheme rules.

The aforementioned authorization to the Board and/or the Authorized Person shall be valid for the duration of the Equity Incentive Scheme.

The resolution was considered and approved at the Board meeting on August 30, 2024, and is hereby submitted to the EGM as a special resolution for consideration and approval.

### III. CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend the EGM, the register of members of holders of H Shares of the Company will be closed from Friday, September 13, 2024 to Thursday, September 19, 2024 (both dates inclusive), during which period no transfer of Shares will be registered. In order for holders of H Shares of the Company to be eligible to attend and vote at the EGM, all transfer of shares, accompanied by the relevant share certificates and the share transfer documents, must be lodged with the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at or before 4:30 p.m. on Thursday, September 12, 2024. Shareholders whose names appear on the Company's register of members on Thursday, September 19, 2024 are entitled to attend and vote at the Extraordinary General Meeting.

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## LETTER FROM THE BOARD

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### IV. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The Company will convene the EGM at Level 3, Tower A, Hongyuan New Times Building, No. 17 Shangdi Kaituo Road, Haidian District, Beijing at 10:00 a.m. on Thursday, September 19, 2024. The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

The proxy forms for use at the EGM are enclosed with this circular and are available on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.4paradigm.com](http://www.4paradigm.com)). Shareholders who intend to appoint a proxy to attend the EGM shall complete the proxy form and return it to the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 24 hours before the scheduled time of the EGM (i.e. not later than 10:00 a.m. on Wednesday, September 18, 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or at any adjournment thereof should Shareholders so wish at that time.

### V. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of the EGM are in the best interests of the Company and the Shareholders as a whole. As such, the Directors recommend the Shareholders to vote for the relevant resolutions as set out in the notice of the EGM.

Holders of Treasury Shares (if any) have no voting rights at the general meeting of the Company.

### VI. DOCUMENTS AVAILABLE ON DISPLAY

A copy of the Share Option Scheme and a copy of the Equity Incentive Scheme will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.4paradigm.com](http://www.4paradigm.com)) for at least 14 days prior to the date of the Extraordinary General Meeting and will be available for inspection at the Extraordinary General Meeting.

### VII. RESPONSIBILITY STATEMENT

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

Yours faithfully,  
For and on behalf of the Board  
**Beijing Fourth Paradigm Technology Co., Ltd.**  
北京第四範式智能技術股份有限公司  
**Dr. Dai Wenyuan**  
*Chairman and Executive Director*

**PRINCIPAL TERMS OF THE SHARE OPTION SCHEME (THE “SCHEME”)**

The following is a summary of the principal terms of the Scheme proposed to be approved at the EGM.

Unless otherwise provided hereunder, for the purposes of the Scheme Rules, references to new shares or new securities include treasury shares, and references to the issue of shares or securities include the transfer of treasury shares.

**(a) Purpose of the Scheme**

The Scheme aims to:

- (i) attract, motivate and retain skilled and experienced personnel who are Eligible Persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (ii) deepen the reform on the Company’s remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and
- (iii) (a) recognize the contributions of the leadership of the Company including the executive Directors, non-executive Directors and/or independent non-executive Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the ongoing operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

**(b) Duration of the Scheme**

Unless terminated earlier in accordance with the Scheme Rules, the Scheme shall be valid and effective for the Scheme Period, after which no further Options shall be granted. However, as long as there are any Options that have been before the expiry of the Scheme, Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

**(c) Participants and the Basis of Determining the Participants*****Scope of Participants***

Participants who may participate in the Scheme only include Employee Participants, being PRC or non-PRC directors and employees (whether full-time or part-time) of the Company or any of its subsidiaries, and persons who are granted Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries; whom the Board or the Scheme Administrator considers, in

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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their sole discretion, to have contributed or will contribute to the Group; and no individual who is resident in a place where the grant, acceptance, vesting or exercise of the Options pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Scheme Administrator, compliance with Applicable Laws and Regulations in such place make it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme.

The Participants will not include any related entity and service provider participant which has the meaning ascribed to them under Rule 17.03A(1) of the Listing Rules.

### *Basis of Determining the Participants*

The basis of determining the selection of any Eligible Person to be a Participant in the Scheme is set forth below.

In determining the Employee Participants, various factors will be assessed, including, among others, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group.

In addition, the Participants are determined in accordance with the Applicable Laws and Regulations, together with the actual circumstances and matters of the Company including the present and expected contribution of the relevant Participant to the Group. No person shall be considered as a Participant of the Scheme if he or she:

- (a) has been publicly reprimanded or deemed as an inappropriate candidate for similar award schemes or share incentive plans of a listed company by any securities regulatory bodies with authority in the last twelve (12) months;
- (b) has been imposed with penalties or is banned from trading securities by securities regulatory bodies due to material non-compliance with laws or regulations in the last twelve (12) months;
- (c) is prohibited from serving as a Director or the senior management of the Company under the Company Law of the PRC; or
- (d) is prohibited by any Applicable Laws to participate in share schemes or share incentive plans of a listed company.

The Participants shall undertake that if any of the above provisions occur during implementation of the Scheme which would prevent them from being considered as a Participant, they shall give up their rights to participate in the Scheme and shall not be given any compensation.

**(d) H Shares underlying the Options**

The H Shares underlying the Options under the Share Option Scheme will be satisfied by way of issue and allotment of new H Shares of the Company.

To the extent, at the determination of the Board (or the Scheme Administrator), it may not be practicable for a Grantee to receive H Shares due to any legal and/or regulatory restrictions, the Board (or the Scheme Administrator) may arrange to sell on-market at prevailing market prices, such number of H Shares underlying the Options so exercised by the Grantee and pay the Actual Selling Price arising from such sale of Shares to the Grantee.

**(e) Grant of Options**

Each offer of an Option (the “**Offer**”) shall be in writing made to a Participant by letter in such form as the Board or the Scheme Administrator may from time to time determine at its discretion (the “**Offer Letter**”). The Offer Letter shall state, among others, the period during which the Option may be exercised (the “**Option Period**”), which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the Option.

The Board may specify in the Offer Letter any conditions which must be satisfied before the Option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an Option must be held before it can be exercised and any other terms in relation to the exercise of the Option, including without limitation such percentages of the Options that can be exercised during a certain period of time, as the Board may determine from time to time.

The Board shall specify in the Offer Letter a date by which the Grantee must accept the Offer, being a date no later than 14 Business Days after the date on which the Option is offered (the “**Offer Date**”).

No consideration is payable on acceptance of each grant of Options by a Participant.

No grant of any Option to any Participant may be made with respect to a grant of an Option under certain circumstances including:

- (a) where the requisite approval from any applicable regulatory authorities has not been granted, provided that to the extent permissible under Applicable Laws, an Option may be made conditional upon such approval being obtained;
- (b) where any member of the Group will be required under Applicable Laws to issue a prospectus or other offer documents in respect of such Options or the Scheme;

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (c) where such Options would result in a breach by any member of the Group or its directors of any Applicable Laws in any jurisdiction;
- (d) where such grant of Options would result in a breach of the Scheme Limit or the 1% Individual Limit or the minimum public float requirement as required under the Listing Rules (or the minimum percentage of public float as prescribed by the Stock Exchange), or would otherwise cause the Company to issue H Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (e) where an Option is granted to, or for the benefit of, a connected person of the Company and will require specific approval of the Shareholders under the Listing Rules, until such Shareholders' approval is obtained, provided that to the extent permissible under Applicable Laws, such Offer may be made conditional upon such Shareholders' approval being obtained;
- (f) after the expiry of the Scheme Period or after the earlier termination of the Scheme;
- (g) where the Company has come to knowledge of any inside information (as defined in the SFO), until (and including) the trading day after the Company has announced the information;
- (h) in circumstances prohibited by the Listing Rules or where dealings by the Participant will be prohibited under any code or requirement of the Listing Rules or any Applicable Laws;
- (i) during the period commencing 30 days 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 results of the Company 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, provided that such period will also cover any period of delay in the publication of any results announcement.

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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### (f) Exercise Price

Subject to the effect of alterations to share capital as set out in paragraph headed “Effects of Alteration in the Capital Structure of the Company” in this Appendix I, the Exercise Price shall be a price determined by the Board in its sole and absolute discretion and notified to an Eligible Person, but in any event must be at least the highest of:

- (a) the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the Offer Date;
- (b) the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of an H Share.

### (g) Performance Target

The Scheme does not stipulate that specific performance targets a Participant is required to be achieved. Nevertheless, the Board or the Scheme Administrator may at its discretion set performance objectives for Options under the Scheme, which will be stated in the Offer Letter. The performance objectives, if any, must be achieved before the Options can be exercised, and shall be assessed in accordance with the performance measures set forth below. The Board or the Scheme Administrator will carefully assess, on a periodic basis, whether the performance targets are satisfied.

Since each Participant will play different roles and contribute in different ways to the Group, the Board believes that retaining discretion on whether to attach performance objectives to Options can provide the Board with more flexibility in setting the terms and conditions of the Options on a case-by-case basis, and tailor the terms and conditions of the grant to cater to specific circumstances of each Grantee. In addition, it is considered that such flexibility under the Scheme can also facilitate the ultimate goal of the Company in offering meaningful Options to remunerate and retain quality personnel that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

To the extent where performance targets are deemed suitable and appropriate for a particular grant of Option(s) to Employee Participants, the possible performance measures may include any one or more of the following individual, geographic, project, line of business, corporate-wide or subsidiary, division, operating unit measures: cash flow; earnings; economic or monetary value added; profits; return on assets; return on equity; return on investment; sales; revenue; total shareholder return; client satisfaction metrics; business unit development and, in each case, such other goals as the Board or the Scheme Administrator may determine whether or not listed herein, or any combination of the foregoing. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies,

and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, investments or to assets or net assets.

To the extent where grants are offered under the Scheme without any performance objectives attached, the Board and the Remuneration Committee considered that such Options remain to be market competitive because, each such grant, on its own, represents a means of direct encouragement and constitutes part of the remuneration package. The intrinsic value of the Options will be linked to the price of the H Shares at the time the Options are exercised, which in turn depends upon the future performance of the Company. The time-based nature of the Options (for example, setting a minimum vesting period) will ensure that the long-term interests of the Grantee and the Group are aligned. Based on the foregoing, in the event that no performance objectives are attached to grants made under the Scheme, the Company considered that the Grantee will nevertheless be motivated to contribute towards the development of the Group and thus such arrangement will be conducive to providing incentive and reward for participation, involvement and promotion the business of the Group, and therefore aligns with the purpose of the Scheme.

**(h) Vesting of Options**

*Vesting Period*

Subject to the relevant provisions under the Scheme, the vesting period and the vesting conditions, if any, may be determined by the Board or the Scheme Administrator from time to time during the Scheme Period and subject to Applicable Laws and Regulations, provided however that the vesting period shall not be less than twelve (12) months, except that any Options granted to an Employee Participant may be subject to a shorter vesting period including where:

- (a) grants of "Make Whole" Options to new Employee Participant to replace options and/or awards that such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Options which are subject to fulfillment of performance targets as determined in the conditions of their grant;
- (d) grants of Options the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;
- (e) grants of Options with a mixed vesting schedule such that the Options vest evenly over a period of twelve (12) months; or

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (f) grant of Options with a total vesting period of more than twelve (12) months, such as where the Options may vest by several batches with the first batch to vest within twelve (12) months of the Grant Date and the last batch to vest twelve (12) months after the Grant Date.

To ensure the practicability in fully attaining the purpose of the Scheme, the Board and the Remuneration Committee are of the view that the vesting periods prescribed in the paragraph headed “*Vesting of Options*” in this Appendix I is in line with the market practice and is appropriate and aligns with the purpose of the Scheme for the following reasons:

- (a) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to 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;
- (b) 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 such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances; and
- (c) such vesting period is in line with the requirements under the Listing Rules and customary market practice.

### *Vesting Schedule*

Unless otherwise specified in the Offer Letter approved by the Board or the Scheme Administrator, all Options under the Scheme shall be vested in a number of tranches. The specific commencement and duration of each vesting period and the actual vesting amount of the Options granted to a Participant for the respective vesting periods shall be specified in the Offer Letter approved by the Board or the Scheme Administrator.

### *Vesting Conditions*

Subject to the Board or the Scheme Administrator setting at their discretion performance objectives for Options under the Scheme, vesting of the Options granted under the Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions as set out in the Offer Letter. If the Participant fails to fulfil the vesting conditions applicable to the relevant Options, all the H Shares underlying the relevant Options which may otherwise be vested during the respective vesting periods shall not be vested and become immediately lapsed with respect to such Participant.

**(i) Voting Rights and Dividends of H Shares**

As at the Latest Practicable Date, no trustee has been appointed under the Share Option Scheme. No Director will be, or is expected to be, a trustee of the Share Option Scheme or has any direct or indirect interest in the trustee of the Share Option Scheme.

The H Shares to be allotted and issued, or transferred out of treasury that are held as Treasury Shares upon the exercise of an Option shall rank *pari passu* in all respects with other fully-paid H Shares in issue as at the date of allotment or transfer out of treasury that are held as Treasury Shares and will entitle the holders to the same rights of the holders of other fully-paid H Shares in issue, including voting, dividend, transfer and any other rights. In particular, the H Shares to be allotted and issued, or transferred out of treasury that are held as Treasury Shares upon the exercise of an Option will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment or transfer out of treasury that are held as Treasury Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment and issue or transfer out of treasury that are held as Treasury Shares. The Option itself (before exercise) will not entitle the Grantee to any of the aforementioned Shareholders' rights.

**(j) Scheme Limit, 1% Individual Limit and 0.1% Limit***Scheme Limit*

The Company shall not make any further grant of Options which will result in the Scheme Limit being exceeded unless the Shareholders approve a further refreshment of the Scheme Limit or Shareholders' approval has been obtained in compliance with the Listing Rules. As at the Latest Practicable Date, the Company has 465,858,733 issued Shares (including 193,300 Treasury Shares). Subject to Shareholders' approval and assuming there is no change in the number of H Shares in issue during the period from the Latest Practicable Date to the Adoption Date, the Scheme Limit will be 5% of the total number of Shares in issue as at the Adoption Date (excluding any Treasury Shares), being 23,283,271 H Shares.

*Maximum Entitlement for each Eligible Person**1% Individual Limit*

Where any grant of Options to a grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Share Option Scheme and any other share scheme adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued Shares (excluding any Treasury Shares) at the relevant time (the "1% Individual Limit"), such grant must be separately approved by Shareholders in a general meeting with such grantee and their close associates (or associates if the grantee is a connected person of the Company) to abstain from voting.

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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In addition, each grant of Options to any Director, chief executive (as defined in the Listing Rules), or substantial Shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive director who is a proposed recipient of the grant of Options).

### *0.1% Limit*

Where any grant of Options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (excluding options or awards lapsed in accordance with the relevant scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of issued Shares (excluding any Treasury Shares) at the relevant time (the “**0.1% Limit**”), such further grant of Options must be approved by Shareholders in general meeting, in which case the Company will send a circular to the Shareholders. The grantee, his/her associates and all core connected persons of the Company will abstain from voting in favour at such general meeting. The Company will also comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

### **(k) Lapse of Options**

Where any of the following events occurs prior to the exercise of Options, such Options shall automatically lapse, unless the Board or the Scheme Administrator determines otherwise at their absolute discretion:

- (a) Where the Grantee is a director or an employee of the Group and their employment ceases for any reason other than death or becoming permanently disabled as described in sub-paragraph (c) below, the Option may not be exercised after the date of such cessation, which date shall be their last actual working day with the Group whether salary is paid in lieu of notice or not;
- (b) where the Grantee is a director or an employee of the Group and the Board or the Scheme Administrator at its absolute discretion determines that they are unable to pay or to have no reasonable prospect of being able to pay his debts, or has become insolvent, or has made any arrangements or composition with their creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty, the Option granted to such Grantee may not be exercised on or after the date on which the Board has so determined;
- (c) where the Grantee of an outstanding Option dies or becomes permanently disabled before exercising the Option in full or at all, the Option may not be exercised after the date of his or her death or permanent disability. However, if the Board or the Scheme Administrator, upon receiving the written notice from such Grantee’s personal representatives within 60 days after the date of such Grantee’s death or permanent disability, issues a written consent to his personal representatives, the Options may be transferred to the personal representative as soon as practicable; and

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (d) if the Board at its absolute discretion determines that the Grantee (other than an employee of the Group) or his associate has committed any breach of any contract entered into between the Grantee or his associate on one part and the Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, the Options granted to such Grantee may not be exercised on or after the date on which the Board has so determined.

Any Options lapsed in accordance with the terms of the Scheme will not be regarded as utilized for the purpose of calculating the Scheme Limit.

The right to exercise an Option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (a) the expiry of the Option Period;
- (b) the date referred to in paragraph (k)(a);
- (c) the date referred to in paragraph (k)(b);
- (d) the expiry of the 60-day period referred to in paragraph (l)(c);
- (e) the date referred to in paragraph (k)(d);
- (f) the expiry of the general offer period referred to in paragraph (m);
- (g) subject to the compromise or arrangement becoming effective, the expiry of the period referred to in paragraph (m);
- (h) subject to paragraph (l), the date of the commencement of the winding-up of the Company; or
- (i) the non-fulfillment of any condition of the Scheme on or before the date stated therein.

### **(l) Rights on Winding-up**

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees who are Employee Participants (together with a notice of the existence of the provisions of this paragraph) and thereupon, each such Grantee who is an Employee Participant (or his personal representatives) shall be entitled to exercise all or any of his

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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Options (to the extent vested but not already exercised) at any time not later than four (4) Business Days or such other period as agreed between the Company and the Grantee prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the H Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than one Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant H Shares to the Grantee credited as fully paid. The Grantee shall accordingly be entitled, in respect of the H Shares issued in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the H Shares in issue on the day prior to the date of such proposed general meeting. Subject thereto, all Options (where vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

### **(m) Rights on General Offer and Other Arrangements**

If a general offer (whether by way of a takeover, share repurchase offer, scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer, having been approved in accordance with all Applicable Laws and Regulations, becomes or is declared unconditional, any Grantee who is an Employee Participant (or his personal representatives) may by notice in writing to the Company within twenty-one (21) days after such offer becoming or being declared unconditional exercise the Option to its full extent (to the extent vested but not already exercised) or to the extent specified in such notice. Subject to the foregoing, the Options shall lapse automatically (to the extent not exercised) at the expiry of the foregoing period.

Other than a general offer or a scheme of arrangement contemplated in this section headed "Rights on General Offer and Other Arrangements", if a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee who is an Employee Participant (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon such Grantee who is an Employee Participant (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his Options in full or in part (to the extent vested but not already exercised), but the aforesaid exercise of an Option shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all outstanding Options shall lapse except insofar as previously exercised under the Scheme. The Company may require such Grantee who is an Employee Participant (or his personal representatives) to transfer or otherwise deal with the H Shares issued as a result of the exercise of Options in these circumstances so as to place

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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such Grantee in the same position as nearly as would have been the case had such H Shares been subject to such compromise or arrangement.

### **(n) Clawback Mechanism**

Any Options granted but not yet vested may be cancelled by the Board (or the Scheme Administrator) in the event of the following circumstances:

- (a) the Participant has contravened the relevant laws and regulations of the PRC and/or Hong Kong involving his/her/its integrity or honesty;
- (b) the Participant has been involved in acceptance or solicitation of bribery, corruption, theft, leakage of any trade or technical secrets, or conducted any related transactions or other unlawful acts or misconduct which, in the reasonable opinion of the Board (or the Scheme Administrator), prejudiced the interest of or caused significant negative impact to the Company;
- (c) in the reasonable opinion of the Board (or the Scheme Administrator), the Participant has failed to discharge, or failed to discharge properly, his/her/its duties and thereby resulting in serious and adverse consequences to the Company;
- (d) in the reasonable opinion of the Board (or the Scheme Administrator), the Selected Participant has engaged in any serious breach of the terms of the Scheme or any terms or conditions attached to the grant of the Options in any material respect; or
- (e) in other specific circumstances as the Board (or the Scheme Administrator) deems appropriate.

The Options so cancelled will be regarded as utilized for the purpose of calculating the relevant Scheme Limit. Issuance of new Options to the same Participant whose Options have been cancelled may only be made with Options available under the Scheme Limit and in compliance with the Listing Rules.

The Board is of the view that such clawback mechanism provides an option for the Company to clawback the equity Options granted to Participants culpable of misconduct and is in line with the purpose of the Scheme and the interests of Shareholders.

### **(o) Transferability and Cancellation of Options**

Any Options granted under the Scheme shall be personal to the Participant to whom it is made and shall not be assignable or transferable and no Participant shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option, or enter into any agreement to do so, except for when a waiver is obtained from the Stock Exchange for the Grantee to transfer his/her Share Option to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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estate planning or tax planning purposes) that would continue to meet the purpose of the Share Option Scheme and comply with other requirements under Chapter 17 of the Listing Rules and express written consent is obtained from the Board or the Scheme Administrator. Any breach of the foregoing shall entitle the Board or the Scheme Administrator to cancel any outstanding Options or any part thereof granted to such Grantee.

Any Options granted may be cancelled by the Board or the Scheme Administrator, at any time with the prior consent of respective Participant. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit. No Options may be granted to a Participant in place of their cancelled Options unless there are available unissued Options (excluding the cancelled Options) within the Scheme Limit from time to time.

### **(p) Effects of Alteration in the Capital Structure of the Company**

In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalization or bonus issue, rights issue or open offer of Shares, consolidation, subdivision or reduction of the share capital of the Company in accordance with the legal requirements or requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of H Shares as consideration in a transaction to which the Company is a party, adjustment (if any) shall be made to:

- (a) the number of H Shares subject to the Option so far as unexercised; and/or
- (b) the Exercise Price for the H Shares subject to the Option so far as unexercised; and/or
- (c) any combination thereof.

In the event of any adjustment as described in this paragraph, the auditors or the independent financial adviser to the Company (acting as expert not arbitrator) shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in compliance with the requirements under the note to Rules 17.03(13) of the Listing Rules.

Any such adjustments must give a Grantee the same proportion of the equity capital of the Company as to which that Grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange but no such alterations shall be made the effect of which would be to enable H Share to be issued at less than its nominal value.

The Exercise Price of an Option adjusted pursuant to the adjustments as described in this paragraph shall be in compliance with Rule 17.03(9) of the Listing Rules and other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange. The capacity of the auditors or the independent financial adviser to

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## APPENDIX I PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the auditors or the independent financial adviser to the Company shall be borne by the Company. Notice of such adjustment shall be given to the Grantees by the Company.

### **(q) Alteration of the Scheme**

Subject to the Scheme Limit and the Listing Rules, the Share Option Scheme may be altered in any respect by a resolution of the Board or the Scheme Administrator. Any alternations to the terms and conditions of the Share Option Scheme which are of a material nature or any alternations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules in favour of the Participant must be approved by Shareholders in a general meeting. Any change to the terms of Options granted must be approved by the Board or the Scheme Administrator, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board or the Scheme Administrator, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). Any change to the authority of Directors or the Scheme Administrator to alter the terms of the Share Option Scheme must be approved by Shareholders in a general meeting.

The amended terms of the Scheme or the Options must comply with the Listing Rules; Save as aforesaid, there are no other individual terms which may be varied by the Board or the Scheme Administrator without the approval of the shareholders of the Company in general meeting.

### **(r) Termination of the Scheme**

The Scheme shall terminate on the earlier of (i) the end date of the Scheme Period, except that in the event of any Options that have been granted prior to the expiration of the Scheme Period, Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme; and (ii) an earlier termination date as determined by the Shareholders at a general meeting, and in such event no further Option will be offered.

All Options granted but not vested nor exercised prior to such termination shall continue to be valid and can be further vested and exercised in accordance with their terms after the termination of the Share Option Scheme.

The Equity Incentive Scheme is written in Chinese, with no official English translation. The English translation is provided hereunder solely for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

### **1A. Equity Incentive Scheme Limit**

1A.1 (i) Awards granted under the H-Share Scheme; and (ii) the Shares of the Company held by the Employee Shareholding Platform under the Partnership Plan shall not, in aggregate, exceed 5% of the total issued ordinary share capital of the Company (excluding Treasury Shares) as at the Adoption Date (the “**Equity Incentive Scheme Limit**”).

Awards that have lapsed under the H-Share Scheme are not counted as utilized for the purpose of determining the amount of utilization of the Equity Incentive Scheme Limit.

1A.2 The Company may convene a general meeting to seek Shareholders’ approval to refresh the Equity Incentive Scheme Limit. The Company is required to comply with all applicable laws, regulations and the requirements of the Listing Rules when seeking to update the Equity Incentive Scheme Limit.

### **A. H-Share Scheme**

### **2. Purpose of the H-Share Scheme**

The purposes of the H-Share Scheme are:

- (a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between Shareholders and Eligible Participants, to enhance the cohesion of the Eligible Participants, to strengthen the Company’s competitiveness, and to ensure the realization of the Company’s future development strategies and business objectives;
- (b) to align the interests of the Shareholders, the Company and the grantees, ensuring that all parties are collectively focused on the Company’s sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;
- (c) to further improve the Group’s performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group’s strategic objectives; and
- (d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

**2A. Eligible Participants and Basis of Determination**

2A.1 The Eligible Participants of the H-Share Scheme are directors and employees of the Company or any of its subsidiaries, and other persons eligible to participate in the H-Share Scheme as the Board or the Authorized Person may determine from time to time. In assessing the eligibility of an Eligible Participant, the Board or the Authorized Person shall give due consideration to all relevant factors, including, among others:

- (a) their skills, knowledge, experience, expertise and other relevant personal strengths;
- (b) their performance, time commitment, responsibilities or terms of employment and prevailing market practices and industry standards;
- (c) the contribution he or she has made or is expected to make to the growth of the Group and the positive impact he or she may have on the business and development of the Group;
- (d) his or her academic and professional qualifications and knowledge of the industry; and
- (e) whether the granting of an Award to him or her is an appropriate incentive to motivate his or her continued contribution to the progress of the Group.

**3. Effectiveness Conditions of the H-Share Scheme**

3.1 The H-Share Scheme shall become effective after being adopted and approved by the Shareholders at the general meeting of the Company.

**3A. Source of Awards**

3A.1 The source of Awards granted under the H-Share Scheme is H-shares acquired or received by the Trustee. For the avoidance of doubt, the H-Share Scheme does not involve the issue of new shares or the transfer of Treasury Shares by the listed company to the trustee.

3A.2 The Awards shall be subject to all the provisions of the Articles of Association and rank *pari passu* in all respects with the fully paid Shares in issue on the date of vesting to the Selected Participants.

The H-shares granted under the H-Share Scheme could be acquired or received by the Trustee on the market or off the market.

**4. Duration of the H-Share Scheme**

- 4.1 Subject to the H-Share Scheme Rules, the H-Share Scheme shall be valid and effective for the Award Period (after which no further RSUs will be granted), and thereafter for so long as there are any outstanding RSUs that are granted but not yet vested hereunder prior to the expiration of the Award Period, the H-Share Scheme will continue to be extended until the vesting of such RSU is completed.

**5. Administration**

- 5.1 The H-Share Scheme shall be subject to the administration of the following administrative bodies in accordance with the H-Share Scheme Rules and, where applicable, the Trust Deed:
- (a) the general meeting of the Shareholders, as the organ of authority of the Company, is responsible for the deliberation and approval of the adoption of the H-Share Scheme. The general meeting of the Shareholders may authorize the Board and/or the Authorized Person to deal with all matters related to the H-Share Scheme to the extent of its authority; and
  - (b) The Board and/or the Authorized Person may, to the extent authorized by the general meeting of the Shareholders, act as the organ responsible for the administration of the H-Share Scheme in accordance with the H-Share Scheme Rules and, where applicable, the Trust Deed and deal with all matters relating to the H-Share Scheme.
- 5.2 The authority to administer the H-Share Scheme may be delegated by the Board to the Authorized Person as deemed appropriate at the sole and absolute discretion of the Board, provided that nothing in this Rule 5.2 shall prejudice the Board's power to revoke such authorization at any time or derogate from the discretion rested with the Board as contemplated in Rule 5.1(b).
- 5.3 Without prejudice to the Board's general power of administration, the Board or the Authorized Person may from time to time appoint one or more administrators, who may be independent third-party contractors, to assist in the administration of the H-Share Scheme, to whom they, at their sole and absolute discretion, may delegate such functions relating to the administration of the H-Share Scheme as they may think fit. The duration of office, terms of reference and remuneration (if any) of such administrator(s) shall be determined by the Board or the Authorized Person at their sole and absolute discretion from time to time.
- 5.4 Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board or the Authorized Person may also from time to time appoint one or more Trustees in respect of granting, administration or vesting of any RSU.

5.5 For the purpose of the H-Share Scheme, the directors of the Company or the Authorized Person shall not be personally liable by reason of any contract or other instrument executed by him or her or that are executed on his or her behalf or for any mistake of judgment made in good faith. The Company shall indemnify and hold harmless each member of the Board and any Authorized Person in relation to the administration or interpretation of the H-Share Scheme, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the H-Share Scheme unless arising out of such person's own wilful default, fraud or bad faith.

## 6. Operation of the H-Share Scheme

6.1 The Board or the Authorized Person may from time to time select any Eligible Participant as a Selected Participant and, subject to Rule 6.3, grant an Award to such Selected Participant during the Award Period conditional upon his or her compliance with the terms and conditions of the Award for such award price as the Board or the Authorized Person shall then determine in its discretion as may be deemed necessary or appropriate.

6.2 Any director or connected person of the Group who participates in the H-Share Scheme and is granted Awards is subject to the requirements of the Listing Rules and any applicable laws and regulations.

6.3 Notwithstanding the requirements under Rules 6.1 and 6.2, no RSUs shall be granted to a Selected Participant and no direction or recommendation shall be made to the Trustee with respect to the granting of an Award in the following circumstances:

- (a) the necessary approvals have not been obtained from the regulatory authorities, if any, or from the general meeting of the Shareholders;
- (b) if the grant would result in any member of the Group or its directors being in breach of any law, rule or regulation of any jurisdiction;
- (c) if the grant would result in a breach of the Equity Incentive Scheme Limit;
- (d) grants are made after the expiry of the Award Period or following early termination of the H-Share Scheme under the Equity Incentive Scheme Rules.

Any grant made under the above circumstances shall be void.

6.4 The Company shall bear the costs of setting up and administering the H-Share Scheme, including costs incurred in connection with the communications, stamp duty and the normal registration fees, if any, associated with the transfer of the H Shares (if involved) to the Selected Participants on the relevant vesting dates. For

the avoidance of doubt, expenses incurred by the Trustee in purchasing H Shares should be borne by the Selected Participants.

## 7. Timing of Awards

7.1 No grant of any Award shall be made to Selected Participants pursuant to Rule 6 and no directions or recommendations shall be given to the Trustee with respect to the grant of an Award under the H-Share Scheme:

- (a) the period from the time when any inside information (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) comes to the knowledge of the Company up to and including the trading day after such inside information has been published in accordance with the Listing Rules;
- (b) 30 days prior to the earlier of (i) the date of the meeting of the Board for the purpose of adopting any annual, half-yearly, quarterly and any other interim results of the Company (whether or not required under the Listing Rules); and (ii) the deadline by which the Company is required under the Listing Rules to publish its annual or half-yearly results, or the deadline by which it is required to publish its quarterly or any other interim results (whether or not required under the Listing Rules).

In respect of Item 7.1(b) above, such restriction ends on the date of publication of the results of the Company.

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

## 8. Award Letter and Notification of Granting the RSUs

8.1 The Company or the Authorized Person 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 Authorized Person may from time to time determine, specifying the grant date, award price (if any), the manner of acceptance of the Award, the value of the Award and/or the number of RSUs underlying the Award, the vesting criteria and conditions (which may include, but not limited to, whether the relevant Selected Participants have achieved the relevant performance targets, if any), the vesting date and such other details, terms and conditions as the Board or the Authorized Person may consider necessary and in compliance with this H-Share Scheme (the “Award Letter”). Selected Participants shall indicate his or her acceptance in the manner specifically required by the Company (including but not limited to, by mail, e-mail or at designated electronic platform) within the acceptance period stated in the Award Letter. Otherwise, the grant of the RSU shall be deemed not accepted and lapsed.

8.2 As soon as practicable after the grant of any RSU to a Selected Participant, the Company or the Authorized Person shall notify the Trustee of:

- (a) the name of each Selected Participant to whom such RSU has been made;
- (b) number of RSUs involved in each such grant; and
- (c) the vesting date of each relevant grant and the related vesting conditions, if any.

## **9. Acquisition of H Shares by the Trustee**

9.1 The Group may from time to time, subject to the terms and conditions in the H-Share Scheme and the compliance of all relevant laws, rules and regulations, cause to be transferred to the Trust the necessary funds for any acquisition of H Shares and other purposes set out in the H-Share Scheme Rules and the Trust Deed.

9.2 Subject to Rules 7.1 and 15, the Company or the Authorized Person may from time to time instruct the Trustee in writing to acquire/receive H Shares. Once acquired/received, the H Shares are to be held by the Trustee for the benefit of Selected Participants under the Trust on and subject to the terms and conditions of the H-Share Scheme Rules and the Trust Deed.

9.3 Subject to Rule 10.6(a), the Trustee shall only be obliged to transfer RSUs to Selected Participants on vesting to the extent that RSUs are comprised in the Trust.

9.4 At any time during the Award Period, the Board or the Authorized Person may instruct the Trustee to remit unused funds in the Trust that were previously transferred to the Trust by the Group for the purchase of H Shares and dividends corresponding to unvested Award Shares back to the Group in a manner as instructed by the Board or the Authorized Person.

9.5 When voting on matters requiring shareholders' approval under the Listing Rules, the Trustee shall abstain from voting on unvested Shares held directly or indirectly by the Trustee at the general meeting.

## **10. Vesting of Awards**

10.1 The Board or the Authorized Person may from time to time while the H-Share Scheme is in force and subject to all applicable laws, rules and regulations, determine the vesting criteria, conditions or vesting periods for the Award hereunder.

10.2 If a vesting date is not a Business Day, the vesting date shall, subject to any trading halt or suspension in the H Shares, be the Business Day immediately thereafter. The vesting date is set out in the Award Letter by the Board or the Authorized Person.

- 10.3 The vesting of Awards granted under the H-Share Scheme is conditional upon the achievement of performance targets (if any) set out in the Award Letter.
- 10.4 If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the RSUs underlying the relevant Awards which may otherwise be vesting during the respective vesting period shall not be vested and become immediately lapsed with respect to such Selected Participant. The Trustee will be notified of such lapses and the Award Shares corresponding to such lapsed RSUs will be held by the Trustee as Returned Shares. The Board's or the Authorized Person's decision on whether the vesting conditions are fulfilled and satisfied shall be conclusive and final.
- 10.5 Any dividend underlying the non-vested 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 Authorized Person, 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 vesting date, subject to the terms and conditions specified in the Grant 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 H-Share Scheme.
- 10.6 For the purposes of vesting of the Award, the Company and/or the Authorized Person may either:
- (a) direct and procure the Trustee to release from the Trust to the Selected Participants the Award Shares corresponding to the RSUs that have vested, transferring such number of Award Shares to the Selected Participants in such manner as determined by them from time to time; or
  - (b) Upon receipt by a Selected Participant of an Award at the actual sales price of the Award Shares as determined by the Board and with the consent of the Selected Participant, whether for practical reasons or for any other reason, the Board or the Authorized Person will direct and procure the Trustee to sell the Award Shares corresponding to the RSUs vested in such Selected Participant on the market at the then prevailing market price and pay the Selected Participant in cash based on the actual sale price of such Award Shares.
- 10.7 Except in the circumstances as set out in Rule 10.10, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Company or the Authorized Person from time to time prior to any vesting date, the Board or the Authorized Person shall send to the relevant Selected Participant a vesting notice in a manner as determined by the Board or the Authorized Person (the "**Vesting Notice**") together with the prescribed transfer documents which require the Selected Participant to execute to effect the vesting of the RSUs and the transfer of the Award Shares (where applicable). The Board or Authorized Person shall provide a Confirmation Letter to the Trustee confirming that all vesting conditions have been fulfilled and instruct the Trustee the extent to which the

Award Shares corresponding to the RSUs held in the Trust shall be transferred and released from the Trust to the Selected Participant (if applicable) and/or paid to the Selected Participant in cash based on the Actual Selling Price of such vested RSUs in the manner as determined by the Board or the Authorized Person on the Vesting Date. If the Award Shares are to be transferred by the Trustee, such Award Shares corresponding to the vested RSUs shall be legally and beneficially owned by the relevant Selected Participant after the transfer.

Except in the circumstances as set out in Rule 10.10, subject to the receipt of the Confirmation Letter from the Board or the Authorized Person, the Trustee shall transfer and release such Award Shares to the relevant Selected Participant in the manner as determined by the Board or the Authorized Person on the Vesting Date, or sell such Award Shares as instructed by the Board or the Authorized Person, and pay the actual sale consideration in cash to the relevant Selected Participant in satisfaction of the Award, provided that the Trust has sufficient cash to pay such proceeds.

- 10.8 Any stamp duty, if any, or other direct costs and expenses incurred in connection with the transfer of Award Shares to Selected Participants shall be borne by the funds in the Trust, or, if insufficient funds are available in the Trust, by the Group. For the avoidance of doubt, if the Trust sells the relevant Award Shares as instructed by the Board or the Authorized Person, the corresponding stamp duty and direct costs of the sale will be borne by the Selected Participant, and the Trustee will pay the remaining amount to the Selected Participant after deducting the corresponding stamp duty and costs.
- 10.9 All taxes, costs and expenses in relation to all dealings with the Award Shares after vesting shall be borne by Selected Participants.
- 10.10 Other than the stamp duty to be borne by the Group in accordance with Rule 10.8, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the H-Share Scheme or in relation to the RSUs or cash amount of equivalent value of the RSUs (the "Taxes") shall be borne by the Selected Participant and neither the Group nor the Trustee shall be liable for any Taxes. The Selected Participant shall indemnify the Trustee and all members of the Group against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any member of the Group may, notwithstanding anything else in these H-Share Scheme Rules (but subject to applicable law):
- (a) reduce or withhold the number of the Selected Participant's RSUs underlying the Award (the number of RSUs underlying the Award that may be reduced or withheld shall be limited to the number of RSUs that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);

- (b) sell, on the Selected Participant's behalf such number of H Shares to which the Selected Participant becomes entitled under the H-Share Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
- (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the H-Share Scheme or from any payments due from a member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any member of the Group; and/or
- (d) require the Selected Participant to remit to the Trustee or any member of the Group, in the form of cash or a certified or bank cashier's check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by the Trustee or any member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

The Trustee shall not be obliged to transfer any Award Shares corresponding to the RSUs (or pay the Actual Selling Price of such RSUs in cash) to a Selected Participant unless and until the Selected Participant satisfies the Trustee and the Board of Directors or the Authorized Person that such Selected Participant's obligations under this Rule have been met.

## **11. Cessation of Employment and Other Events**

### **Change in Job Position**

- 11.1 If a Selected Participant has changes in his job position by reason of adjustment of his position within a member of the Group to the extent that he/she will continue to be a Selected Participant, and all of the conditions set out in the Award Letter have been fulfilled, any outstanding RSUs not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board of Directors or the Authorized Person determines otherwise at their sole and absolute discretion.
- 11.2 If a Selected Participant ceases to be an Eligible Person by reason of the following circumstances:
  - (a) having committed any act of fraud or dishonesty or serious misconduct or any violation behaviour (e.g. bribery, disclosure of the Group's secrets, damage to the Group's assets, causing major accidents etc.) as determined by the Board at its sole and absolute discretion; or

- (b) having been convicted of any criminal offence involving his or her integrity or honesty, or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong, the PRC or any other applicable laws, rules or regulations in force from time to time; or
- (c) violation of professional ethics or the leakage of confidential information of the Company; or
- (d) caused damage to the interests or reputation of the Company, as determined by the Board at their sole and absolute discretion, due to failure to discharge his or her duties or a wilful misconduct;

all outstanding RSUs not yet vested shall immediately lapse, unless otherwise determined by the Board of Directors or the Authorized Person in its absolute discretion.

#### **Retirement, Death, Permanent Disability and Redundancy**

- 11.3 If a Selected Participant ceases to be an Eligible Person by reason of (i) retirement by agreement with a member of the Group; (ii) death of; or (iii) termination of employment or contractual engagement with the Group by reason of his or her permanent physical or mental disablement resulting from work injury as a result of his or her employment with the Group, any outstanding RSUs not yet vested shall be vested on the next available Vesting Date set out in the Award Letter or on such other date as may be determined by the Board of Directors or the Authorized Person at their sole and absolute discretion, provided that such Selected Participant satisfied the vesting conditions prior to the occurrence of the events listed in (i), (ii) and (iii) in this Rule 11.3 (as applicable) and accepted the non-compete undertakings (applicable for the retiring Eligible Person).

#### **Resignation or Cessation of Employment**

- 11.4 In the event that a Selected Participant (i) resigns; or (ii) has his or her employment contract terminated by the employer for reasons other than those stated in Rule 11.3; or (iii) commits any fraudulent, dishonest, or gross misconduct, or engages in any behaviour that the Board, at its sole and absolute discretion, determines to be a violation (such as bribery, disclosure of company secrets, damage to the Group's assets and causing major incidents), or is convicted of a criminal offense involving integrity or honesty, or is held legally responsible for any offenses under the SFO, other securities laws or regulations in Hong Kong, or any other applicable laws, rules, or regulations of China in effect from time to time, and has his or her employment contract terminated by the Group as a result; or (iv) has his or her employment or contractual relationship with the Group terminated due to redundancy, any outstanding RSUs not yet vested shall immediately become void, unless the Board of Directors or the Authorized Person decides otherwise at its sole and absolute discretion.

- 11.5 If a Selected Participant is declared or adjudged to be bankrupt by a competent court or governmental body, or becomes insolvent, or fails to pay his or her debts as they fall due (after the expiry of any applicable grace period), or makes any arrangements or agreements with his or her creditors or an administrator takes possession of any of his or her assets, any outstanding RSUs not yet vested shall be immediately void, unless the Board of Directors or the Authorized Person determines otherwise at their sole and absolute discretion.
- 11.6 If a Selected Participant ceases to be an Eligible Person for reasons other than those set out in Rules 11.2, 11.3, 11.4 or 11.5, any outstanding RSUs not yet vested shall be immediately void, unless the Board of Directors or the Authorized Person determines otherwise at their sole and absolute discretion.
- 11.7 Any Selected Participant ceasing to be an Eligible Person for reasons set out in Rules 11.2, 11.3, 11.4, 11.5 or 11.6, such Selected Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Authorized Person, the Trust or the Trustee or with respect to those or any other RSU or any right thereto or interest therein in any way.
- 11.8 A Selected Participant shall be taken to have retired on the date that he or she retires upon or after reaching the age of retirement specified in his or her service agreement or pursuant to any retirement policy of the Company applicable to him or her from time to time or stipulated by law, in case there is no such terms of retirement applicable to the Selected Participant, with the approval of the Board or the board of the applicable members of the Group.
- 11.9 In the event that an Award or any part thereof to a Selected Participant vests by reason of the death of such Selected Participant as contemplated in Rule 11.3, the Trustee shall hold such number of Awards Shares as are equal to the vested RSUs or the Actual Selling Price (hereinafter referred to as the “**Benefits**”) on trust and to transfer the same to the designated property heir or legal heir of the Selected Participant within one year of the death of the Selected Participant (or such longer period as the Trustee and the Company or the Authorized Person shall agree from time to time), or if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held by the Trustee as Returned Shares or funds of the Trust for the purposes of the H-Share Scheme. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be retained and may be invested and otherwise dealt with by the Trustee in every way as if they had remained part of the Trust.
- 11.10 The Company or the Authorized Person shall, from time to time, inform the Trustee in writing, the date on which such Selected Participant ceased to be an Eligible Person, forfeiture of any outstanding RSUs not yet vested and any amendments to the terms and conditions of the Award in respect to such Selected Participant (including the number of RSUs entitled).

**12. Transferability of and Other Rights to RSUs**

- 12.1 Any Award granted under the H-Share Scheme but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.
- 12.2 Any actual or purported breach of Rule 12.1 shall entitle the Board of Directors or the Authorized Person to cancel any outstanding Award or part thereof granted to such Selected Participant. For this purpose, a determination from the Board of Directors or the Authorized Person, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive as to such Selected Participant.

**13. Interests in the Assets of the Trust**

## 13.1 For the avoidance of doubt:

- (a) a Selected Participant shall have only a contingent interest in the Award subject to the vesting of such Award in accordance with Rules 10 and 14;
- (b) no instructions may be given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust and the Trustee shall not follow instructions given by a Selected Participant to the Trustee in respect of the Award or any other property of the Trust;
- (c) neither the Selected Participant nor the Trustee may exercise any voting rights in respect of any H Shares held by the Trustee under the Trust (including any outstanding RSUs not yet vested);
- (d) a Selected Participant shall have no right to any dividend to any of the RSUs that have not yet vested, any of the Returned Shares, any dividend of the Returned Shares, funds or other properties of the Trust, all of which shall be retained by the Trustee for the benefit of the H-Share Scheme, unless the Board of Directors or the Authorized Person determines otherwise at its sole and absolute discretion;
- (e) a Selected Participant shall have no rights in the balance of the fractional shares arising out of the division and consolidation of H Shares (if any) and such H Shares shall be deemed Returned Shares for the purposes of the H-Share Scheme;
- (f) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the designated property heir or legal heir of the Selected Participant is made within the period prescribed in Rule 11.9 and the designated property heir or legal heir of the Selected Participant shall have no

claims against the Company, any other member of the Group, the Board, the Authorized Person, the Trust or the Trustee; and

- (g) unless otherwise waived by the Board, in the event that the vesting conditions (if any) specified in an Award Letter are not fully satisfied prior to or on the relevant Vesting Date, the award of the RSU shall lapse, such RSU shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, any other member of the Group, the Board, the Authorized Person, the Trust or the Trustee.

#### **14. Change of Control, Rights Issue, Open Offer, and Scrip Dividend Scheme among Others**

##### **Change in Control**

- 14.1 If there is an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, change of actual control of the Company, the Company no longer exists after merger with another company or the H Shares are no longer listed on the Stock Exchange, the Board or the committee of the Board or the Authorized Person shall at their sole and absolute discretion determine whether the Vesting Dates of any Awards will be accelerated. If the Vesting Dates of any Awards are accelerated, the procedures as set out in Rule 10.7 shall apply except that the Vesting Notice will be sent to such Selected Participant affected by this Rule 14.1 based on the proposed Vesting Date as soon as practicable once the proposed Vesting Date is known. The Trustee shall transfer the RSUs or pay the Actual Selling Price in cash, as the case may be, to the Selected Participant in accordance with the Confirmation Letter as provided by the Board or the Authorized Person.

For the purpose of Rule 14.1, “control” shall have the meaning as specified in the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission from time to time.

##### **Open Offer and Rights Issue**

- 14.2 In the event of an open offer or rights issue by the Company, the Trustee shall not subscribe for any new H shares. In the event of a rights issue, the Trustee shall seek instructions from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it and the net proceeds of sale of such rights shall be held as part of the funds in the Trust.

##### **Bonus Warrants**

- 14.3 In the event the Company issues bonus warrants in respect of any H Shares which are held by the Trustee, the Trustee shall not, unless otherwise instructed by the Company, subscribe for any new H Shares by exercising any of the subscription rights attached to the bonus warrants, and shall sell the bonus warrants created and granted to it, and the net proceeds of sale of such bonus warrants shall be held as funds of the Trust.

**Capitalization Issue, Sub-division or Consolidation of Shares and Reduction of Share Capital**

14.4 In the event that the Company proceeds with a capitalization issue or the share capital of the Company is subdivided, consolidated or reduced, the Company shall make corresponding adjustments to the following (if necessary and in accordance with the Listing Rules and any guidance materials published by the Stock Exchange from time to time):

- (a) the number of shares subject to the Scheme Limit (as updated from time to time); and/or
- (b) the number of Award Shares corresponding to outstanding RSUs not yet vested.

No adjustment in favour of any Selected Participant may be made except with the prior approval of the Shareholders by ordinary resolution passed at a general meeting of the Company.

14.5 The adjustments shall be made by the Company in accordance with the following principles, to the extent applicable: (a) each Selected Participant will have the same proportionate entitlement to the Award as it would have had immediately prior to the event giving rise to the adjustments to be fulfilled; and (b) the Shares will not be issued at a price below their par value.

14.6 The Adjustment is deemed to become effective on the earlier of (i) the date of completion of the relevant corporate event giving rise to the Adjustment to be fulfilled; and (ii) if necessary, when the Adjustment Certificate is issued.

The Company shall notify the Selected Participants of the Adjustment within 30 business days after the announcement of the relevant corporate event giving rise to the Adjustment.

14.7 If the Company makes other non-cash and non-equity distributions in respect of the H Shares held by the Trust which are not referred to in the H-Share Scheme Rules, the Trustee shall sell such distributions and the net proceeds from the sale of such distributions shall be deemed to be cash receipts in respect of the H Shares held by the Trust unless otherwise instructed by the Board or the Authorized Person.

**Voluntary Winding Up**

14.8 If notice is duly given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company are passed to a successor company) or an order of winding up of the Company is made, the Board of Directors or the Authorized Person shall determine at its discretion whether such RSU shall vest in the Selected Participant and the time at which such RSU shall vest. If the Board determines that any RSU shall vest, it shall promptly notify the Selected Participant and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the RSU which are to become vested in such Selected Participant or pay the such sum they would have received in respect of the Awards, to such Selected Participant.

**15. H-Share Scheme Limit**

15.1 The H-Share Scheme is subject to the provisions of Rule 1A of the Scheme.

**16. Returned Shares**

16.1 The Trustee shall hold Returned Shares to be applied towards future Awards in accordance with the provisions hereof for the purpose of the H-Share Scheme. The Board and/or the Authorized Person will notify the Trustee when any H Shares should be deemed to be Returned Shares under the H-Share Scheme Rules.

**17. Alteration of H-Share Scheme**

17.1 According to the mandate of the general meeting, the Board may amend the H-Share Scheme, except for the following circumstances:

- (a) material changes to the terms and conditions of the H-Share Scheme; and
- (b) changes to the authority of the Board of Directors or the Authorized Person to amend the terms of the H-Share Scheme.

17.2 Written notice of any amendment to the H-Share Scheme shall be given to all Selected Participants and the Trustee.

17.3 The amended H-Share Scheme shall comply with all relevant requirements of laws, regulations and the Listing Rules.

**18. Cancellation of Awards**

- 18.1 The Board may cancel any RSUs granted on such terms and conditions with the consent of the relevant Selected Participant.
- 18.2 For the purposes of Rule 1A under the Equity Incentive Scheme, RSUs that have been cancelled are deemed to have utilized the relevant Scheme Limit.

**19. Termination of the H-Share Scheme**

- 19.1 Subject to Rule 4, the H-Share Scheme was terminated on the earlier of the following dates:
- (a) the end of the Award Period; and
  - (b) an early termination date determined by the Shareholders at a general meeting.

No further grants of RSUs may be made after the termination of the H-Share Scheme, but this H-Share Scheme will continue to be extended until the vesting of such RSUs is complete so long as there are any outstanding RSUs not yet vested granted hereunder prior to the end of the Award Period.

- 19.2 On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding RSUs not yet vested under the H-Share Scheme, the Trustee shall (i) sell all the H Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding RSUs not yet vested (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in this Rule 19.2 and other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Group; or (ii) return the outstanding balance of the H Shares remaining in the Trust to the Group in the manner as instructed by the Board of Directors or the Authorized Person, subject to the compliance of the Listing Rules or any applicable rules and regulations.

## B. Partnership Plan

### 20. Purpose of the Partnership Plan

20.1 The purposes of the Partnership Plan are:

- (a) to advocate a value-oriented performance culture, to establish a mechanism for profit-sharing and mutual accountability between shareholders and the management team of the Company, to enhance the cohesion of the management team of the Company, to strengthen the Company's competitiveness, and to ensure the realization of the Company's future development strategies and business objectives;
- (b) to align the interests of shareholders, the Company, and Grantees, ensuring that all parties are collectively focused on the Company's sustained and healthy development, thereby bringing more efficient and long-lasting returns to the Company;
- (c) to further improve the Group's performance appraisal system and remuneration system in order to attract, retain and motivate talents required for the realization of the Group's strategic objectives; and
- (d) to establish a philosophy and a company culture in which employees and the Group work together for sustainable development.

### 21. Partnership Plan Effectiveness Conditions and Incentive Method

21.1 The Partnership Plan shall become effective after being adopted and approved by the shareholders at the general meeting of the Company.

21.2 The incentive method of the Partnership Plan is that certain limited partnerships established or proposed to be established under the laws of the PRC shall act as Employee Shareholding Platforms to hold the shares of the Company directly or indirectly, and the Grantees shall indirectly hold the underlying shares of the incentive (the "**Partnership Plan Incentive Shares**") through the holding of shares of such Employee Shareholding Platforms (the "**Incentive Shares**" or "**Partnership Interest**").

21.3 The shares of the Company granted under the Partnership Plan must not cause the Equity Incentive Scheme to exceed the Equity Incentive Scheme Limit.

21.4 For the avoidance of doubt, the Partnership Plan does not involve the issue of new shares of the Company or the transfer of its Treasury Shares by the Company to the Employee Shareholding Platforms.

The Partnership Plan Incentive Shares under the Partnership Plan could be acquired or received by the Employee Shareholding Platforms on the market or off the market.

21.5 Subject to early termination as determined by the Board under the Partnership Plan, the Partnership Plan shall remain in effect for a period of ten (10) years from the Adoption Date, after which no further Incentive Shares shall be granted.

**22. Administration of the Partnership Plan**

- 22.1 As the highest authority of the Company, the general meeting is responsible for reviewing and approving the adoption of the Partnership Plan. The general meeting may authorize the Board of Directors and/or the Authorized Person to handle matters related to the Partnership Plan.
- 22.2 The Board of Directors is the executive management body of the Partnership Plan and is responsible for the implementation of the Partnership Plan. The Board and the Authorized Person may, to the extent mandated by the Shareholders in general meeting, conduct other matters relating to the Partnership Plan, including but not limited to determining, among others, the award, repurchase and cancellation of Incentive Shares.

**23. Employee Shareholding Platform(s)**

- 23.1 The Employee Shareholding Platform shall be a limited partnership established and validly existing under the laws of the PRC.
- 23.2 The Employee Shareholding Platform is administered by its managing partner (being the general partner) who handles the partnership affairs; The managing partner is a general partner; grantees (other than the General Partner), as limited partners, do not handle partnership affairs and may not represent the Employee Shareholding Platform externally.

**24. Eligibility and Scope of Grantees under the Partnership Plan**

- 24.1 The scope of Grantees (“Grantee”) under the Partnership Plan is:
- (a) Directors and senior management of the Group;
  - (b) the Group’s core technical staff, middle management and key employees with outstanding or special contributions in each department; and
  - (c) other persons who may participate in the Partnership Plan as determined by the Board of Directors or the Authorized Person.
- 24.2 Grantees under the Partnership Plan shall meet the following basic criteria:
- (a) to identify himself or herself with the Company’s philosophy;
  - (b) to be highly loyal to the Company;
  - (c) to make continuous efforts and contributions to the Group’s medium and long-term development or to play an important role during critical periods; and

- (d) to have no shareholding in, position with, provision of service for or salary from any entity which is in business competition or potential business competition with the Group, no violation of laws and regulations in the recent three years, and no other circumstances required by laws and regulations or the Listing Rules to be prohibited for Grantees.

## 25. Acquisition of Partnership Plan Incentive Shares

- 25.1 The Board of Directors or the Authorized Person shall determine the specific number of Incentive Shares to be granted to a Grantee, the subscription price (if any) and the manner of grant after taking into account a number of factors, such as his or her job position, years of service, remuneration and contribution to the Company.
- 25.2 Subject to the rules of the Partnership Plan, the Grantees indirectly hold the shares of the Company by acquiring the interest of the Employee Shareholding Platform and are entitled to the corresponding interests in such shares through the Employee Shareholding Platform. The specific arrangements for each Grantee to receive the Incentive Shares shall be governed by the share incentive agreement signed between the Grantee and the Employee Shareholding Platform. The Incentive Shares are deemed to be vested and held by the Grantees from the date of completion of the corresponding changes to the business registration of the Employee Shareholding Platform (the “**Partnership Plan Vesting Date**”), subject to the corresponding lock-up period and unlocking requirements.
- 25.3 The procedures for a Grantee to acquire Incentive Shares are detailed below:
- (a) The Board of Directors or the Authorized Person shall determine the list of Grantees and the corresponding Incentive Shares;
  - (b) The Grantees shall sign a share incentive agreement with the Employee Shareholding Platform;
  - (c) The Board of Directors or the Authorized Person shall assist a Grantee in completing the relevant procedure for registering the Grantee as a limited partner of the Employee Shareholding Platform within a reasonable period after the execution and effectiveness of the share incentive agreement.
- 25.4 To reflect the market fairness of the subscription price for Incentive Shares and to incentivize outstanding employees, the subscription price shall be determined according to the provisions of the share incentive agreement, but under no circumstances shall the subscription price be lower than the minimum price allowed by Chinese law.

25.5 During the period referred to in Rule 7.1, the Company shall not grant Incentive Shares to the Grantees and the Employee Shareholding Platform shall not effect any transfer of Incentive Shares. If the General Partner of the Employee Shareholding Platform is a Director of the Company or a business in which a Director controls 1/3 or more of the voting power at its general meeting, the repurchase of Incentive Shares by the Employee Shareholding Platform and the sale/transfer of Partnership Plan Incentive Shares of the Partnership will also be subject to Appendix C3 of the Listing Rules, "Model Code for Securities Transactions by Directors of Listed Issuers".

## **26. Management of Employee Shareholding Platform**

26.1 The Board of Directors or the Authorized Person shall establish and maintain an Internal Staff Incentive Register as a written evidence of Grantees' holding/contribution to the payment of the consideration for the subscription of Incentive Shares.

26.2 When there is a change in the number of Incentive Shares held by a Grantee and/or Incentive Equity Interest indirectly held under the Partnership Plan, the Board of Directors or the Authorized Person shall, in accordance with the Company's overall timetable, assist in the changes to the business registration of the Employee Shareholding Platform in a timely manner, and make a corresponding notation in the Internal Staff Incentive Register.

26.3 The Board of Directors or the Authorized Person shall periodically review and verify the Internal Staff Incentive Register and keep a detailed record of the changes in the Internal Staff Incentive Register.

26.4 The Company or Employee Shareholding Platform may select a system provider to administer the Partnership Plan Incentive Shares held by Grantees, and each Grantee irrevocably acknowledges and endorses the results of the operations of the Company, Employee Shareholding Platform and/or the Board of Directors or the Authorized Person through the foregoing management system.

## **27. Lock-up Period, and Exit and Repurchase Arrangements**

27.1 Unless otherwise expressly provided in the Partnership Plan, during the duration of the Employee Shareholding Platform, the Board of Directors or the Authorized Person shall be responsible for assisting the Employee Shareholding Platform in determining matters related to the repurchase of Incentive Shares obtained by the Grantees.

**Lock-up Period**

- 27.2 The Partnership Plan Incentive Shares acquired by a Grantee are subject to a lock-up period (the “**Lock-up Period**”) as set out in the share incentive agreement. During the Lock-up Period, the Employee Shareholding Platform shall not sell or transfer the corresponding Partnership Plan Incentive Shares, and at the same time, the Grantee shall not dispose of (including but not limited to transfer, entrust to hold, and create encumbrance, except for repurchases under the Partnership Plan) the Incentive Shares they have received through the Partnership or any interest in connection with the same in any manner whatsoever, and shall not use such Incentive Shares as collateral for, or in the repayment of, any indebtedness. Upon expiry of the Lock-up Period, the Grantees may reduce their holdings of Incentive Shares in accordance with the relevant regulations of the Partnership Plan, the securities regulatory authorities and the Stock Exchange.
- 27.3 During the Lock-up Period, the Partnership Plan Incentive Shares granted to the Grantees under the Partnership Plan shall be locked-up at the same time as the additional Shares acquired as a result of the Company’s capitalization of capital reserves, distribution of stock dividends, rights issue, and additional issuance to the existing Shareholders, as well as their corresponding Partnership Interest, and the Lock-up Period for such Shares and their corresponding Partnership Interest shall end on the same date as that for the Partnership Plan Incentive Shares granted through the Partnership Plan.
- 27.4 In order to unlock the Grantee’s holdings in the Employee Shareholding Platform, the Grantee shall meet the performance appraisal targets as set out in the share incentive agreement. If the Grantee’s two consecutive half-yearly performance appraisals prior to the point at which the Incentive Shares are to be released are at grade C or below, his or her Incentive Shares cannot be released at that point.

The Board or the Authorized Person shall have the final authority to interpret the performance appraisals of the Grantees.

**Exit**

- 27.5 If a Grantee meets the performance appraisal targets and none of the circumstances stipulated in the Scheme that shall not exist for the Grantee, his or her Incentive Shares/Partnership Plan Incentive Shares will be released from lock-up after the expiry of the Lock-up Period, and he/she may apply in writing for a transfer of all or part of his or her Partnership Interest in accordance with the provisions of the Partnership Plan and/or the share incentive agreement in order to indirectly transfer his or her shares of the Company for the purpose of realizing the investment gain or request the Employee Shareholding Platform to dispose of the corresponding Partnership Incentive Shares and realize the proceeds from the sale, whereupon the General Partner shall co-operate accordingly at that time.

**Repurchase or Designated Transfer**

- 27.6 The Company shall have the right to repurchase the Partnership Interest held by a Grantee for the appraisal year in which his or her performance appraisal targets are not met, i.e., the General Partner of the Employee Shareholding Platform shall repurchase the Incentive Shares for which the performance appraisal targets are not met at the Subscription Price of the Incentive Shares (the “**Repurchase Price**”) or transfer such Incentive Shares to another party specified by the General Partner.
- 27.7 If there is a change in the personal circumstances of a Grantee that triggers a repurchase of the Partnership Interest granted to the Grantee under the Partnership Plan, the Partnership Interest corresponding to the Company Shares granted to the Grantee may, with the approval of the Board of Directors or the Authorized Person, be repurchased by the General Partner of the Employee Shareholding Platform or transferred to another party designated by the General Partner of the Employee Shareholding Platform.
- 27.8 Partnership Interest repurchased by the General Partner are temporarily held by the General Partner or another party designated by the General Partner and may be granted to other Grantees who meet the incentive conditions with the approval of the Board of Directors or the Authorized Person.
- 27.9 Upon the occurrence of a repurchase event, the relevant Grantee shall be deemed to have withdrawn from the Shareholding Platform/cease to be a shareholder of the Company from the date of the written notice of repurchase issued by the General Partner and shall cease to be entitled to any of his or her rights (including but not limited to partnership/shareholders’ rights such as various rights and interests in the shares of the Employee Shareholding Platform/Company, dividend entitlement and voting rights) as a Grantee as at such date, save for the proceeds from the transfer/repurchase of Incentive Shares acquired by the relevant Grantee under the Partnership Plan.

**Dealing with Changes to Personal Circumstances of Grantees***Change to the Job Position of Grantee*

- 27.10 In the event of a change to the job position of a Grantee who remains in the employment of the Company or its subsidiaries, the Incentive Shares already granted to Grantee shall remain valid subject to the procedures set out in this Partnership Plan unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

27.11 In case of a change to the job position of a Grantee due to violation of law or professional ethics, disclosure of Company secrets, or damage to the Company's interests or reputation arising from dereliction of duty or malfeasance in office, the Incentive Shares, if any, that remain in lock-up shall be repurchased by the General Partner of the Employee Shareholding Platform at the Repurchase Price or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion. At the same time, the Grantee shall return to the Company all the proceeds from the exercise of his or her rights, and shall be liable to compensate the Group for any loss caused to the Group.

*Resignation of Grantee*

27.12 If a Grantee's contract expires and is not renewed or if the Grantee resigns on his or her own initiative, his or her Partnership Interest will not be dealt with if the Lock-up Period has expired; If the lock-up period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Employee Shareholding Platform at the Repurchase Price or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

27.13 If the Grantee passively resigns due to Company layoffs and other reasons and there is, among others, no performance appraisal failure, negligence, violation of laws and disciplines, and if the Lock-up Period has expired, the Partnership Interest held by the Grantee will not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Employee Shareholding Platform at the sum of the Repurchase Price plus interest on deposits held with banks for the same period or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

27.14 If a Grantee leaves the Company due to violation of laws or professional ethics, disclosure of Company secrets, or acts of dereliction of duty or malfeasance in office that are detrimental to the Company's interests or reputation, or if the Company terminates the employment relationship with the Grantee due to any of the foregoing reasons, the Partnership Interest that is still under lock-up shall be purchased by the General Partner of the Employee Shareholding Platform at the Repurchase Price or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion. At the same time, the Grantee shall also return to the Company all the proceeds from the exercise of his or her rights, and shall be liable to compensate the Group for any loss caused to the Group.

*Retirement of Grantee*

27.15 If a Grantee continues his or her employment after retirement, his or her Partnership Interest granted shall be treated exactly according to the procedures set forth under

the Partnership Plan prior to retirement unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

- 27.16 If the Company requests for continued employment but the Grantee refuses or the Grantee retires and resigns, then upon expiry of the Lock-up Period, the Partnership Interest held by the Grantee shall not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Employee Shareholding Platform at the sum of the Repurchase Price plus interest on deposits held with banks for the same period or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

*Incapacity to Work of Grantee*

- 27.17 If the Grantee resigns due to work-related injury and incapacity to work, and if the Lock-up Period has expired, the Partnership Interest held by the Grantee shall not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Employee Shareholding Platform at the sum of the Repurchase Price plus interest on deposits held with banks for the same period or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

- 27.18 If the Grantee resigns not due to work-related injury and incapacity to work, and if the Lock-up Period has expired, the Partnership Interest held by the Grantee shall not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Partnership at the Repurchase Price or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

*Decease of Grantee*

- 27.19 If the Grantee deceases as a result of the performance of his or her duties, and if the Lock-up Period has expired, the Partnership Interest held by the Grantee shall not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Employee Shareholding Platform at the sum of the Repurchase Price plus interest on deposits held with banks for the same period, and the repurchase payment shall be received by his or her designated property heir or legal heir, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

- 27.20 If the Grantee deceases due to other reasons, and if the Lock-up Period has expired, the Partnership Interest held by the Grantee shall not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Partnership at the Repurchase Price, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion. The repurchase payment shall be received by his or her designated property heir or legal heir.

*Breach of Non-competition Restriction by Grantee*

27.21 If a Grantee breaches the non-competition restriction/prohibition agreement (if any), the Grantee shall return all the gains he/she has received from participating in the Partnership Plan to the Company, and shall also be liable to compensate the Group for any loss caused to the Group; the Partnership Interest (whether the release conditions are met or not) obtained by the Grantee under the Partnership Plan shall be repurchased by the General Partner of the Employee Shareholding Platform at the Repurchase Price or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

**Dealing with Changes in the Circumstances of the Company**

27.22 If a Grantee works in a subsidiary of the Company, and if the Company loses control over the subsidiary and the Grantee remains in such subsidiary, and if the Lock-up Period has expired, the Partnership Interest held by the Grantee shall not be dealt with; If the Lock-up Period has not expired, his or her Partnership Interest shall be repurchased by the General Partner of the Employee Shareholding Platform at the sum of the Repurchase Price plus interest on deposits held with banks for the same period or transferred to another party specified by the General Partner, unless otherwise determined by the Board or the Authorized Person in its sole and absolute discretion.

27.23 If the Company undergoes changes of control, merger, divisions or termination of listing, there shall be no effect on the continuing implementation of the Partnership Plan.

27.24 The Board of Directors shall identify other unspecified circumstances and determine how to deal with it.

27.25 Subject to the provisions of Rule 27, the specific exit and transfer arrangements of each Grantee shall also be subject to the terms of the share incentive agreement entered into between such Grantee and the Employee Shareholding Platform.

**28. Limitations on Partnership Plan Incentive Shares**

28.1 In respect of the Partnership Plan Incentive Shares indirectly held by a Grantee, the Grantee is only entitled to the right to economic benefits upon the disposal of such Partnership Plan Incentive Shares, but not the rights such as the voting rights of the such Partnership Plan Incentive Shares, which will be exercised by the General Partner (being the Managing Partner) of the Employee Shareholding Platform on behalf of the Grantee.

28.2 For the avoidance of doubt, only cash dividends received corresponding to his or her granted Partnership Plan Incentive Shares after the expiry of the lock-up shall belong to the Grantee.

**29. Taxes**

- 29.1 In accordance with the PRC laws, Grantees shall be liable to pay personal income tax on any form of income derived from their participation in the Partnership Plan or the exercise of their rights under the Partnership Plan, and the specific tax shall be declared and paid by the Employee Shareholding Platform to the relevant tax authorities.
- 29.2 The management costs of the Employee Shareholding Platform (excluding repurchase fees) shall be borne by all partners, including the Grantees. The foregoing management costs shall be deducted in advance when distributing dividends or disposing of proceeds.
- 29.3 For repurchases covered by this Partnership Plan, the cost of such repurchases shall be borne by the General Partner of the Employee Shareholding Platform or such other party designated by the General Partner to effect the repurchases.

**29A. Changes to the Partnership Plan**

- 29A.1 According to the mandate of the general meeting, the Board may amend the Partnership Plan, except for the following circumstances:
- (a) material changes to the terms and conditions of the Partnership Plan; and
  - (b) changes to the authority of the Board of Directors or the Authorized Person to amend the terms of the Partnership Plan.
- 29A.2 Any changes to the Partnership Plan shall be notified in writing to all Grantees.
- 29A.3 The amended Partnership Plan shall comply with all relevant requirements of laws, regulations and the Listing Rules.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Beijing Fourth Paradigm Technology Co., Ltd. 北京第四範式智能技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock code: 6682)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "EGM") of Beijing Fourth Paradigm Technology Co., Ltd. (the "Company") will be held at Level 3, Tower A, Hongyuan New Times Building, No. 17 Shangdi Kaituo Road, Haidian District, Beijing on Thursday, September 19, 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions. In this notice, unless the context otherwise requires, capitalised terms and used herein shall have the same meanings as defined in the Company's circular (the "Circular") dated August 30, 2024.

### SPECIAL RESOLUTIONS

1. To consider and if thought fit, pass with or without amendments, the proposed adoption of the Share Option Scheme with the Scheme Limit, being the maximum limit on the number of H Shares which may be issued upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules), as 5% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date.
2. To consider and if thought fit, pass with or without amendments, the proposed adoption of the Equity Incentive Scheme.
3. To consider and if thought fit, pass with or without amendments, the proposed authorization to the Board and/or the Scheme Administrator to handle matters in relation to the Share Option Scheme.
4. To consider and if thought fit, pass with or without amendments, the proposed authorization to the Board and/or the Authorized Person to handle matters in relation to the Equity Incentive Scheme.

Details of the above resolutions proposed at the EGM are contained in the Circular, which is available on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.4paradigm.com](http://www.4paradigm.com)).

By Order of the Board  
**Beijing Fourth Paradigm Technology Co., Ltd.**  
北京第四範式智能技術股份有限公司  
**Dr. Dai Wenyuan**  
Chairman and Executive Director

Hong Kong, August 30, 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The resolutions at the meeting will be taken by poll (except where the chairman decides to allow such resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him or her. A proxy needs not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him or her.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Wednesday, September 18, 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Friday, September 13, 2024 to Thursday, September 19, 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, September 12, 2024.
5. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he or she were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
6. References to time and dates in this notice are to Hong Kong time and dates.