
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shandong Fengxiang Co., Ltd., you should at once hand this supplemental circular and the enclosed supplemental proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this supplemental circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this supplemental circular.



凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

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

(Stock Code: 9977)

**SUPPLEMENTAL CIRCULAR TO THE CIRCULAR
DATED 16 MAY 2024 IN RELATION TO
(1) PROPOSED AMENDMENTS TO THE SHARE SCHEMES; AND
(2) SUPPLEMENTAL NOTICE OF THE AGM**

This supplemental circular should be read together with the circular of the Company dated 16 May 2024. The supplemental notice convening the AGM dated 22 May 2024 notifying the AGM will be held as originally scheduled at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC on Wednesday, 5 June 2024 at 9:30 a.m. is set out on pages 56 to 59 of this supplemental circular. The supplemental proxy form for use is enclosed herewith and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.fengxiang.com>).

Whether or not you intend to attend the AGM, please complete and sign the enclosed supplemental proxy form in accordance with the instructions printed thereon and return it to the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC (for holders of Domestic Shares) or to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the AGM (i.e. not later than 9:30 a.m. on Tuesday, 4 June 2024) or the adjourned meeting (as the case may be). Completion and return of the supplemental proxy form will not preclude you from attending and voting in person at the AGM.

22 May 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	9
APPENDIX I — SUMMARY OF THE PRINCIPAL TERMS OF THE 2021 SAS	17
APPENDIX II — SUMMARY OF THE PRINCIPAL TERMS OF THE 2023 SAS	38
SUPPLEMENTAL NOTICE OF THE AGM	56

DEFINITIONS

In this supplemental circular, the following expressions have the meanings set out below unless the context requires otherwise.

“2020 SAS”	the share award scheme of the Company adopted on 26 June 2020, which was prior to the listing of the H Shares of the Company on the Stock Exchange, constituted by the rules relating to such scheme in its present form or as amended from time to time in accordance with the provisions thereof
“2021 Employee Participant(s)”	in accordance with the 2021 SAS, employees (including full-time employees and part-time employees) of any members of the Group (including persons who are granted Awards under the 2021 SAS as an inducement to enter into employment contracts with any members of the Group). For the avoidance of doubt, Employee Participant should include employee of any members of the Group, who are also Director, supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company
“2023 Employee Participant(s)”	in accordance with the 2023 SAS, employees (including full-time employees and part-time employees) of any member of the Group (including persons who are granted Awards under the 2023 SAS as an inducement to enter into employment contracts with any member of the Group). For the avoidance of doubt, Employee Participant should exclude any Director, supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company
“2021 SAS”	the share award scheme of the Company adopted on 10 December 2021, constituted by the 2021 Scheme Rules
“2021 Scheme Rules”	the rules relating to the 2021 SAS in its present form or as amended from time to time in accordance with the provisions thereof
“2021 Trust Deed”	the trust deed entered into between the Company as settlor and the Trustee as trustee of the Trust on 10 December 2021, and as amended on 29 August 2023 (as restated, supplemented and amended from time to time)
“2023 SAS”	the share award scheme of the Company adopted on 29 August 2023, constituted by the 2023 Scheme Rules

DEFINITIONS

“2023 Scheme Rules”	the rules relating to the 2023 SAS in its present form or as amended from time to time in accordance with the provisions thereof
“2023 Trust Deed”	the trust deed entered into between the Company as settlor and the Trustee as trustee of the Trust on 29 August 2023 (as restated, supplemented and amended from time to time)
“Acceptance Payment”	the amount of consideration as determined at the sole and absolute discretion of the Board, payable by a selected participant for the acceptance of an Award
“Adoption Date”	10 December 2021, being the date on which the Company adopted the 2021 SAS and/or 29 August 2023, being the date on which the Company adopted the 2023 SAS (as the case may be)
“AGM”	the annual general meeting of the Company to be held as originally scheduled at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC on Wednesday, 5 June 2024 at 9:30 a.m., or any adjournment thereof, and the supplemental notice of which is set out on pages 56 to 59 of this supplemental circular
“Amended Share Schemes”	the amended and restated Share Schemes proposed by the Board to seek approval from the Shareholders at the AGM, a summary of the principal terms are set out in Appendices to this supplemental circular
“Amendment Date”	the date on which the Company amended the respective Scheme Rules, which proposed amendments are approved by the Shareholders at the AGM
“Articles of Association”	the articles of association of the Company (as adopted or amended from time to time)
“Award”	an award of the Awarded Interests by the Board to a Selected Participant in accordance with the respective Scheme Rules
“Awarded Cash”	in respect of a Selected Participant, such amount of cash from the sale of Awarded Shares awarded to him/her, net of all taxes, fees, levies, stamp duty and other charges in connection with such sale

DEFINITIONS

“Awarded Interests”	the Awarded Shares and/or Awarded Cash and the Related Income (if any) under the Award
“Awarded Share(s)”	in respect of a Selected Participant, such number of H Shares as awarded to him/her by the Board, which may include new H Shares as well as existing H Shares in issue
“Board”	the board of Directors of the Company and if the context so permits, it shall include such committee or sub-committee of the board of directors as delegated with the power and authority from time to time to administer the Amended Share Schemes and/or to deal with the Trust/Trustee under the supervision of the board of directors of the Company
“Business Day”	any day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“Change in Control”	<p>the occurrence of any of the following events:</p> <p>(a) <i>Change in Ownership of the Company</i>: a change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group (the “Person”), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes 30% or more of the total voting power of the stock of the Company, except that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or</p> <p>(b) <i>Change in Ownership of a Substantial Portion of the Company’s Assets</i>: a change in the ownership of a substantial portion of the Company’s assets which occurs on the date that any Person acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (b), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.</p>

DEFINITIONS

For the purpose of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if (a) its sole purpose is to change the jurisdiction of the Company's incorporation or (b) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction

“Company”	Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司), a joint stock company established in the PRC with limited liability on 17 December 2010, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9977)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed to the Trust by the Company, any of its subsidiaries and/or any party designated by the Company (including any core connected person of the Company for the 2021 SAS and excluding any core connected person of the Company for the 2023 SAS) for the purpose of the Amended Share Schemes
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	all director(s) of the Company
“Domestic Share(s)”	ordinary share in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Eligible Participant(s)”	in accordance with the respective Scheme Rules, any individual being an Employee Participant at any time during the Trust Period
“Employee Participant(s)”	the 2021 Employee Participant(s) and/or the 2023 Employee Participant(s) (as the case may be)

DEFINITIONS

“Excluded Participant(s)”	in accordance with the respective Scheme Rules, any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Interests is not permitted or desirable under the laws or regulations of such place or where in the view of the Board or the Trustee, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“Grant Date”	the date (which shall be a Business Day) on which an Award is granted to an Eligible Participant by way of Grant Letter
“Grant Letter”	a written instrument in substantially the form set forth in the Scheme Rules which set out details of the Awarded Interests so granted and the conditions (if any) upon which such Awarded Interests were granted
“Group”	the Company and its subsidiaries from time to time, and “member of the Group” means any or a specific one of them
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HKD and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	the lawful currency of Hong Kong
“Latest Practicable Date”	15 May 2024, being the latest practicable date prior to the publication of this supplemental circular for ascertaining certain information contained herein
“Listing Committee”	listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China but excluding, for the purposes of this supplemental circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Related Income”	any and all cash and non-cash income, dividends or distributions, and non-cash and non-scrip distributions in respect of any H Shares less any tax, fees, levies, stamp duty and other charges applicable
“Relevant Schemes”	the Share Schemes and any other schemes (excluding the 2020 SAS) involving subscription for new H Shares and/or purchase/acceptance of existing H Shares in issue adopted and to be adopted by the Company from time to time
“Remuneration Committee”	the remuneration committee of the Company
“Residual Cash”	<p>(a) any Contributed Amount, if received by the Trust(s) for the subscription for or purchase of H Shares, which is unutilised and, if applicable, un-refunded to the Company or such other person who contributed the Contributed Amount;</p> <p>(b) any Contributed Amount received by the Trust(s) for any purpose other than the subscription for or purchase of H Shares; and</p> <p>(c) other cash in the Trust Fund (including without limitation (i) any cash income or dividends derived from or in respect of H Shares held under the Trust(s); (ii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the H Shares held under the Trust(s); and (iii) all interest or income derived from deposits maintained with licensed or regulated banks in Hong Kong or elsewhere)</p>
“Resumption Guidance”	the resumption guidance from the Stock Exchange as stipulated in the announcement of the Company dated 26 April 2023
“RMB”	the lawful currency of the PRC
“Scheme Mandate Limit”	the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under the Relevant Schemes, which shall not exceed 10% of the issued Shares as at the Amendment Date

DEFINITIONS

“Scheme Rules”	the 2021 Scheme Rules and/or the 2023 Scheme Rules (as the case may be)
“Selected Participant(s)”	in accordance with the respective Scheme Rules, Eligible Participant(s) selected by the Board for participation in the Amended Share Schemes (or his/her legal personal representative or lawful successor as the case may be)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the registered holder(s) of the Shares
“Share Schemes”	the 2021 SAS and/or the 2023 SAS (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust(s)”	the trust(s) constituted by the 2021 Trust Deed and/or the 2023 Trust Deed (as the case may be)
“Trust Deed(s)”	the 2021 Trust Deed and/or the 2023 Trust Deed (as the case may be)
“Trust Fund”	<p>the funds and properties held directly or indirectly under the Trust and managed by the Trustee for the benefit of the Selected Participants (other than the Excluded Participants), including without limitation:</p> <ul style="list-style-type: none">(a) HKD100 as initial sum;(b) all H Shares acquired by the Trustee for the purpose of the Trust (including but not limited to any Awarded Shares whether or not vested in a Selected Participant) and such other scrip income (including but not limited to bonus H Shares and scrip dividends declared by the Company) derived from the H Shares held upon the Trust;(c) any cash (including Residual Cash);(d) any other property hereafter paid, transferred, or delivered to or otherwise placed under the control of and (in any such case) accepted by the Trustee as additions to the Trust Fund;

DEFINITIONS

	(e) all issued H shares in the capital of the Trust SPV; and
	(f) all other properties from time to time representing (a) to (e) above
“Trust Period”	the period beginning on the date of the respective Trust Deeds and ending upon the first of happen of the following, namely: <ul style="list-style-type: none">(a) the expiry of the period of 10 years beginning from the Adoption Date, and thereafter for so long if at such time there are any valid and non-vested Awarded Shares granted under the respective Amended Share Schemes, in order to give effect to the vesting or orderly handling (to the extent permitted by the applicable laws) of such Awarded Shares, or otherwise as may be required in accordance with the provisions of the respective Trust Deeds and the Amended Share Schemes;(b) the date when an order for winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purpose of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or(c) such date of early termination as determined by the Board
“Trustee”	the trustee as appointed under the Trust Deeds to act as trustee of the Trust, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deeds
“Trust SPV”	a company which is a wholly-owned subsidiary of the Trustee and designated as the entity holding the Awarded Shares
“Vesting Date”	the date on which the Selected Participant’s entitlement to the relevant Award is vested in him/her in accordance with the Scheme Rules
“Vesting Letter”	a written instrument in substantially the form set forth in the Scheme Rules which confirm the vesting of the Awards
“%”	per cent



凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

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

(Stock Code: 9977)

Executive Directors:

Mr. Xiao Dongsheng (*General Manager*)
Mr. Shi Lei

Non-executive Directors:

Mr. Qiu Zhongwei
Mr. Lu Wei
Mr. Zhu Lingjie (*Chairman*)
Ms. Zhou Ruijia

Independent non-executive Directors:

Ms. Wang Anyi
Ms. Zhao Yinglin
Mr. Chung Wai Man

Registered office:

Liumiao Village
Anle Town
Yanggu County
Liaocheng City
Shandong Province
PRC

*Head office and place of business
in Hong Kong:*

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

22 May 2024

To the Shareholders

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR TO THE CIRCULAR
DATED 16 MAY 2024 IN RELATION TO
(1) PROPOSED AMENDMENTS TO THE SHARE SCHEMES; AND
(2) SUPPLEMENTAL NOTICE OF THE AGM**

INTRODUCTION

This supplemental circular should be read together with the original circular of the Company (the “**Circular**”) and the original notice of the AGM dated 16 May 2024. Reference is made to the announcement of the Company dated 21 May 2024 in respect of the proposed amendments to the Share Schemes.

LETTER FROM THE BOARD

The purpose of this supplemental circular is to provide you with the supplemental notice of the AGM and information reasonably necessary to enable you to make an informed decision on whether to vote for or against the special resolutions proposed at the AGM for approving the proposed amendments to the Share Schemes and the adoption of the Scheme Mandate Limit.

BACKGROUND OF THE SHARE SCHEMES

In order to recognise the contributions by certain employees of the Group and to provide them with incentives so as to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group, the Company adopted two share award schemes, being the 2021 SAS and the 2023 SAS on 10 December 2021 and 29 August 2023, respectively.

Pursuant to the 2021 SAS, the Board granted an aggregate of 23,487,800 Awarded Shares to 63 Selected Participants, of which 13,582,071 were yet to be vested as at the Latest Practicable Date.

Pursuant to the 2023 SAS, no Awarded Shares have been granted as at the Latest Practicable Date.

PROPOSED AMENDMENTS TO THE SHARE SCHEMES

The key changes entailed by the proposed amendments to the Share Schemes are set out below:

- (i) to allow the Amended Share Schemes to involve the grant of Awarded Shares by new H Shares and/or existing H Shares in issue;
- (ii) to adopt the Scheme Mandate Limit;
- (iii) to specify that the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under the Relevant Schemes under the Scheme Mandate Limit as “refreshed” shall not exceed 10% of the total number of issued Shares as at the date of approval of the refreshing of the Scheme Mandate Limit by the Shareholders;
- (iv) to require approval by the Shareholders for refreshment of the Scheme Mandate Limit after 3 years from the date of the Shareholders’ approval for the last refreshment (or as the case may be, the Amendment Date);
- (v) to require approval by independent Shareholders for refreshment of the Scheme Mandate Limit within a three-year period from the date of the Shareholders’ approval for the last refreshment (or as the case may be, the Amendment Date);

LETTER FROM THE BOARD

- (vi) to allow the Company to grant an Award to any Selected Participant at nil or such consideration subject to such terms and conditions as the Board may in its sole and absolute discretion determine; and
- (vii) to include other amendments for house-keeping purposes and to better align the wording among the Amended Share Schemes and with that of the Listing Rules.

The Amended Share Schemes will constitute share schemes involving issue of new shares by the Company under Chapter 17 of the Listing Rules. The proposed amendments to the Share Schemes and the Scheme Mandate Limit must be approved by the Shareholders in general meeting.

Subject to laws, regulations and requirements of the relevant regulatory authorities which require the approval of Shareholders at the general meeting, the Company proposes at the AGM for the Shareholders to authorise the Board to administer the Share Schemes and to formulate or amend from time to time the provisions for the administration and implementation of the Share Schemes in a manner consistent with the terms of the Share Schemes.

How the Terms of the Amended Share Schemes Align with its Purpose

Participants and Basis of Determining the Eligibility of Participants

In determining the eligibility of the Eligible Participants, the Board shall take into consideration matters including, but without limitation to, (a) the performance; (b) the skill, knowledge, experience, expertise and other personal qualities; (c) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (d) the length of employment with the Group; and (e) the contribution or potential contribution to the development and growth of the Group. Such Eligible Participants will share a common goal with the Group in terms of the long-term growth and development of the Group and therefore aligns with the purpose of the Amended Share Schemes.

Vesting Period

Under the Amended Share Schemes, the vesting period for the Award Interests shall not be less than 12 months, except in specified circumstances, the Board may in its sole and absolute discretion determine that the Awards granted to a Selected Participant may be subject to a vesting period of less than 12 months. The Board and the Remuneration Committee are of the view that allowing for a shorter vesting period (which may potentially be less than 12 months) is appropriate and in line with the purpose of the Amended Share Schemes and market practice, as it gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; or (ii) attract talents or reward exceptional performers with accelerated vesting.

LETTER FROM THE BOARD

Purchase Price of the Awarded Shares

Subject to the provisions of the Scheme Rules, the Board may grant an Award to any Selected Participant at nil or such consideration subject to such terms and conditions as the Board may in its sole and absolute discretion determine. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for Awarded Shares, while balancing the purpose of the Award and the interests of Shareholders.

Performance Targets and Clawback Mechanism

Save as determined by the Board and provided in the Grant Letter, there is no performance target which must be achieved before an Award can be exercised under the terms of the Amended Share Schemes nor any clawback mechanism for the Company to recover or withhold any Awards granted to any Selected Participant. However, the Board may determine performance targets from time to time, such as business, financials, operations and management targets determined based on (i) the relevant Eligible Participant's individual performance in relation to his/her roles and responsibilities; (ii) performance of the business groups, business units, business lines, functional departments, projects and/or geographical area managed by the relevant Eligible Participant.

The Board considers that it may not always be appropriate to impose conditions particularly when the purpose of granting the Award is to remunerate or compensate Eligible Participants for past contributions and is not practicable to expressly set out a generic set of performance targets in the Amended Share Schemes as each Selected Participant plays different roles and contributes in different ways to the Group. Having considered that the grantees are employees of the Group who contribute directly to the overall business performance of the Group, and the grant of Awarded Shares is a recognition of their respective past contributions to the Group, the Board considers it more beneficial to the Company to retain the flexibility to determine whether such conditions are appropriate in light of the particular circumstances of each grant. Even though there is no mandatory performance target nor clawback mechanism, the Company may be in a better position to retain such Eligible Participants to continue serving the Company whilst at the same time providing these Eligible Participants further incentive in achieving the goals of the Group, which is in line with the purpose of the Amended Share Schemes.

The Directors consider that the provisions of the Amended Share Schemes, in particular those relating to eligibility, vesting period, purchase price of the Awarded Shares, performance conditions and clawback mechanism described above, align with the purpose of the Amended Share Schemes by enabling the Board and the Remuneration Committee to operate and regulate the Amended Share Schemes effectively and efficiently.

As at the Latest Practicable Date, none of the Directors is a trustee of the Amended Share Schemes or has any direct or indirect interest in the trustee of the Amended Share Schemes.

A summary of the principal terms of the Amended Share Schemes, if approved, is set out in the Appendices to this supplemental circular.

LETTER FROM THE BOARD

Scheme Mandate Limit and Individual Limit

Subject to the Scheme Rules and any waiver or ruling granted by the Stock Exchange, the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under the Relevant Schemes shall not in aggregate exceed 10% of the issued Shares as at the Amendment Date.

The Board shall not make any further award of Awarded Shares which will result in (i) the aggregate number of H Shares awarded by the Board for the purpose of the Amended Share Schemes exceeding 10% of the total number of issued Shares at the Amendment Date (i.e. 158,261,800 Shares); and (ii) the maximum number of H Shares which may be awarded (excluding any Awards lapsed in accordance with the terms of the Amended Share Schemes) to a Selected Participant in any 12-month period up to and including the date of grant, shall not in aggregate exceed 1% of the total number of issued Shares at the Amendment Date (15,826,180 Shares).

Conditions of the Amended Share Schemes

The Amended Share Schemes shall come into effect on the date on which the following conditions are fulfilled:

- (i) the passing of resolutions by the Shareholders to approve the proposed amendments to the Share Schemes and the Scheme Mandate Limit and to authorise the Board to grant Awards under the Amended Share Schemes and to allot, issue and deal with H Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the Amended Share Schemes; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in such number of H Shares representing this Scheme Mandate Limit to be allotted and issued by the Company pursuant to any grant of any Awards in accordance with the terms and conditions of the Amended Share Schemes.

As advised by the PRC Legal Advisers, the Amended Share Schemes will be validly approved at the Shareholders' meeting, and that the approved Amended Share Schemes do not contravene applicable PRC laws and regulations, and the validity of the Amended Share Schemes will not be subject to any PRC governmental approval or registration.

INFORMATION ABOUT THE 2020 SAS

The Company has conditionally adopted the 2020 SAS by resolutions passed at its extraordinary general meeting held on 4 June 2020, and the 2020 SAS became effective from 16 July 2020, being the listing date of the Company's H Shares on the Stock Exchange (the "**Listing Date**"). The purposes of the 2020 SAS are to recognise the contribution by the Group's personnel and to provide them with incentives in order to retain them for the continual operation and development of the Group, to stimulate further development of the Group, and to provide retirement

LETTER FROM THE BOARD

protection to the Group's personnel. By that time, the 2020 SAS is not a share option scheme and is not subject to the provisions of Chapter 17 of the then Listing Rules. The Company has established a trust in connection with the 2020 SAS on 22 June 2020 and appointed a trustee to administer such trust. The H Shares to be awarded under the 2020 SAS shall be purchased by the trustee from the open market out of cash contributed by the Group or subscribed by the trustee when allotted and issued by the Company under a general mandate for the purpose of the trust and be held on trust for the eligible participants under the 2020 SAS until such H Shares are vested with the relevant selected participants in accordance with the provisions of the 2020 SAS.

On 26 June 2020, the Board has granted to 18 selected participants 2,050,000 awarded shares under the 2020 SAS. Subject to the compliance with applicable PRC laws and regulations and the relevant restrictions of the terms of the 2020 SAS and the then Listing Rules, the Company has instructed the trustee of the 2020 SAS to purchase 2,050,000 H Shares from the open market to satisfy awards granted by the Board on 26 June 2020 for the 2020 SAS at any time after the Listing Date until 29 September 2020. No new grant of awards under the 2020 SAS after the Listing Date according to the scheme rules of the 2020 SAS. As at the Latest Practicable Date, all awarded shares pursuant to the awards granted by the Board on 26 June 2020 have been vested or lapsed (as the case may be) and there were 210,000 H Shares under the 2020 SAS due to lapse of the awards. Considering the implementation of the Share Schemes and there is no outstanding awards under the 2020 SAS, the Company decided to terminate the 2020 SAS after the sale of the remaining awarded shares currently held by the trustee.

THE AGM AND PROXY ARRANGEMENT

The supplemental notice convening the AGM that will be held as originally scheduled on Wednesday, 5 June 2024 at 9:30 a.m., or any adjournment thereof, at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC is set out on pages 56 to 59 of this supplemental circular.

The supplemental proxy form for use at the AGM is enclosed with this supplemental circular. Whether or not you intend to attend the AGM, you are requested to complete and return this supplemental proxy form in accordance with the instructions printed thereon to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) or the Company's registered office at Liumiao Village, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC (for holders of Domestic Shares) as soon as possible and in any event not less than 24 hours before the time appointed for holding the AGM (i.e. not later than 9:30 a.m. on Tuesday, 4 June 2024) or the adjourned meeting (as the case may be). Completion and delivery of this supplemental proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the AGM will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the AGM. Pursuant to Rule 17.05A of the Listing Rules, the trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. Nevertheless, pursuant to the respective Trust Deeds, the Trustee shall not exercise the voting rights attached to the H Shares held by them. As at the date of this supplemental circular, no Shareholder had a material interest in the proposed amendments to the Share Schemes. As such, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

RESPONSIBILITY STATEMENT

This supplemental 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 supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

RECOMMENDATION

The Board believes that the proposals mentioned above are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favour of the relevant resolutions to be proposed at the AGM as set out in the supplemental notice of the AGM.

DOCUMENTS ON DISPLAY

A copy of the respective Scheme Rules will be published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company for display for a period of not less than 14 days before the date of the AGM and will be made available for inspection at the AGM.

LETTER FROM THE BOARD

WARNING

The Shareholders and potential investors of the Company shall note that, in the event that the Company fails to satisfy all of the Resumption Guidance imposed by the Stock Exchange by 1 August 2024, the Listing Division of the Stock Exchange may recommend the Listing Committee to proceed with the cancellation of the Company's listing status at its discretion. Publication of this supplemental circular does not indicate any decision or conclusion of the Stock Exchange not to delist the Company nor warrant any approval from the Stock Exchange on the resumption of trading of the H Shares on the Stock Exchange.

Yours faithfully
By order of the Board
Shandong Fengxiang Co., Ltd.
Zhu Lingjie
Chairman

The following is a summary of the principal terms of the 2021 Scheme Rules to be approved at the AGM. It does not form part of, nor is it intended to be part of the rules of the 2021 SAS. The Directors reserve the right at any time prior to the AGM to make such amendments to the 2021 SAS as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in Appendix I and that any such amendments will be disclosed to the Shareholders for their re-approval at the AGM.

1. OBJECTIVES AND CONDITIONS

The specific objectives are to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

2. DURATION

Subject to any early termination as may be determined by the Board pursuant to the 2021 Scheme Rules, the 2021 SAS shall be valid and effective for a term of 10 years commencing on the Adoption Date (being 10 December 2021), and after which no further Awards will be granted.

3. ADMINISTRATION

The 2021 SAS shall be subject to the administration of the Board and the Trustee in accordance with the 2021 Scheme Rules and the 2021 Trust Deed. The decision of the Board with respect to any matter arising under the 2021 SAS (including the interpretation of any provision) shall be final and binding. Without prejudice to the foregoing and to the extent permissible under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the Board under the 2021 Scheme Rules and the 2021 Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the 2021 Trust Deed.

In respect of the administration of the 2021 SAS, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

4. ELIGIBLE PARTICIPANTS

Pursuant to the 2021 SAS, any employees (including full-time employees and part-time employees) of the Group (including persons who are granted Awards under the 2021 SAS as an inducement to enter into employment contracts with any member of the Group). For the avoidance of doubt, Employee Participant should include employee of any members of the Group, who are also Director, supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company. However, an Eligible Participant excludes any Excluded Participant, who is resident in a place where the grant of an and/or the vesting and transfer of the Awarded Interests pursuant to the 2021 Scheme Rules is not permitted or desirable under the laws or regulations of such place or

where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant.

In determining the eligibility of the Eligible Participants, the Board shall take into consideration matters including, but without limitation to,

- (a) the performance;
- (b) the skill, knowledge, experience, expertise and other personal qualities;
- (c) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard;
- (d) the length of employment with the Group; and
- (e) the contribution or potential contribution to the development and growth of the Group.

5. OPERATION OF THE 2021 SAS

5.1 Grant of the Awarded Shares to Selected Participants

- (A) The Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 2021 SAS as a Selected Participant, and grant an Award to any Selected Participant at nil or such consideration and in such circumstances that the Company will not be required under applicable laws and regulations (including without limitation to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) to issue a prospectus or other offer document in respect thereof and subject to such terms and conditions as the Board may in its sole and absolute discretion determine. The Board may determine that a Selected Participant will be granted Awarded Interests in the form of Awarded Shares or Awarded Cash or in the combination thereof. The Board may also grant the Related Income of the Awarded Interests to any Selected Participant in such amount or to such extent as the Board determines.
- (B) In determining the appropriate Awarded Interests to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to,
 - (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group;
 - (b) the general financial condition of the Group;

- (c) the Group's overall business objectives and future development plan; and
 - (d) any other matter which the Board considers relevant.
- (C) After the Board has decided to make a grant of Awarded Interests to any Eligible Participant, the Board shall procure the Company and the Eligible Participant to execute the Grant Letter which sets out details of the Awarded Interests so granted and the conditions (if any) upon which such Awarded Interests were granted (including but not limited to performance targets that the Board may determine from time to time, such as business, financials, operations and management targets determined based on (i) the relevant Eligible Participant's individual performance in relation to his/her roles and responsibilities; (ii) performance of the business groups, business units, business lines, functional departments, projects and/or geographical area managed by the relevant Eligible Participant). Upon the due execution of the Grant Letter by the Company and the relevant Eligible Participant and payment of the Acceptance Payment (if applicable) by the relevant Eligible Participant, the Awarded Interests are considered as having been granted to and accepted by the Eligible Participant, who shall become the Selected Participant. The Board shall, within 5 Business Days after the Grant Letter is duly executed by the Company and the Selected Participant, notify in writing the Trustee of the terms and conditions of such grant (including without limitation the name of the Selected Participant, details of the granted Awarded Interests, vesting schedule and conditions (if any) thereof, if applicable). Subject to any adjustment that may be made, the number of Awarded Shares specified in the Grant Letter shall constitute the definitive number of Awarded Shares being granted to such Selected Participant.
- (D) If an Eligible Participant fails to execute the Grant Letter within 5 Business Days after the Grant Date, the relevant Awarded Interests shall be considered as having never been granted to such Eligible Participant and the Awarded Interests shall remain as part of the Trust Fund. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way.
- (E) The grant of Awarded Shares shall be satisfied by: (a) new H Shares to be subscribed by the Trustee as duly instructed by the Board pursuant to the terms of the 2021 Scheme Rules and allotted and issued to the Trustee by the Company; (b) purchase of existing H Shares by the Trustee as duly instructed by the Board pursuant to the terms of the 2021 Scheme Rules; (c) receipt of H Shares as a gift or gratuitous transfer to the 2021 SAS from any Shareholder (which, for the avoidance of doubt, may include any core connected person of the Company and a trustee acting in its capacity of a trust in connection with any other share award scheme established by the Company, or a holding company of such trust) by the Trustee as duly instructed by the Board pursuant to the terms of the 2021 Scheme Rules. The

H Shares purchased or received are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust on and subject to the terms and conditions of the 2021 SAS and the 2021 Trust Deed and may be kept as reserve for future grants of Awarded Shares to future Selected Participants in accordance with the 2021 SAS.

- (F) For the avoidance of doubt, any Awarded Shares granted under the 2021 SAS prior to the Amendment Date may be satisfied by H Shares as acquired in any way in accordance with the foregoing provisions, notwithstanding that at the time of the grant of such Awarded Shares, the then effective rules of the 2021 SAS only permit Awarded Shares to be satisfied by the purchase of existing H Shares and the receipt of gratuitous transfer of H Shares.

5.2 Grant of Award to a Director, supervisor, chief executive or substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company

- (A) where an Award is to be granted to any Director, the chief executive or any substantial shareholder of the Company (or any of their respective associates), the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is the proposed Selected Participant of the Award.
- (B) where an Award is to be granted to a Director (other than an independent non-executive Director) or the chief executive of the Company (or any of their respective associates), and the grant of Award will result in the number of the H Shares acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) or to be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options granted to such proposed Selected Participant (excluding any awards and/or options lapsed in accordance with the terms of the Relevant Schemes) in the 12 months period up to and including the Grant Date of the relevant Award would exceed 0.1% of the total number of issued Shares as at the Grant Date, such grant of Award shall not be valid unless:
 - (a) the grant of Award has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the proposed Selected Participant, his associates and all core connected persons (as such term is defined under the Listing Rules) of the Company abstained from voting in favour of the relevant resolution granting the approval;
 - (b) a circular containing the details of the grant of the Award has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing

Rules (including but not limited to, the views of the independent non-executive Directors as to whether the terms of the grant of the Award are fair and reasonable and whether such grant of Award is in the interests of the Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting); and

- (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.
- (C) where an Award is to be granted to an independent non-executive Director or a substantial Shareholder (or any of their respective associates), and the grant of Award will result in the number of H Shares acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) or to be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options granted to such proposed Selected Participant (excluding any awards and/or options lapsed in accordance with the terms of the Relevant Schemes) in the 12 months period up to and including the Grant Date, would exceed 0.1% of the total number of issued Shares as at the Grant Date, such grant of Award shall not be valid unless:
- (a) the grant of Awards has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the proposed Selected Participant, his associates and all core connected persons (as such term is defined under the Listing Rules) of the Company abstained from voting in favour of the relevant resolution granting the approval;
 - (b) a circular containing the details of the grant of the Award has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including but not limited to, the views of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Selected Participant of the Award) as to whether the terms of the grant of the Award is fair and reasonable and whether such grant of the Award is in the interests of the Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting); and
 - (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.
- (D) where any change (except where the change takes effect automatically under the existing terms of the 2021 SAS) is to be made to the terms of any Award granted to a Director, the chief executive or a substantial shareholder of the Company (or any of their respective associates) and:
- (a) such grant of Award has been approved in accordance with the abovementioned paragraphs 5.2(B) and 5.2(C); or

- (b) where the grant of the Award was not subject to the abovementioned paragraphs 5.2(B) and 5.2(C)) as a result of such proposed change, such proposed change in the terms will result in the grant of the Award to be subject to the abovementioned paragraphs 5.2(B) and 5.2(C),

such change shall not be valid unless:

- (c) the change has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which such Selected Participant, his associates and all core connected persons (as such term is defined under the Listing Rules) of the Company abstained from voting in favour of the relevant resolution granting the approval; and
 - (d) a circular regarding the change has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including but not limited to, the views of the independent non-executive Directors (excluding the independent non-executive Director who is the Selected Participant of the Award) as to whether the change is fair and reasonable and whether such change is in the interests of the Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting).
- (E) where an Award has not been approved by the Shareholders in general meeting and/or the independent non-executive Directors (as the case may be), the Acceptance Payment (if any) paid by the Eligible Participant relating to such Award shall be refunded (without interest) by the Company.

5.3 Vesting of Awarded Shares

(A) Vesting Period

- (a) The Board is entitled to impose any conditions, as it deems appropriate in its sole and absolute discretion with respect to the vesting of the Awarded Interests to the Selected Participant providing that, the vesting period for the Awarded Interests shall not be less than 12 months and shall inform the Trustee and such Selected Participant the relevant conditions of the Award. Notwithstanding any other provisions of the 2021 SAS, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions.

- (b) Subject to applicable laws and regulations, the Board may in its sole and absolute discretion, determine that the Awards granted to a Selected Participant may be subject to a vesting period of less than 12 months in the following circumstances:
 - (i) Awards are grant of “make-whole” share awards to a Selected Participant who is a new joiner of the Group to replace the share awards he/she has been forfeited when leaving the previous employer;
 - (ii) Awards are granted to a Selected Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, in which circumstances the vesting of shares awards may accelerate;
 - (iii) Awards are subject to performance-based vesting conditions provided in the Grant Letter, in lieu of time-based vesting criteria;
 - (iv) Awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Awards would have been granted;
 - (v) Awards are granted with a mixed or accelerated vesting schedule (such as where the Awards may vest evenly over a period of 12 months); or
 - (vi) Awards with a total vesting and holding period of more than 12 months under any Relevant Schemes (including circumstances of new grants under a scheme in substitution for cancelled grants under the same or a different scheme).

- (B) Subject to the terms and conditions of the 2021 SAS and the fulfilment or waiver of all vesting conditions applicable to the vesting of the Awarded Interests on such Selected Participant, the respective Awarded Interests held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Interests to be transferred to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such Selected Participant.

- (C) Upon the vesting of the Awarded Interests,
 - (a) barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, at least 30 Business Days prior to the Vesting Date of the Awards granted to a Selected Participant, the Board shall procure the Company and the Selected Participant to execute the Vesting Letter. Before issuing the Vesting Letter to the Selected Participant, the Board shall confirm

in advance with the Trustee whether certain transfer documents are required to be signed by the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) if such Awarded Shares will be transferred to such vehicle in order to effect the vesting and transfer of the Awarded Shares, and if so confirmed by the Trustee, the Board shall, in the Vesting Letter or in a separate notice, require the Selected Participant and/or to procure the said vehicle to execute the transfer documents;

- (b) in the event the Selected Participant (or his/her legal personal representative or lawful successor as the case may be) fails to execute the Vesting Letter at least 10 Business Days prior to the Vesting Date, the Awarded Interests which would have otherwise vested in such Selected Participant shall be automatically forfeited and remain as part of the Trust Fund; and
- (c) for the purpose of the vesting of Awarded Interests in a Selected Participant, subject to the receipt by the Trustee of (a) a copy of the relevant Vesting Letter and a written notice from the Board instructing the Trustee to transfer the Awarded Interests to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company), (b) the original transfer documents (if any) prescribed by the Trustee and duly signed by the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company); and (c) client due diligence documents of the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) required in accordance with the Trustee's client due diligence policy at least 10 Business Days prior to the Vesting Date, the Trustee shall transfer the relevant Awarded Interests to the relevant Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) as instructed by the Board as soon as practicable on or after the Vesting Date and in any event not later than 10 Business Days after the Vesting Date. In the event that the Trustee does not receive the requisite documents in accordance with items (a), (b) and (c) herein prior to or on the relevant Vesting Date, the relevant Awarded Interests shall lapse and shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way. The Board shall direct the Trustee to refund to the Selected Participant the Acceptance Payment paid (if any) in correspondence to such lapsed Awarded Interests paid by the Selected Participant. To the extent that the Trust Fund does not have sufficient cash to pay and settle the refund, the Trustee shall notify the Company and/or the Board of such shortfall in writing and the Company shall pay to the Trustee the shortfall amount within 10 Business Days upon its receipt of such notice from the Trustee.

- (D) Unless otherwise determined by the Board, in the event that the vesting conditions specified in the Grant Notice are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and shall remain as part of the Trust Fund and the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee. The Board shall direct the Trustee to refund to the Selected Participant the Acceptance Payment paid (if any) in correspondence to such lapsed Awarded Interests paid by the Selected Participant pursuant to the 2021 Scheme Rules and the terms and conditions of the Grant Letter. To the extent that the Trust Fund does not have sufficient cash to pay and settle the refund, the Trustee shall notify the Company and/or the Board of such shortfall in writing and the Company shall pay to the Trustee the shortfall amount within 10 Business Days upon its receipt of such notice from the Trustee.
- (E) In the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives or lawful successors of the Selected Participant is made within the period prescribed in the 2021 Scheme Rules, and the legal personal representatives or lawful successors of the Selected Participant shall have no claims against the Company or the Trustee.

6. SCHEME MANDATE LIMIT AND INDIVIDUAL LIMIT

- (A) The total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under the Relevant Schemes shall not in aggregate exceed 10% of the issued Shares as at the Amendment Date.
- (B) For the purpose of calculating the Scheme Mandate Limit, awards and/or options that have already lapsed in accordance with the terms of the Relevant Scheme(s) shall not be regarded as utilised.
- (C) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved by the Shareholders in general meeting, the maximum number of H Shares that may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under all Relevant Scheme(s) under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole H Share.

- (D) The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting after 3 years from the later date of (i) the date of Shareholders' approval for the last refreshment (or as the case may be, the Amendment Date), provided that:
- (a) the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under all Relevant Scheme(s) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of issued Shares as at the date of approval of the refreshing of the Scheme Mandate Limit by the Shareholders;
 - (b) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules, including but not limited to the number of Awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment.
- (E) The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting within 3 years from the later date of (i) the date of Shareholders' approval for the last refreshment (or as the case may be, the Amendment Date) provided that:
- (a) any controlling shareholders (as such term is defined under the Listing Rules) and their associates (or if there is no controlling shareholder (as such term is defined under the Listing Rules), Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules; and
 - (c) the Company must comply with the relevant requirements under the 2021 Scheme Rules.

The abovementioned requirements under subparagraph (a) and (b) of this paragraph 6(E) do not apply if the refreshment is made immediately after an issue of securities by the Company to Shareholders on a pro rata basis as set forth in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole H Share.

- (F) The Company may seek separate approval from the Shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit, provided that:
- (a) the Award will only be granted to Eligible Participants specifically identified by the Company before the relevant Shareholders' approval is sought;
 - (b) a circular containing the details of the grant of Award has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules, including but not limited to the name of each Eligible Participant who may be granted such Awards, the number and terms of the Awards to be granted to each Eligible Participant, and the purpose of granting Awards to the Eligible Participants with an explanation as to how the terms of the Awards serve such purpose; and
 - (c) the number and terms of the Awards to be granted to such Eligible Participants are fixed before the general meeting of the Company at which the same are approved.
- (G) no Award shall be granted to any Eligible Participant (the “**Relevant Eligible Participant**”) if, at the time of the grant of Award, the number of H Shares acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) or to be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options granted to the Relevant Eligible Participant (excluding any awards and/or options lapsed in accordance with the terms of the Relevant Schemes) in the 12 months period up to and including the Grant Date would exceed 1% of the total number of issued Shares as at the Grant Date, unless:
- (a) such grant of Award has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the Relevant Eligible Participant and his/her close associates (as such term is defined under the Listing Rules) (or his/her associates if the Relevant Eligible Participant is a connected person (as such term is defined under the Listing Rules)) has abstained from voting;
 - (b) a circular containing the details of the grant of Award has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules, including but not limited to the identity of the Relevant Eligible Participant, the number and terms of the Awards to be granted (and those previously granted to such Relevant Eligible Participant in the said 12 months period), the purpose of granting the Awards to the Relevant Eligible Participant and an explanation as to how the terms of the Awards serve such purpose; and
 - (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.

In the cases referred to in the abovementioned paragraph 6(G), where an Award has not been approved by the Shareholders in general meeting, the Acceptance Payment (if any) paid by the Eligible Participant relating to such Award shall be refunded (without interest) by the Company.

- (H) No clawback mechanism is provided in the 2021 Scheme Rules to recover or withhold any Awarded Interests granted to any Selected Participants in the event of such Selected Participant's serious misconduct, action or inaction which brings the Group into disrepute or causes damages to the Group (including, among others, a material misstatement in the Company's financial statements), criminal conviction, or such other similar circumstances.
- (I) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of H Shares that may be issued in respect of all awards and/or options to be granted under the Relevant Schemes under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

7. ASSIGNMENT/TRANSFERABILITY

Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any unvested Awarded interests referable to him/her pursuant to such Award or enter or purport to enter into any agreement to do so, unless and until such Awarded Interests are actually vested and transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company). Any Awarded Shares to be transferred to a Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) upon vesting of Awarded Shares granted pursuant to the 2021 SAS shall rank *pari passu* in all respects with the fully-paid H Shares in issue then exist on the date of transfer, and accordingly shall entitle the holder of such H Shares to participate in all dividends or other distributions paid or made on or after the date of transfer and to exercise all voting rights in respect of such H Shares.

8. VOTING OF UNVESTED SHARES

The Trustee shall abstain and, where applicable, shall procure the Trust SPV to abstain from exercising the voting rights in respect of any H Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus H Shares and scrip H Shares derived therefrom).

9. RIGHTS ATTACHED TO THE AWARDED SHARES

A Selected Participant shall not have any interest or rights (including the right to receive dividends) in the Awarded Interests by virtue of the grant of an Award pursuant to the 2021 SAS, unless and until the Awarded Interests are actually transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) upon vesting of the Awards on the Vesting Date. A Selected Participant shall have no rights in the Residual Cash or H Shares or such other Trust Fund or property held by the Trust. No instructions shall be given by a Selected Participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee.

The Board may at its sole and absolute discretion, to determine that all cash income and distribution and the sale proceeds of non-scrip distribution declared by the Company or derived from any Awarded Shares during the period from the date of Award to the Vesting Date held upon the Trust be applied towards the payment of the fees, costs and expenses of the Trust and that the remainder (if any) shall also remain as part of the Trust Fund. Unless otherwise specified by the Board in its sole and absolute discretion in the Grant Letter, the Selected Participant does not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Awarded Shares prior to the vesting of such Awarded Shares.

10. CANCELLATION OF AWARDED SHARES

The Board may at its discretion cancel any Award that has not vested or lapsed, provided that (a) the Company or any member of the Group has paid to the Selected Participant an amount equal to the Acceptance Payment (if any); or (b) the Board has made any arrangement as the Board and Selected Participant may mutually agree in order to compensate him/her for the cancellation of the Awards.

No awards may be granted to an Eligible Participant in place of his/her cancelled Awards unless there are available Scheme Mandate Limit from time to time. For the purpose of this paragraph, the Awards cancelled will be regarded as utilised in calculating the Scheme Mandate Limit.

11. DISQUALIFICATION OF SELECTED PARTICIPANT

- (A) In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way. The Board shall direct the Trustee to refund to the Selected Participant the Acceptance

Payment paid (if any) in correspondence to such lapsed Awarded Interests paid by the Selected Participant. To the extent that the Trust Fund does not have sufficient cash to pay and settle the refund, the Trustee shall notify the Company and/or the Board of such shortfall in writing and the Company shall pay to the Trustee the shortfall amount within 10 Business Days upon its receipt of such notice from the Trustee.

- (B) Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:
- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his/her employment or engagement by any member of the Group and whether or not it has resulted in his/her employment or engagement being terminated by the relevant member of the Group;
 - (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his/her debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his/her creditors generally or an administrator has taken possession of any of his/her assets;
 - (c) where such person has been convicted of any criminal offence;
 - (d) where such person has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group; or
 - (e) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.
- (C) In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Interests of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his/her death or the day immediately prior to his/her retirement with the relevant member of the Group.
- (D) In the event of the death of a Selected Participant, the Trustee shall directly or indirectly hold the vested Awarded Interests (the “**Benefits**”) upon trust to transfer the same to the legal personal representatives or lawful successors of the Selected Participant within (i) 2 years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the Trust Period (whichever is shorter), subject to the Trustee receiving (a) the original transfer documents (if any) prescribed by the Trustee and duly signed by such legal personal representatives or lawful successors of the Selected Participant; and (b) client due diligence documents of such legal personal representatives or lawful successors of the Selected Participant required in accordance

with the Trustee's client due diligence policy. If the Benefits fail to be transferred or would otherwise become bona vacantia for any reason, such Benefits shall be forfeited and cease to be transferable and the Awarded Interests shall remain part of the Trust Fund.

12. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND

(A) If there occurs an event of Change in Control of the Company (whether by way of offer, merger, scheme of arrangement or otherwise), the Board shall determine at its sole and absolute discretion whether such Awarded Interests shall vest in the Selected Participant and the time at which such Awarded Interests shall vest. If the Board determines that any Awarded Interests shall be vested to any Selected Participant, the Trustee shall distribute the Awarded Interests to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant in accordance with the 2021 Scheme Rules.

(B) If there occurs an event of alteration in the capital structure of the Company (including but not limited to capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company) whilst any Award remains outstanding, the Board may make equitable adjustments that it considers appropriate, at its sole and absolute discretion, including:

- (a) the number of H Shares granted under the 2021 SAS; and/or
- (b) the number of H Shares that may be offered by the Company to the Selected Participant pursuant to the Awards that have already been granted but not vested; and/or
- (c) the Acceptance Payment (if applicable),

provided that:

- (d) no such adjustments shall be made in respect of an issue of securities by the Company as consideration in a transaction;
- (e) any such adjustments made must give each Selected Participant the same proportion of the share capital of the Company, rounded to the nearest whole H Share, as that to which he/she was previously entitled;
- (f) no such adjustments shall be made which to the extent that a H Share would be issued at less than its nominal value;
- (g) no adjustment shall be made to the advantage of the Selected Participant without specific prior approval from the Shareholders;

- (h) any adjustment made should have a neutral impact or worse from the perspective of the Selected Participants;
 - (i) any such adjustments, other than those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors as satisfying the requirements of the 2021 Scheme Rules, the requirements of the relevant provisions of the Listing Rules and the supplementary guidance on Rule 17.03(13) of the Listing Rules set forth in the letter issued by the Stock Exchange on 5 September 2005 (the “**Supplementary Guidance**”) and any further guidance/interpretation issued by the Stock Exchange from time to time, and that in the opinion of the auditors or an independent financial adviser that the adjustments made by the Board are fair and reasonable. The independent financial adviser or the auditors (as the case may be) shall act as experts and not as arbitrators and their certification shall be final and binding on the Company and the Selected Participant. The costs of the independent financial adviser or the auditors (as the case may be) shall be borne by the Company;
 - (j) any such adjustments to be made pursuant to a subdivision or consolidation of share capital shall be made on the basis that the aggregate Acceptance Payment (if applicable) payable by a Selected Participant for the vesting of the Awarded Shares granted to him/her shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
 - (k) any adjustments to be made will comply with the Listing Rules, the Supplementary Guidance and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.
- (C) If there has been any alteration in the capital structure of the Company as referred to in the 2021 Scheme Rules, the Company shall notify each such Selected Participant (with a copy of the notification to the Trustee) of the adjustment to be made after such alteration in the capital structure of the Company.
- (D) Unless otherwise determined by the Board, in the event the Company undertakes an open offer of new securities in respect of any H Shares which are held directly or indirectly by the Trustee under the 2021 SAS, the Trustee shall not subscribe for, and, where applicable, shall procure the Trust SPV not to subscribe for, any new H Shares. In the event of a rights issue, the Trustee shall sell or cause to be sold such amount of the nil-paid rights allotted to it or the Trust SPV on the market as is appropriate and the net proceeds of sale of such rights shall be held as part of the Trust Fund.
- (E) Unless otherwise determined by the Board, in the event the Company issues bonus warrants in respect of any H Shares which are held directly or indirectly by the Trustee, the Trustee shall not subscribe for, and, where applicable, shall procure the Trust SPV not to subscribe for, any new H Shares by exercising any of the subscription rights

attached to the bonus warrants and shall sell or cause to be sold the bonus warrants created and granted to it on the market, the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.

- (F) Unless otherwise determined by the Board, in the event that the Company undertakes an issue of bonus H Shares, the bonus H Shares allotted with respect to any H Shares which are held directly or indirectly by the Trustee shall be held as part of the Trust Fund.
- (G) Unless otherwise determined by the Board, in the event the Company undertakes a scrip dividend scheme, the Trustee shall elect or, where applicable, procure the Trust SPV to elect to receive scrip H Shares and scrip H Shares allotted with respect to any H Shares which are held directly or indirectly by the Trustee shall be held as part of the Trust Fund.
- (H) Unless otherwise determined by the Board, in the event of other non-cash and non-scrip distribution made by the Company in respect of H Shares held upon the Trust, the Trustee shall dispose of or, where applicable, procure the Trust SPV to dispose of such distribution and the net sale proceeds thereof shall be deemed as cash income of a H Share held as part of the Trust Fund.
- (I) If notice is duly given by the Company to the 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 pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its sole and absolute discretion whether any Awarded Interests shall vest in the Selected Participant and the time at which such Awarded Interests shall vest. If the Board determines that any Awarded Interests shall vest, it shall promptly notify such Selected Participant (with a copy of the notification to the Trustee) 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 Awarded Interests to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the participant and any family members of such participant. For the avoidance of doubt, if the Board determines that such unvested Award Interests shall not vest, such award shall lapse with immediate effect.

13. OTHER TERMS AND CONDITIONS

- (A) No Award shall be made by the Board pursuant to the 2021 Scheme Rules and no instructions to acquire any H Shares shall be given to the Trustee under the 2021 SAS where dealings in the H Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
- (a) after information that are required to be disclosed under Rule 13.09 of the Listing Rules or inside information that are required to be disclosed under Part XIVA of the SFO has come to the knowledge of the Company until (and including) the trading day after such information has been publicly announced in accordance with the Listing Rules, the SFO and/or the applicable laws;
 - (b) during the period commencing 30 days immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for the Company to publish an announcement of 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 announcements. Such period will cover any period of delay in the publication of a results announcement;
 - (c) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
 - (d) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results;
 - (e) in any circumstances under which dealing in H Shares by a Selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation;
 - (f) in any circumstance where any requisite approval from any governmental or regulatory authority has not been granted; or
 - (g) in any circumstance where the granting the Award is prohibited by or would result in a breach of the Listing Rules, the SFO or any other applicable law or regulation.

- (B) In any of the following circumstances, the Board may, at its sole and absolute discretion, require the Selected Participant to return the gains from the vested Awarded Interests:
- (a) when the Selected Participant is an Eligible Participant, the Selected Participant has committed any act of fraud or dishonesty or serious misconduct in connection with his employment or engagement by any member of the Group;
 - (b) when the Selected Participant is an Eligible Participant, the Selected Participant has engaged in any act or omission to perform any of his duties that has had or will have a material adverse effect on the reputation or interests of any member of the Group;
 - (c) when the Selected Participant has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group within the period of 2 years after the Selected Participant ceases to be an Eligible Participant.
- (C) If the Trust holds any H Shares for this Scheme that have not been vested in accordance with these Scheme Rules, including without limitation any H Shares underlying any Award to the extent that they are not vested (the “**Unvested Shares**”), the Board may in its sole and absolute discretion, where it considers appropriate and in the interests of the Company, transfer any such Unvested Shares to any other share award scheme established by the Company. To that end, the Board may instruct in writing to the Trustee to transfer the Unvested Shares to the trustee of a trust in connection with such other share award scheme established by the Company (or a holding company of such trust), and upon such transfer the relevant Unvested Shares shall cease to be part of the Trust Fund and cease to be governed by the terms of the 2021 SAS. With respect to any Awards which are purported to be satisfied by any Unvested Shares that have been transferred in accordance with the foregoing provisions, the Board shall either cancel the Awards or make additional contributions to the Trust to ensure that there are sufficient H Shares under the Trust to satisfy the vesting of the Awards.

14. ALTERATION

- (A) The 2021 SAS may be amended in any respect by a resolution of the Board provided that, (a) unless with the prior written consent of the Trustee, any such amendment or modification shall not impose any additional or more onerous duties, responsibilities or liabilities on the Trustee; and (b) any alteration to the terms and conditions of the 2021 SAS that are of a material nature or any alteration to the authority of the Board to alter the terms of the 2021 SAS or any alteration to the specific terms of the 2021 SAS which relate to the matters set forth in Rule 17.03 of the Listing Rules to the advantage of Selected Participant or proposed Selected Participant must be approved by the Shareholders in general meeting (with the Selected Participant or proposed Selected

Participant and their associates abstaining from voting). The Board's determination as to whether any proposed alteration to the terms and conditions of the 2021 SAS is material shall be conclusive.

- (B) Any change to the terms of Awards granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of such Awards under the 2021 SAS was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the 2021 SAS.
- (C) Subject to compliance with Rule 17.03(18) of the Listing Rules, the provisions in the 2021 SAS may be amended by the Board to reflect any amendments to the Listing Rules made by the Stock Exchange after the Amendment Date to comply with the relevant provisions of the Listing Rules which the 2021 SAS has been drafted to reflect the position as at the Amendment Date.
- (D) Written notice of all details relating to change in the terms of the 2021 SAS during the lifetime of the 2021 SAS shall be given to all Selected Participants and the Trustee immediately upon the changes take effect.

15. TERMINATION

- (A) The 2021 SAS shall terminate on the earlier of:
 - (a) the tenth (10th) anniversary date of the Adoption Date; and
 - (b) such date of early termination as determined by the Board by a resolution of the Board;

provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

- (B) Upon termination of the 2021 SAS,
 - (a) no further grant of Awarded Shares may be made under the 2021 SAS;
 - (b) all the Awarded Shares of the Selected Participants granted under the 2021 SAS shall continue to be held by the Trustee and become vested in the Selected Participants according to the conditions of the Award, subject to the receipt by the Trustee of the required documents prescribed by the Trustee;

- (c) unless otherwise determined by the Board, all H Shares (except for any Awarded Shares subject to vesting on the Selected Participants) remaining in the Trust Fund shall be sold by the Trustee within 28 Business Days (on which the trading of the H Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine);
 - (d) all net proceeds of sale and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any H Shares to the Company nor may the Company otherwise hold any H Shares whatsoever (other than its interest in the proceeds of sale of such H Shares).
- (C) For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the 2021 SAS.

The following is a summary of the principal terms of the 2023 Scheme Rules to be approved at the AGM. It does not form part of, nor is it intended to be part of the rules of the 2023 SAS. The Directors reserve the right at any time prior to the AGM to make such amendments to the 2023 SAS as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in Appendix II and that any such amendments will be disclosed to the Shareholders for their re-approval at the AGM.

1. OBJECTIVES AND CONDITIONS

The specific objectives are to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

2. DURATION

Subject to any early termination as may be determined by the Board pursuant to the 2023 Scheme Rules, the 2023 SAS shall be valid and effective for a term of 10 years commencing on the Adoption Date (being 29 August 2023), and after which no further Awards will be granted.

3. ADMINISTRATION

The 2023 SAS shall be subject to the administration of the Board and the Trustee in accordance with the 2023 Scheme Rules and the 2023 Trust Deed. The decision of the Board with respect to any matter arising under the 2023 SAS (including the interpretation of any provision) shall be final and binding. Without prejudice to the foregoing and to the extent permissible under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the Board under the 2023 Scheme Rules and the 2023 Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the 2023 Trust Deed.

In respect of the administration of the 2023 SAS, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

4. ELIGIBLE PARTICIPANTS

Pursuant to the 2023 SAS, any employees (including full-time employees and part-time employees) of the Group (including persons who are granted Awards under the 2023 SAS as an inducement to enter into employment contracts with any member of the Group). For the avoidance of doubt, Employee Participant should exclude any Director, supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company. However, an Eligible Participant excludes any Excluded Participant, who is resident in a place where the grant of an and/or the vesting and transfer of the Awarded Interests pursuant to the 2023 Scheme Rules is not permitted or

desirable under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant.

In determining the eligibility of the Eligible Participants, the Board shall take into consideration matters including, but without limitation to,

- (a) the performance;
- (b) the skill, knowledge, experience, expertise and other personal qualities;
- (c) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard;
- (d) the length of employment with the Group; and
- (e) the contribution or potential contribution to the development and growth of the Group.

5. OPERATION OF THE 2023 SAS

5.1. Grant of the Awarded Shares to Selected Participants

- (A) The Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 2023 SAS as a Selected Participant and grant an Award to any Selected Participant at nil or such consideration and in such circumstances that the Company will not be required under applicable laws and regulations (including without limitation to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) to issue a prospectus or other offer document in respect thereof and subject to such terms and conditions as the Board may in its sole and absolute discretion determine. The Board may determine that a Selected Participant will be granted Awarded Interests in the form of Awarded Shares or Awarded Cash or in the combination thereof. The Board may also grant the Related Income of the Awarded Interests to any Selected Participant in such amount or to such extent as the Board determines.
- (B) In determining the appropriate Awarded Interests to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to,
 - (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group;
 - (b) the general financial condition of the Group;
 - (c) the Group's overall business objectives and future development plan; and

- (d) any other matter which the Board considers relevant.
- (C) After the Board has decided to make a grant of Awarded Interests to any Eligible Participant, the Board shall procure the Company and the Eligible Participant to execute the Grant Letter which sets out details of the Awarded Interests so granted and the conditions, (if any) upon which such Awarded Interests were granted (including but not limited to performance targets that the Board may determine from time to time, such as business, financials, operations and management targets determined based on (i) the relevant Eligible Participant's individual performance in relation to his/her roles and responsibilities; (ii) performance of the business groups, business units, business lines, functional departments, projects and/or geographical area managed by the relevant Eligible Participant). Upon the due execution of the Grant Letter by the Company and the relevant Eligible Participant and payment of the Acceptance Payment (if applicable) by the relevant Eligible Participant, the Awarded Interests are considered as having been granted to and accepted by the Eligible Participant, who shall become the Selected Participant. The Board shall, within 5 Business Days after the Grant Letter is duly executed by the Company and the Selected Participant, notify in writing the Trustee of the terms and conditions of such grant (including without limitation the name of the Selected Participant, details of the granted Awarded Interests, vesting schedule and conditions (if any) thereof, if applicable). Subject to any adjustment that may be made, the number of Awarded Shares specified in the Grant Letter shall constitute the definitive number of Awarded Shares being granted to such Selected Participant.
- (D) If an Eligible Participant fails to execute the Grant Letter within 5 Business Days after the Grant Date, the relevant Awarded Interests shall be considered as having never been granted to such Eligible Participant and the Awarded Interests shall remain as part of the Trust Fund. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way.
- (E) The grant of Awarded Shares shall be satisfied by: (a) new H Shares to be subscribed by the Trustee as duly instructed by the Board pursuant to the terms of the 2023 Scheme Rules and allotted and issued to the Trustee by the Company; (b) purchase of existing H Shares by the Trustee as duly instructed by the Board pursuant to the terms of the 2023 Scheme Rules; (c) receipt of H Shares as a gift or gratuitous transfer to the 2023 SAS from any Shareholder (which, for the avoidance of doubt, may include a trustee acting in its capacity of a trust in connection with any other share award scheme established by the Company, or a holding company of such trust) by the Trustee as duly instructed by the Board pursuant to the terms of the 2023 Scheme Rules, provided that, notwithstanding any other provision in the 2023 SAS, no H Shares transferred from a core connected person of the Company may be accepted or held for the 2023 SAS. The H Shares purchased or

received are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust on and subject to the terms and conditions of the 2023 SAS and the 2023 Trust Deed and may be kept as reserve for future grants of Awarded Shares to future Selected Participants in accordance with the 2023 SAS.

- (F) For the avoidance of doubt, any Awarded Shares granted under the 2023 SAS prior to the Amendment Date, may be satisfied by H Shares as acquired in any way in accordance with the foregoing provisions, notwithstanding that at the time of the grant of such Awarded Shares, the then effective rules of the 2023 SAS only permit Awarded Shares to be satisfied by the purchase of existing H Shares and the receipt of gratuitous transfer of H Shares.

5.2. Vesting of Awarded Shares

(A) Vesting Period

- (a) The Board is entitled to impose any conditions, as it deems appropriate in its sole and absolute discretion with respect to the vesting of the Awarded Interests to the Selected Participant, providing that, the vesting period for the Awarded Interests shall not be less than 12 months and shall inform the Trustee and such Selected Participant the relevant conditions of the Award. Notwithstanding any other provisions of the 2023 SAS, subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions.
- (b) Subject to applicable laws and regulations, the Board may in its sole and absolute discretion, determine that the Awards granted to a Selected Participant may be subject to a vesting period of less than 12 months in the following circumstances:
- (i) Awards are grant of “make-whole” share awards to a Selected Participant who is a new joiner of the Group to replace the share awards he/she has been forfeited when leaving the previous employer;
 - (ii) Awards are granted to a Selected Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, in which circumstances the vesting of shares awards may accelerate;
 - (iii) Awards are subject to performance-based vesting conditions provided in the Grant Letter, in lieu of time-based vesting criteria;
 - (iv) Awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Awards would have been granted;

- (v) Awards are granted with a mixed or accelerated vesting schedule (such as where the Awards may vest evenly over a period of 12 months); or
 - (vi) Awards with a total vesting and holding period of more than 12 months under any Relevant Schemes (including circumstances of new grants under a scheme in substitution for cancelled grants under the same or a different scheme).
- (B) Subject to the terms and conditions of the 2023 SAS and the fulfilment or waiver of all vesting conditions applicable to the vesting of the Awarded Interests on such Selected Participant, the respective Awarded Interests held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Interests to be transferred to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such Selected Participant.
- (C) Upon the vesting of the Awarded Interests,
 - (a) barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, at least 30 Business Days prior to the Vesting Date of the Awards granted to a Selected Participant, the Board shall procure the Company and the Selected Participant to execute the Vesting Letter. Before issuing the Vesting Letter to the Selected Participant, the Board shall confirm in advance with the Trustee whether certain transfer documents are required to be signed by the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) if such Awarded Shares will be transferred to such vehicle in order to effect the vesting and transfer of the Awarded Shares, and if so confirmed by the Trustee, the Board shall, in the Vesting Letter or in a separate notice, require the Selected Participant and/or to procure the said vehicle to execute the transfer documents;
 - (b) in the event the Selected Participant (or his/her legal personal representative or lawful successor as the case may be) fails to execute the Vesting Letter at least 10 Business Days prior to the Vesting Date, the Awarded Interests which would have otherwise vested in such Selected Participant shall be automatically forfeited and remain as part of the Trust Fund; and
 - (c) for the purpose of the vesting of Awarded Interests in a Selected Participant, subject to the receipt by the Trustee of (a) a copy of the relevant Vesting Letter and a written notice from the Board instructing the Trustee to transfer the Awarded Interests to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company), (b) the original transfer documents (if any) prescribed by the Trustee and duly signed by the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private

company); and (c) client due diligence documents of the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) required in accordance with the Trustee's client due diligence policy at least 10 Business Days prior to the Vesting Date, the Trustee shall transfer the relevant Awarded Interests to the relevant Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) as instructed by the Board as soon as practicable on or after the Vesting Date and in any event not later than 10 Business Days after the Vesting Date. In the event that the Trustee does not receive the requisite documents in accordance with items (a), (b) and (c) herein prior to or on the relevant Vesting Date, the relevant Awarded Interests shall lapse and shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way. The Board shall direct the Trustee to refund to the Selected Participant the Acceptance Payment paid (if any) in correspondence to such lapsed Awarded Interests paid by the Selected Participant. To the extent that the Trust Fund does not have sufficient cash to pay and settle the refund, the Trustee shall notify the Company and/or the Board of such shortfall in writing and the Company shall pay to the Trustee the shortfall amount within 10 Business Days upon its receipt of such notice from the Trustee.

- (D) Unless otherwise determined by the Board, in the event that the vesting conditions specified in the Grant Notice are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and shall remain as part of the Trust Fund and the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee. The Board shall direct the Trustee to refund to the Selected Participant the Acceptance Payment paid (if any) in correspondence to such lapsed Awarded Interests paid by the Selected Participant pursuant to the 2023 Scheme Rules and the terms and conditions of the Grant Letter. To the extent that the Trust Fund does not have sufficient cash to pay and settle the refund, the Trustee shall notify the Company and/or the Board of such shortfall in writing and the Company shall pay to the Trustee the shortfall amount within 10 Business Days upon its receipt of such notice from the Trustee.
- (E) In the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives or lawful successors of the Selected Participant is made within the period prescribed in the 2023 Scheme Rules, and the legal personal representatives or lawful successors of the Selected Participant shall have no claims against the Company or the Trustee.

6. SCHEME MANDATE LIMIT AND INDIVIDUAL LIMIT

- (A) The total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under the Relevant Schemes shall not in aggregate exceed 10% of the issued Shares as at the Amendment Date.
- (B) For the purpose of calculating the Scheme Mandate Limit, awards and/or options that have already lapsed in accordance with the terms of the Relevant Scheme(s) shall not be regarded as utilised.
- (C) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved by the Shareholders in general meeting, the maximum number of H Shares that may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under all Relevant Scheme(s) under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole H Share.
- (D) The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting after 3 years from the later date of (i) the date of Shareholders' approval for the last refreshment (or as the case may be, the Amendment Date), provided that:
 - (a) the total number of H Shares which may be acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options to be granted under all Relevant Scheme(s) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of issued Shares as at the date of approval of the refreshing of the Scheme Mandate Limit by the Shareholders;
 - (b) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules, including but not limited to the number of Awards that were already granted under the existing Scheme Mandate Limit and the reason for the refreshment.

- (E) The Scheme Mandate Limit may be refreshed by the Shareholders in general meeting within 3 years from the later date of (i) the date of Shareholders' approval for the last refreshment (or as the case may be, the Amendment Date) provided that:
- (a) any controlling shareholders (as such term is defined under the Listing Rules) and their associates (or if there is no controlling shareholder (as such term is defined under the Listing Rules), Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules; and
 - (c) the Company must comply with the relevant requirements under the 2023 Scheme Rules.

The abovementioned requirements under subparagraph (a) and (b) of this paragraph 6(E) do not apply if the refreshment is made immediately after an issue of securities by the Company to Shareholders on a pro rata basis as set forth in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole H Share.

- (F) The Company may seek separate approval from the Shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit, provided that:
- (a) the Award will only be granted to Eligible Participants specifically identified by the Company before the relevant Shareholders' approval is sought;
 - (b) a circular containing the details of the grant of Award has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules, including but not limited to the name of each Eligible Participant who may be granted such Awards, the number and terms of the Awards to be granted to each Eligible Participant, and the purpose of granting Awards to the Eligible Participants with an explanation as to how the terms of the Awards serve such purpose; and
 - (c) the number and terms of the Awards to be granted to such Eligible Participants are fixed before the general meeting of the Company at which the same are approved.
- (G) no Award shall be granted to any Eligible Participant (the "**Relevant Eligible Participant**") if, at the time of the grant of Award, the number of H Shares acquired (whether by subscription as new H Shares and/or purchase/acceptance of existing H Shares in issue) or to be acquired (whether by subscription as new H Shares and/or

purchase/acceptance of existing H Shares in issue) in respect of all awards and/or options granted to the Relevant Eligible Participant (excluding any awards and/or options lapsed in accordance with the terms of the Relevant Schemes) in the 12 months period up to and including the Grant Date would exceed 1% of the total number of issued Shares as at the Grant Date, unless:

- (a) such grant of Award has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the Relevant Eligible Participant and his/her close associates (as such term is defined under the Listing Rules) has abstained from voting;
- (b) a circular containing the details of the grant of Award has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules, including but not limited to the identity of the Relevant Eligible Participant, the number and terms of the Awards to be granted (and those previously granted to such Relevant Eligible Participant in the said 12 months period), the purpose of granting the Awards to the Relevant Eligible Participant and an explanation as to how the terms of the Awards serve such purpose; and
- (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.

In the cases referred to in the abovementioned paragraph 6(G), where an Award has not been approved by the Shareholders in general meeting, the Acceptance Payment (if any) paid by the Eligible Participant relating to such Award shall be refunded (without interest) by the Company.

- (H) No clawback mechanism is provided in the 2023 Scheme Rules to recover or withhold any Awarded Interests granted to any Selected Participants in the event of such Selected Participant's serious misconduct, action or inaction which brings the Group into disrepute or causes damages to the Group (including, among others, a material misstatement in the Company's financial statements), criminal conviction, or such other similar circumstances.
- (I) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of H Shares that may be issued in respect of all awards and/or options to be granted under the Relevant Schemes under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

7. ASSIGNMENT/TRANSFERABILITY

Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any unvested Awarded interests referable to him/her pursuant to such Award or enter or purport to enter into any agreement to do so, unless and until such Awarded Interests are actually vested and transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company). Any Awarded Shares to be transferred to a Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) upon vesting of Awarded Shares granted pursuant to the 2023 SAS shall rank *pari passu* in all respects with the fully-paid H Shares in issue then exist on the date of transfer, and accordingly shall entitle the holder of such H Shares to participate in all dividends or other distributions paid or made on or after the date of transfer and to exercise all voting rights in respect of such H Shares.

8. VOTING OF UNVESTED SHARES

The Trustee shall abstain and, where applicable, shall procure the Trust SPV to abstain from exercising the voting rights in respect of any H Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus H Shares and scrip H Shares derived therefrom).

9. RIGHTS ATTACHED TO THE AWARDED SHARES

A Selected Participant shall not have any interest or rights (including the right to receive dividends) in the Awarded Interests by virtue of the grant of an Award pursuant to the 2023 SAS, unless and until the Awarded Interests are actually transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) upon vesting of the Awards on the Vesting Date. A Selected Participant shall have no rights in the Residual Cash or H Shares or such other Trust Fund or property held by the Trust. No instructions shall be given by a Selected Participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee.

The Board may at its sole and absolute discretion, to determine that all cash income and distribution and the sale proceeds of non-scrip distribution declared by the Company or derived from any Awarded Shares during the period from the date of Award to the Vesting Date held upon the Trust be applied towards the payment of the fees, costs and expenses of the Trust and that the remainder (if any) shall also remain as part of the Trust Fund. Unless otherwise specified by the Board in its sole and absolute discretion in the Grant Letter, the Selected Participant does not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Awarded Shares prior to the vesting of such Awarded Shares.

10. CANCELLATION OF AWARDED SHARES

The Board may at its discretion cancel any Award that has not vested or lapsed, provided that (a) the Company or any member of the Group has paid to the Selected Participant an amount equal to the Acceptance Payment (if any); or (b) the Board has made any arrangement as the Board and Selected Participant may mutually agree in order to compensate him/her for the cancellation of the Awards.

No awards may be granted to an Eligible Participant in place of his/her cancelled Awards unless there are available Scheme Mandate Limit from time to time. For the purpose of this paragraph, the Awards cancelled will be regarded as utilised in calculating the Scheme Mandate Limit.

11. DISQUALIFICATION OF SELECTED PARTICIPANT

- (A) In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way. The Board shall direct the Trustee to refund to the Selected Participant the Acceptance Payment paid (if any) in correspondence to such lapsed Awarded Interests paid by the Selected Participant. To the extent that the Trust Fund does not have sufficient cash to pay and settle the refund, the Trustee shall notify the Company and/or the Board of such shortfall in writing and the Company shall pay to the Trustee the shortfall amount within 10 Business Days upon its receipt of such notice from the Trustee.
- (B) Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant shall include, without limitation, the following:
- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his/her employment or engagement by any member of the Group and whether or not it has resulted in his/her employment or engagement being terminated by the relevant member of the Group;
 - (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his/her debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his/her creditors generally or an administrator has taken possession of any of his/her assets;

- (c) where such person has been convicted of any criminal offence;
 - (d) where such person has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group; or
 - (e) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.
- (C) In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Interests of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his/her death or the day immediately prior to his/her retirement with the relevant member of the Group.
- (D) In the event of the death of a Selected Participant, the Trustee shall directly or indirectly hold the vested Awarded Interests (the “**Benefits**”) upon trust to transfer the same to the legal personal representatives or lawful successors of the Selected Participant within (i) 2 years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the Trust Period (whichever is shorter), subject to the Trustee receiving (a) the original transfer documents (if any) prescribed by the Trustee and duly signed by such legal personal representatives or lawful successors of the Selected Participant; and (b) client due diligence documents of such legal personal representatives or lawful successors of the Selected Participant required in accordance with the Trustee’s client due diligence policy. If the Benefits fail to be transferred or would otherwise become bona vacantia for any reason, such Benefits shall be forfeited and cease to be transferable and the Awarded Interests shall remain part of the Trust Fund.

12. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND

- (A) If there occurs an event of Change in Control of the Company (whether by way of offer, merger, scheme of arrangement or otherwise), the Board shall determine at its sole and absolute discretion whether such Awarded Interests shall vest in the Selected Participant and the time at which such Awarded Interests shall vest. If the Board determines that any Awarded Interests shall be vested to any Selected Participant, the Trustee shall distribute the Awarded Interests to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such participant in accordance with the 2023 Scheme Rules.

(B) If there occurs an event of alteration in the capital structure of the Company (including but not limited to capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company) whilst any Award remains outstanding, the Board may make equitable adjustments that it considers appropriate, at its sole and absolute discretion, including:

- (a) the number of H Shares granted under the 2023 SAS; and/or
- (b) the number of H Shares that may be offered by the Company to the Selected Participant pursuant to the Awards that have already been granted but not vested; and/or
- (c) the Acceptance Payment (if applicable),

provided that:

- (d) no such adjustments shall be made in respect of an issue of securities by the Company as consideration in a transaction;
- (e) any such adjustments made must give each Selected Participant the same proportion of the share capital of the Company, rounded to the nearest whole H Share, as that to which he/she was previously entitled;
- (f) no such adjustments shall be made which to the extent that a H Share would be issued at less than its nominal value;
- (g) no adjustment shall be made to the advantage of the Selected Participant without specific prior approval from the Shareholders;
- (h) any adjustment made should have a neutral impact or worse from the perspective of the Selected Participants;
- (i) any such adjustments, other than those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors as satisfying the requirements of the 2023 Scheme Rules, the requirements of the relevant provisions of the Listing Rules and the supplementary guidance on Rule 17.03(13) of the Listing Rules set forth in the letter issued by the Stock Exchange on 5 September 2005 (the “**Supplementary Guidance**”) and any further guidance/interpretation issued by the Stock Exchange from time to time, and that in the opinion of the auditors or an independent financial adviser that the adjustments made by the Board are fair and reasonable. The independent financial adviser or the auditors (as the case may be) shall act as experts and not as arbitrators and their certification shall be final and binding on the Company and the Selected Participant. The costs of the independent financial adviser or the auditors (as the case may be) shall be borne by the Company;

- (j) any such adjustments to be made pursuant to a subdivision or consolidation of share capital shall be made on the basis that the aggregate Acceptance Payment (if applicable) payable by a Selected Participant for the vesting of the Awarded Shares granted to him/her shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
 - (k) any adjustments to be made will comply with the Listing Rules, the Supplementary Guidance and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.
- (C) If there has been any alteration in the capital structure of the Company as referred to in the 2023 Scheme Rules, the Company shall notify each such Selected Participant (with a copy of the notification to the Trustee) of the adjustment to be made after such alteration in the capital structure of the Company.
- (D) Unless otherwise determined by the Board, in the event the Company undertakes an open offer of new securities in respect of any H Shares which are held directly or indirectly by the Trustee under the 2023 SAS, the Trustee shall not subscribe for, and, where applicable, shall procure the Trust SPV not to subscribe for, any new H Shares. In the event of a rights issue, the Trustee shall sell or cause to be sold such amount of the nil-paid rights allotted to it or the Trust SPV on the market as is appropriate and the net proceeds of sale of such rights shall be held as part of the Trust Fund.
- (E) Unless otherwise determined by the Board, in the event the Company issues bonus warrants in respect of any H Shares which are held directly or indirectly by the Trustee, the Trustee shall not subscribe for, and, where applicable, shall procure the Trust SPV not to subscribe for, any new H Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell or cause to be sold the bonus warrants created and granted to it on the market, the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.
- (F) Unless otherwise determined by the Board, in the event that the Company undertakes an issue of bonus H Shares, the bonus H Shares allotted with respect to any H Shares which are held directly or indirectly by the Trustee shall be held as part of the Trust Fund.
- (G) Unless otherwise determined by the Board, in the event the Company undertakes a scrip dividend scheme, the Trustee shall elect or, where applicable, procure the Trust SPV to elect to receive scrip H Shares and scrip H Shares allotted with respect to any H Shares which are held directly or indirectly by the Trustee shall be held as part of the Trust Fund.

- (H) Unless otherwise determined by the Board, in the event of other non-cash and non-scrip distribution made by the Company in respect of H Shares held upon the Trust, the Trustee shall dispose of or, where applicable, procure the Trust SPV to dispose of such distribution and the net sale proceeds thereof shall be deemed as cash income of a H Share held as part of the Trust Fund.

- (I) If notice is duly given by the Company to the 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 pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its sole and absolute discretion whether any Awarded Interests shall vest in the Selected Participant and the time at which such Awarded Interests shall vest. If the Board determines that any Awarded Interests shall vest, it shall promptly notify such Selected Participant (with a copy of the notification to the Trustee) 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 Awarded Interests to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the participant and any family members of such participant. For the avoidance of doubt, if the Board determines that such unvested Award Interests shall not vest, such award shall lapse with immediate effect.

13. OTHER TERMS AND CONDITIONS

- (A) No Award shall be made by the Board pursuant to the 2023 Scheme Rules and no instructions to acquire any H Shares shall be given to the Trustee under the 2023 SAS where dealings in the H Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
 - (a) after information that are required to be disclosed under Rule 13.09 of the Listing Rules or inside information that are required to be disclosed under Part XIVA of the SFO has come to the knowledge of the Company until (and including) the trading day after such information has been publicly announced in accordance with the Listing Rules, the SFO and/or the applicable laws;
 - (b) during the period commencing 30 days immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for the Company to publish an announcement of 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 announcements. Such period will cover any period of delay in the publication of a results announcement;
- (c) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
 - (d) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results;
 - (e) in any circumstances under which dealing in H Shares by a Selected Participant are prohibited under the Listing Rules, the SFO or any other applicable law or regulation;
 - (f) in any circumstance where any requisite approval from any governmental or regulatory authority has not been granted; or
 - (g) in any circumstance where the granting the Award is prohibited by or would result in a breach of the Listing Rules, the SFO or any other applicable law or regulation.
- (B) In any of the following circumstances, the Board may, at its sole and absolute discretion, require the Selected Participant to return the gains from the vested Awarded Interests:
- (a) when the Selected Participant is an Eligible Participant, the Selected Participant has committed any act of fraud or dishonesty or serious misconduct in connection with his employment or engagement by any member of the Group;
 - (b) when the Selected Participant is an Eligible Participant, the Selected Participant has engaged in any act or omission to perform any of his duties that has had or will have a material adverse effect on the reputation or interests of any member of the Group;
 - (c) when the Selected Participant has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group within the period of 2 years after the Selected Participant ceases to be an Eligible Participant.

- (C) If the Trust holds any H Shares for this Scheme that have not been vested in accordance with these Scheme Rules, including without limitation any H Shares underlying any Award to the extent that they are not vested (the “**Unvested Shares**”), the Board may in its sole and absolute discretion, where it considers appropriate and in the interests of the Company, transfer any such Unvested Shares to any other share award scheme established by the Company. To that end, the Board may instruct in writing to the Trustee to transfer the Unvested Shares to the trustee of a trust in connection with such other share award scheme established by the Company (or a holding company of such trust), and upon such transfer the relevant Unvested Shares shall cease to be part of the Trust Fund and cease to be governed by the terms of the 2023 SAS. With respect to any Awards which are purported to be satisfied by any Unvested Shares that have been transferred in accordance with the foregoing provisions, the Board shall either cancel the Awards or make additional contributions to the Trust to ensure that there are sufficient H Shares under the Trust to satisfy the vesting of the Awards.

14. ALTERATION

The 2023 SAS may be amended in any respect by a resolution of the Board provided that, (a) unless with the prior written consent of the Trustee, any such amendment or modification shall not impose any additional or more onerous duties, responsibilities or liabilities on the Trustee; and (b) any alteration to the terms and conditions of the 2023 SAS that are of a material nature or any alteration to the authority of the Board to alter the terms of the 2023 SAS or any alteration to the specific terms of the 2023 SAS which relate to the matters set forth in Rule 17.03 of the Listing Rules to the advantage of Selected Participant or proposed Selected Participant must be approved by the Shareholders in general meeting (with the Selected Participant or proposed Selected Participant and their associates abstaining from voting). The Board’s determination as to whether any proposed alteration to the terms and conditions of the 2023 SAS is material shall be conclusive.

Any change to the terms of Awards granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of such Awards under the 2023 SAS was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the 2023 SAS.

Subject to compliance with Rule 17.03(18) of the Listing Rules, the provisions in the 2023 SAS may be amended by the Board to reflect any amendments to the Listing Rules made by the Stock Exchange after the Amendment Date to comply with the relevant provisions of the Listing Rules which the 2023 SAS has been drafted to reflect the position as at the Amendment Date.

Written notice of all details relating to change in the terms of the 2023 SAS during the lifetime of the 2023 SAS shall be given to all Selected Participants and the Trustee immediately upon the changes take effect.

15. TERMINATION

The 2023 SAS shall terminate on the earlier of:

- (a) the tenth (10th) anniversary date of the Adoption Date; and
- (b) such date of early termination as determined by the Board by a resolution of the Board;

provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

Upon termination of the 2023 SAS, (a) no further grant of Awarded Shares may be made under the 2023 SAS; (b) all the Awarded Shares of the Selected Participants granted under the 2023 SAS shall continue to be held by the Trustee and become vested in the Selected Participants according to the conditions of the Award, subject to the receipt by the Trustee of the required documents prescribed by the Trustee; (c) unless otherwise determined by the Board, all H Shares (except for any Awarded Shares subject to vesting on the Selected Participants) remaining in the Trust Fund shall be sold by the Trustee within 28 Business Days (on which the trading of the H Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine); (d) all net proceeds of sale and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any H Shares to the Company nor may the Company otherwise hold any H Shares whatsoever (other than its interest in the proceeds of sale of such H Shares). For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the 2023 SAS.



凤祥食品

SHANDONG FENGXIANG CO., LTD.

山東鳳祥股份有限公司

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

(Stock Code: 9977)

SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING

Reference is made to the original circular of Shandong Fengxiang Co., Ltd. (the “**Company**”) (the “**Circular**”) and the notice of the annual general meeting (the “**AGM**”) dated 16 May 2024 which set out the details of the resolutions to be proposed at the AGM for shareholders’ approval. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the supplemental circular of the Company dated 22 May 2024 (the “**Supplemental Circular**”).

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the AGM will be held as originally scheduled at 2nd Floor, Fengxiang Gufen Building, Anle Town, Yanggu County, Liaocheng City, Shandong Province, the PRC on Wednesday, 5 June 2024 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as special resolutions in addition to the resolutions set out in the original notice of the AGM.

SPECIAL RESOLUTIONS

11. To consider and approve the proposed amendments to the 2021 SAS:

“THAT:

- (a) to consider and approve the proposed amendments to the 2021 SAS (details of which are set out in Appendix I — Summary of the Principal Terms of the 2021 SAS” in the Supplemental Circular);
- (b) to consider and approve the proposed authorisation to the Board to grant Awards under the 2021 SAS and to allot, issue and deal with H Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the 2021 SAS;

SUPPLEMENTAL NOTICE OF THE AGM

- (c) any one or more Directors, the secretary of the Board and their authorised persons be and are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the 2021 SAS and any of the foregoing; and
 - (d) subject to laws, regulations and requirements of the relevant regulatory authorities which require the approval of Shareholders at the general meeting, to authorise the Board to administer the 2021 SAS and to formulate or amend from time to time the provisions for the administration and implementation of the 2021 SAS in a manner consistent with the terms of the 2021 SAS.”
12. To consider and approve the proposed amendments to the 2023 SAS:

“THAT:

- (a) to consider and approve the proposed amendments to the 2023 SAS (details of which are set out in Appendix II — Summary of the Principal Terms of the 2023 SAS” in the Supplemental Circular);
- (b) to consider and approve the proposed authorisation to the Board to grant Awards under the 2023 SAS and to allot, issue and deal with H Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the 2023 SAS;
- (c) any one or more Directors, the secretary of the Board and their authorised persons be and are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the 2023 SAS and any of the foregoing; and
- (d) subject to laws, regulations and requirements of the relevant regulatory authorities which require the approval of Shareholders at the general meeting, to authorise the Board to administer the 2023 SAS and to formulate or amend from time to time the provisions for the administration and implementation of the 2023 SAS in a manner consistent with the terms of the 2023 SAS.”

SUPPLEMENTAL NOTICE OF THE AGM

13. To consider and approve the Scheme Mandate Limit for the Relevant Schemes, the number of H Shares subject to the Scheme Mandate Limit being 158,261,800 Shares (representing 10% of the issued Shares as at the Amendment Date), and any one or more Directors, the secretary of the Board and their authorised persons be and are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Scheme Mandate Limit and any of the foregoing.

By order of the Board
Shandong Fengxiang Co., Ltd.
Zhu Lingjie
Chairman

Shandong, the PRC, 22 May 2024

SUPPLEMENTAL NOTICE OF THE AGM

Notes:

1. Details of the above resolutions are set out in the Supplemental Circular of the Company dated 22 May 2024.
2. The supplemental proxy form in respect of the above resolutions is enclosed with the Supplemental Circular.
3. The supplemental proxy form will not affect the validity of any proxy form duly completed and delivered by you in respect of the resolutions set out in the original notice of the AGM dated 16 May 2024. If you have validly appointed a proxy to attend and act for you at the AGM but do not duly complete and deliver the supplemental proxy form, your proxy will be entitled to vote at the discretion on the resolutions set out in this supplemental notice. If you do not duly complete and deliver the original proxy form for the AGM but have duly completed and delivered the supplemental proxy form and validly appointed a proxy to attend and act for you at the AGM, your proxy will be entitled to vote at the discretion on the resolutions set out in the original notice. If the proxy being appointed to attend the AGM under the supplemental proxy form is different from the proxy appointed under the original proxy form and both proxies attended the AGM, the proxy validly appointed under the supplemental proxy form shall be designated to vote at the AGM. If a shareholder of the Company wishes to provide specific instruction to his/her proxy(ies) regarding the voting of all resolutions set out in the original proxy form and the supplemental proxy form, he should duly complete and submit both proxy forms in accordance with the instructions set out therein.
4. The supplemental proxy form together with the power of attorney or other authority (if any) shall be deposited at the Company's H Share registrar in Hong Kong (for holders of H Shares) or at the address of the Company's registered office in the PRC (for holders of Domestic Shares) not less than 24 hours before the time appointed for holding the AGM (i.e. not later than 9:30 a.m. on Tuesday, 4 June 2024) or any adjourned meeting (as the case may be). If the instrument appointing the proxy is signed by a person authorised by the appointor, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar in Hong Kong or the address of the Company's registered office in the PRC (as may be applicable).
5. Please refer to the Circular and the original notice of the AGM for details in respect of the resolutions to be proposed and tabled before the AGM, eligibility for attending the AGM, registration procedures for attending the AGM, appointment by proxy, voting by way of poll and other relevant matters.

As at the date of this supplemental notice, the Board comprises Mr. Xiao Dongsheng and Mr. Shi Lei as executive Directors; Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia as non-executive Directors; and Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive Directors.