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

"Adoption Date"	being the date on which the H Share Incentive Scheme is approved by the Shareholders at the general meeting
"Articles of Association"	articles of association of the Company (as amended from time to time)
"Award Letter"	a letter issued by the Company to each Grantee in such form as the Board and/or the Delegatee may from time to time determine, specifying the name of the Grantee, the number of Trust Units granted, the vesting criteria and conditions, the vesting date and such other terms and conditions to be determined by the Board and/or the Delegatee that are not inconsistent with the H Share Incentive Scheme
"Board"	the board of Directors of the Company
"Business Day"	a day on which the Stock Exchange is open for the business of dealing in securities
"Company"	Xiamen Yan Palace Bird's Nest Industry Co., Ltd. (廈門燕之屋燕窩產業股份有限公司), a joint stock company incorporated in the PRC with limited liability, the issued H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1497)
"Delegatee(s)"	the Board committee(s) and/or person(s) delegated by the Board
"Directors"	the directors of the Company
"EGM"	the 2024 first extraordinary general meeting of the Company to be held at 22/F, Caizihui No. 188, Qianpu Road, Siming District, Xiamen City, Fujian Province, PRC at 10 a.m. on Monday, March 25, 2024, or any adjournment thereof

"Eligible Participant"	Eligible Participant who may participate in the H Share Incentive Scheme. See "Letter from the Board – II. Proposed Adoption of the H Share Incentive Scheme – 6. Eligible Participants and Grantees" for more information
"employee(s)"	the employee(s) who have entered into formal employment contracts with the relevant members of the Group and whose employer-employee relationship with the Group continues to exist
"Grantee(s)"	Eligible Participant(s) who are eligible under the Scheme Rules to participate in the H Share Incentive Scheme and have been granted and accepted the Trust Units
"Grant Date"	the date on which the Trust Units are granted to a Grantee, being the date of issuance of an Award Letter
"Grant Price"	the grant price of each Target Share underlying the Trust Unit to be determined by the Board and/or the Delegatee(s)
"Group"	the Company and its subsidiaries from time to time, and the expression of member of the Group shall be construed accordingly
"H Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of RMB0.20 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
"H Share Incentive Scheme"	the 2024 H Share Incentive Scheme proposed to be adopted by the Company at the EGM, the rules of which are set out in Appendix I to this circular
"H Share Shareholder(s)"	holder(s) of H Shares
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

"PRC"	the People's Republic of China, for the purpose of the H Share Incentive Scheme and this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Scheme Period"	the period of ten years from the Adoption Date
"Scheme Rules"	the rules governing the operation of the H Share Incentive Scheme as well as the implementation procedure (as amended from time to time)
"Service Provider"	person who, or entity which, provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person who or entity which work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fund raising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or those who are required to perform their services with impartiality and objectivity
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the issued capital of the Company with a nominal value of RMB0.20 each, comprising Unlisted Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of Shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Share(s)"	the H Share(s) of the Company underlying the H Share Incentive Scheme

"Trust"	the trust constituted under the Trust Agreement
"Trustee"	the trustee to be appointed by the Company for the purpose of the Trust
"Trust Account"	account separately set up by the Trustee for the Company to record corporate basic information and information of corporate interests
"Trust Agreement"	the trust management agreement to be entered into between the Company and the Trustee pursuant to the H Share Incentive Scheme
"Trust Benefit Right"	the right which the Grantees are entitled to in respect of the Trust Units held by them
"Trust Unit(s)"	unit(s) of beneficial rights under the Trust as granted to the Grantees by the Board and/or the Delegatee and as divided by the Trustee
"Unlisted Share(s)"	the unlisted ordinary share(s) with a nominal value of RMB0.20 each, which are subscribed for and fully paid up in Renminbi
"Unlisted Share Shareholder(s)"	holder(s) of Unlisted Share(s)
"%"	Percent

燕之屋
YAN PALACE

I. INTRODUCTION

Reference is made to the announcements of the Company dated January 12, 2024 in relation to (i) the proposed adoption of the H Share Incentive Scheme; (ii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Incentive Scheme.

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM to be held on Monday, March 25, 2024, so as to enable the Shareholders to make an informed decision as to whether to vote in favour of or against such resolutions. For details of the proposed resolutions at the EGM, please also refer to the notice convening the EGM.

II. PROPOSED ADOPTION OF THE H SHARE INCENTIVE SCHEME

As disclosed in the announcement of the Company dated January 12, 2024, the Board has proposed to adopt the H Share Incentive Scheme and a special resolution will be proposed at the EGM to consider and approve the proposed adoption of the H Share Incentive Scheme. The H Share Incentive Scheme shall take effect upon the approval by the Shareholders at the EGM.

The full text of the Scheme Rules is set out in Appendix I to this circular.

Set forth below are the principal terms of the H Share Incentive Scheme:

1. Purposes of the H Share Incentive Scheme

The purposes of the H Share Incentive Scheme are:

(i) promoting the achievement of long-term sustainable development and performance goals of the Company;

(ii) closely aligning the interests of the Grantees with those of the Shareholders, investors and the Company to enhance the cohesion of the Company and to facilitate the maximization of the value of the Company; and

(iii) improving the Company's incentive mechanism to attract, motivate and retain Directors, supervisors, senior management, core employees and Service Providers who have made outstanding contributions to the sustainable operation, development and long-term growth of the Company.

2. Duration

Subject to any early termination as may be determined by the Board according to the Scheme Rules, the H Share Incentive Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date, after which no additional Trust Units shall be granted, provided that the H Share Incentive Scheme will remain in full force in all other respects.

3. Source of Funds

The source of funds for funding the H Share Incentive Scheme is the internal funds of the Company (the "**Scheme Funds**").

4. Source of Target Shares

The source of the Target Shares under the H Share Incentive Scheme shall be H Shares to be acquired by the Trustee through on-market and/or off-market transactions at the prevailing market price by utilizing the Scheme Funds in accordance with the instructions of the Company and the relevant provisions of the Scheme Rules.

5. Scheme Limit

In any event, the maximum number of Target Shares corresponding to the Trust Units which may be granted under the H Share Incentive Scheme shall not exceed 5% of the Company's total Shares in issue as at the Adoption Date (the "**Scheme Limit**"), which is expected to be 23,275,000 H Shares.

The Board and/or the Delegatee(s) shall not make any further grant of Trust Units which will result in the Scheme Limit being exceeded without Shareholders' approval.

6. Eligible Participants and Grantees

Eligible Participants who may participate in the H Share Incentive Scheme include:

(i) any director (excluding independent non-executive Director), supervisor, senior management or employee of the Group; and

(ii) any Service Provider as the Board deems fit.

A person shall not be considered as an Eligible Participant if, at the Grant Date, he/she:

(i) is an independent non-executive Director;

(ii) has been publicly censured or declared as an ineligible candidate by securities regulatory institutions in the last 12 months;

(iii) has been imposed with administrative penalties by securities regulatory institutions in the last 12 months due to material non-compliance of laws or regulations;

(iv) is prohibited from acting as a Director, supervisor or a member of the senior management of the Company as required by the PRC Company Law or the Listing Rules;

(v) is prohibited from participating in the Scheme as required by laws and regulations;

(vi) has committed other material violation of relevant requirements of the Group or caused material damage to the interest of the Group as determined by the Board; or

(vii) any other circumstances prescribed by the Board for the purpose of safeguarding the Group's interests and ensuring the Group's compliance with applicable laws and regulations relating to the operation of the Scheme.

The Board and/or the Delegatee(s) may select any Eligible Participant to be a Grantee of the H Share Incentive Scheme in accordance with the Scheme Rules.

7. Administration of the H Share Incentive Scheme

The H Share Incentive Scheme shall be subject to the administration of the following administrative bodies:

(i) the general meeting of the Company is the highest authority of the Company and is responsible for considering and approving the adoption of the H Share Incentive Scheme, and the Board of the Company is the executive management body of the H Share Incentive Scheme. Upon the consideration and approval of the H Share Incentive Scheme by the Board, the H Share Incentive Scheme will be implemented after being approved at the general meeting. The Board and/or the Delegatee(s) may handle and implement all relevant matters of the H Share Incentive Scheme within the authorization of the general meeting;

(ii) the independent non-executive Directors are the supervisory body of the H Share Incentive Scheme and are responsible for supervising whether the implementation of the H Share Incentive Scheme is in compliance with the relevant laws, regulations, regulatory documents and the relevant regulatory rules of the places where the Company is established and listed;

(iii) any grant of Trust Units to the directors, supervisors or senior management of the Group must first be approved by the Remuneration and Appraisal Committee and any grant of Trust Units to the Directors, supervisors and any other connected persons of the Company must comply with all applicable laws, rules and regulations, including the Listing Rules and any corresponding codes or securities dealing restrictions adopted by the Company; and

(iv) without prejudice to the general management power of the Board, the Board may delegate the authority to administer the H Share Incentive Scheme (including the power to grant the Trust Units under the H Share Incentive Scheme) to its designated Delegatee(s). The term of office, terms of reference and remuneration (if any) of the Delegatee(s) shall be determined by the Board from time to time in its absolute discretion.

The Company will appoint the Trustee and establish the Trust to facilitate the administration of the H Share Incentive Scheme.

8. Grant of Trust Units

Subject to the terms and conditions of the H Share Incentive Scheme, the Board and/or the Delegatee(s) may at their absolute discretion and on such terms and conditions as the Board and/or the Delegatee(s) thinks fit, grant the Trust Units to any Eligible Participant at the Grant Price, which shall be determined by the Board and/or the Delegatee(s). The consideration shall be paid by the relevant Grantee when the Trust Units are vested.

After the Board and/or the Delegatee(s) has decided to make a grant of Trust Units to any Grantee, the Company shall issue an Award Letter to such Grantee, which should set out details of the grant, including but not limited to the name of the Grantee, the Trust Units granted, the vesting criteria and conditions, the vesting date, Grant Price and other terms and conditions to be determined by the Board and/or the Delegatee(s) that are not inconsistent with the H Share Incentive Scheme. The Grantee shall confirm in writing his acceptance of such grant.

None of the Grantees shall be granted with an aggregate of more than 1% of the Company's total Shares in issue in any 12-month period up to and including the Grant Date.

9. Vesting of the Trust Units

Subject to all applicable laws, rules or regulations, the Board and/or the Delegatee(s) will determine the vesting criteria and conditions and the vesting periods for the Trust Units to be granted to each Grantee pursuant to the H Share Incentive Scheme. The details of the vesting conditions and terms shall be determined by the Board and/or the Delegatee(s) from time to time with reference to, among others, the business performance and financial position of the Company and the prevailing market conditions and shall be set out in the Award Letter.

Within a reasonable time after the vesting conditions and schedule have been reached, fulfilled, satisfied or waived and before the date of vesting, the Board or its Delegatee(s) shall send the vesting notice to each of the relevant Grantees. The vesting notice will confirm, among others, the extent to which the vesting conditions and schedule have been reached, fulfilled, satisfied or waived, and the number of Trust Units and Target Shares to be vested for that relevant vesting period.

If a Grantee fails to meet the vesting conditions applicable to the grant of such Trust Units, unless waived by the Board and/or Delegatee(s), all or any of the Trust Units which shall otherwise be vested during such vesting period shall not be vested and shall lapse immediately in respect of such Grantee and be returned to the Trust Account, and may be re-granted by the Board and/or the Delegatee(s) pursuant to the H Share Incentive Scheme.

If a Grantee satisfies the vesting conditions applicable to the grant of such Trust Units and accepts the vesting of relevant Trust Units, such Grantee shall confirm in writing for his acceptance and fully pay the relevant Grant Price either in cash or by deduction of such number of Shares equivalent to the Grant Price, to vest the relevant Trust Units.

After the relevant Trust Units are duly vested in accordance with the aforementioned procedures, subject to compliance with the relevant laws, regulations, rules and regulatory documents of the places where the Company is established and listed, as well as the articles of association of the Company, the Trustee shall allocate and dispose the Target Shares which corresponds to the Trust Units vested in the Grantees in accordance with the instruction of the Grantees pursuant to the H Share Incentive Scheme.

10. Interests in the Trust Units and the Target Shares

During the Scheme Period, the Grantees shall not deal with the Trust Units granted in any way, including but not limited to the sale, transfer, pledge, mortgage, encumber or to create any benefits for others, or to enter into any agreement to do any of the foregoing.

For the avoidance of doubt, save for the entitlement to the Trust Benefit Rights, all Grantees shall not have any interest or rights (such as voting rights, allotment rights or right issues, etc.) attached to any of the Target Shares except for dividend rights.

The Trustee shall not exercise any voting rights attached to any Target Shares held by the Trustee under the H Share Incentive Scheme.

11. Restrictions on Grant and Disposal

No grant of Trust Units or disposal of the Target Shares may be made by the Board and/or the Delegatee(s) during the following periods:

(i) at any time when inside information of the Company arises and up to the date of the announcement of such inside information;

(ii) 60 days immediately preceding the publication date of the annual results and ending on the date of publication (both days inclusive);

(iii) during the period commencing 30 days immediately preceding the publication date of the interim results and quarterly results (if applicable) and ending on the date of publication (both days inclusive); or

(iv) other restrictions stipulated by the applicable laws and regulations.

12. Alteration or Termination of the H Share Incentive Scheme

Subject to the Scheme Limit, the H Share Incentive Scheme may be altered or supplemented in any respect by resolution of the Board. The Trustee and all Grantees shall be informed in writing of any alteration or supplementation to the H Share Incentive Scheme.

The H Share Incentive Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by way of Board resolution.

13. Reasons for and Benefits of the Adoption of the H Share Incentive Scheme

Please refer to the section headed "Letter from the Board – II. Proposed Adoption of the H Share Incentive Scheme – 1. Purposes of the H Share Incentive Scheme" in this circular.

The Directors (including the independent non-executive Directors) are of the view that the adoption of the H Share Incentive Scheme will realize the aforesaid goals, and that the terms and conditions of the H Share Incentive Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

14. Implications under the Listing Rules

As the arrangement under the H Share Incentive Scheme is analogous to a share scheme that is funded by existing Shares, it shall be subject to the applicable disclosure requirements as regulated under Chapter 17 of the Listing Rules. Moreover, according to the articles of association of the Company, the adoption of the H Share Incentive Scheme shall be subject to Shareholders' approval.

III. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE DELEGATEE TO HANDLE MATTERS PERTAINING TO THE H SHARE INCENTIVE SCHEME

(b) to amend or make changes to such arrangements, guidelines, procedures and/or regulations for the management, interpretation, implementation and operation of the H Share Incentive Scheme, provided that such arrangements, guidelines, procedures and/or regulations shall not contravene the rules of the H Share Incentive Scheme;

(c) to grant Trust Units to Eligible Participants;

(d) to approve the form and content of Award Letters;

(e) to decide, approve and adjust the Grant Date, the list of Grantees, number of Trust Units, the Grant Price and vesting criteria to be granted;

(f) to determine and adjust the criteria and conditions of the vesting of the Trust Units and the vesting period, and adjust, evaluate and manage the performance indicators and to determine the fulfilment of vesting conditions;

(g) to determine and approve any proposal and action for special circumstances that are not expressly stated in the H Share Incentive Scheme;

(h) to determine any other matters for implementation of the H Share Incentive Scheme in accordance with applicable laws and regulations;

(i) to decide on the engagement of bank(s), accountant(s), trustee(s), lawyer(s), consultant(s) and other professional parties for the purpose of the H Share Incentive Scheme;

(j) on behalf of the Company, execute all documents in relation to the operations of and other matters of the H Share Incentive Scheme, and obtain and complete all procedures, filings and approvals necessary for implementation of the H Share Incentive Scheme, and to take any other action to implement the H Share Incentive Scheme;

(k) to determine all matters in relation to the trust arrangement; and

(l) to administer and execute other matters necessary for the implementation of the H Share Incentive Scheme, unless otherwise specified in written that such matters shall be dealt with by way of resolutions at the Shareholders' meeting.

The aforementioned authorization to the Board and/or the Delegatee(s) shall be valid for the Scheme Period.

IV. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of H Shares of the Company will be closed from Wednesday, March 20, 2024 to Monday, March 25, 2024, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, March 19, 2024.

V. NOTICE OF EXTRAORDINARY GENERAL MEETING

Set out on pages 41 to 42 of this circular is the notice of the EGM at which, inter alia, special resolutions will be proposed to the Independent Shareholders to consider and approve (i) the proposed adoption of the H Share Incentive Scheme; (ii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Incentive Scheme.

VI. FORM OF PROXY

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yanzhiwu.com). Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for holding the EGM (i.e. before 10 a.m. on Sunday, March 24, 2024) or any adjournment thereof (for the H Share Shareholders); or to the business address of the Company in the PRC, at 22/F, Caizihui No. 188, Qianpu Road, Siming District, Xiamen City, Fujian Province, PRC not less than 24 hours before the time appointed for the holding of EGM (i.e. before 10 a.m. on Sunday, March 24, 2024) or any adjournment thereof (for the Unlisted Share Shareholders). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish. In such event, the form of proxy shall be deemed to be revoked.

VII. VOTING BY POLL

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries, no Shareholder will be required to abstain from voting at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, at any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions set out in the notice of EGM will be decided by way of a poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he is the holder. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same way.

An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

VIII. RECOMMENDATIONS

The Board considers that the proposals for each of (i) the proposed adoption of the H Share Incentive Scheme; and (ii) the proposed authorization to the Board and/or the Delegatee to handle matters pertaining to the H Share Incentive Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM as set forth in the notice of the EGM.

IX. RESPONSIBILITY STATEMENT

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

X. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Xiamen Yan Palace Bird's Nest Industry Co., Ltd.
廈門燕之屋燕窩產業股份有限公司
HUANG Jian
Chairman and Executive Director

The following is the full text of the Scheme Rules for the purpose of incorporation in this circular. In case of any discrepancies between the Chinese and English versions of the Scheme Rules, the Chinese version shall prevail.

Xiamen Yan Palace Bird's Nest Industry Co., Ltd.
2024 H Share Incentive Scheme
(Draft)

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CHAPTER 1. DEFINITIONS

1.1 Unless the context otherwise requires, the following terms or abbreviations shall have the following meanings:

Term	Definition
Actual Selling Price	according to the instruction, the cash value to be allocated and payable to the Grantees with respect to the Trust Units vested, at which corresponding relevant Target Shares with respect to the Trust Units vested are sold by the Trustee pursuant to Clause 7.7 of the Scheme
Adoption Date	Being the date on which the Scheme is approved at the general meeting
Articles of Association	articles of association of Xiamen Yan Palace Bird's Nest Industry Co., Ltd. (廈門燕之屋燕窩產業股份有限公司) (as amended from time to time)
Award Letter	a letter from the Company to the Grantees involving matters under Clause 6.4
Board	the board of directors of the Company
Business Day	a day on which the Stock Exchange is open for the business of dealing in securities
Company	Xiamen Yan Palace Bird's Nest Industry Co., Ltd. (廈門燕之屋燕窩產業股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 1497)
connected person(s)	has the same meaning ascribed to it under the Listing Rules
Trust Account	account separately set up by the Trustee for the Company to record corporate basic information and information of corporate interests
Grant Date	the date on which the Trust Units are granted to a Grantee, being the date of issuance of an Award Letter

Delegatee(s)	the Board committee(s) and/or person(s) delegated by the Board
Eligible Participant	has the meaning ascribed to it under Clause 4.1
employee(s)	the employee(s) who have entered into formal employment contracts with the relevant members of the Group and whose employer-employee relationship with the Group continues to exist
Grantee(s)	Eligible Participants who are eligible under Chapter 4 of the Scheme to participate in the Scheme and have been granted Trust Units
Grant Price	the grant price of each Underlying Share in relation to Trust Units to be determined by the Board (or any committee or person duly authorized by the Board) when granting Trust Units

Scheme Funds	have the meaning ascribed to it under Clause 5.1(1)
Scheme Limit	has the meaning ascribed to it under Clause 5.2(2)
Scheme Period	has the meaning ascribed to it under Clause 2.4
Service Provider	person who, or entity which, provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person who or entity which work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or those who are required to perform their services with impartiality and objectivity
SFO	the Securities and Futures Ordinance (Chapter 571) of Hong Kong
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	has the meaning ascribed to it under the Listing Rules
Target Share(s)	the H Share(s) of the Company involved in the Scheme
Tax	has the meaning ascribed to it under Clause 7.9
Trust	the trust constituted under the Trust Agreement
Trustee	the trustee to be appointed by the Company for the purpose of the Trust
Trust Beneficial Right	the right which the Grantees are entitled to in respect of the Trust Units held by them

Trust Unit(s)	unit(s) of beneficial rights under the Trust as granted to the Grantees by the Board and/or the Delegatee(s), each Trust Unit corresponds to one Target Share
Trust Agreement	the trust management agreement to be entered into between the Company and the Trustee pursuant to the Scheme
Trust Property	the sum of the Scheme Funds and the property gains and losses from the Target Shares invested and the management of the Trust
Vesting Date	the date on which Trust Units the Trust Benefit Units are vested to the relevant Grantees as determined by the Board and/or the Delegatee from time to time in accordance with Clause 6.5, as set out in the relevant Award Letter
Vesting Notice	has the meaning ascribed to it under Clause 7.5
RMB(0,000)	Renminbi, ten thousand dollars

CHAPTER 2. PURPOSE, TERMS AND BASIC PRINCIPLES OF THE SCHEME

2.1 The Company has formulated the Scheme in accordance with the Company Law of the People's Republic of China, the relevant regulatory rules of the places where the Company is established and listed and other relevant laws, regulations, rules and normative documents, and the Articles of Association.

2.2 Purpose of the Scheme

(1) promoting the achievement of long-term sustainable development and performance goals of the Company;

(2) closely align the interests of the employees with those of shareholders, investors and the Company to enhance the cohesion of the Company and to facilitate the maximization of the value of the Company; and

(3) improving the Company's incentive mechanism to attract, motivate and retain directors, supervisors, senior officers, key employees and Service Providers who have made strong contributions to the sustainable operation, development and long-term growth of the Company.

2.3 Trustee of the Scheme

The Board and/or the Delegatee may appoint one or more trustees. The Company will enter into a trust agreement with the Trustee. The Trust is established for the purpose of managing the Scheme pursuant to the Trust Agreement, and the Trustee shall acquire the relevant H Shares as the Target Shares accordingly in accordance with Clause 5.2(1). Subject to the Company Law of the People's Republic of China, the regulatory rules of the places where the Company is registered and listed and other applicable laws, regulations, rules and normative documents, and the Articles of Association of the Company, the Trustee shall perform its rights and obligations in accordance with the Scheme and the Trust Agreement.

2.4 Term of the Scheme

Subject to Clauses 2.6 and 10.5, the Scheme shall remain in force and effect for a period of ten (10) years from the Adoption Date (the "**Scheme Period**"), after which no additional Trust Units shall be granted, provided that the Scheme will remain in full force in all other respects.

2.5 Basic Principles of the Scheme

(a) compliance principle

The Company implements the Scheme in strict compliance with the requirements and procedures of the Company Law of the People's Republic of China, the relevant laws, regulations, rules and regulatory documents of the places where the Company is established and listed, and makes true, accurate, complete and timely information disclosure. No one shall exploit the Scheme to engage in fraudulent security activities such as insider trading and stock market manipulation.

(b) voluntary participation principle

The Company implements the Scheme in accordance with the principles of discretional decision of the Company and voluntary participation of Eligible Participants. The Company shall not force Eligible Participants to participate in the Scheme by way of apportionment, mandatory distribution, etc.

(c) principle of non-committed to return

The Grantees acknowledge and agree that the disposal of the Target Shares which corresponds to the Trust Units vested to the Grantees by the Trustee under the Scheme may be affected by the fluctuation of the market share price, and the Company will not make any commitment on the Actual Selling Price and return.

2.6 Conditions Precedent of the Scheme

The implementation of the Scheme is conditional upon (a) the passing of a resolution in (i) the general meeting and (ii) the Board meeting respectively to approve the adoption of the Scheme and to authorize the Board and/or the Delegatee to implement the Scheme within the scope of authorization; and (b) the Stock Exchange and the relevant authorities approve the Scheme (if applicable).

CHAPTER 3. ADMINISTRATION OF THE SCHEME

3.1 The general meeting of the Company is the highest authority of the Company and is responsible for considering and approving the adoption of the Scheme, while the Board of the Company is the executive management body of the Scheme. The Board is responsible for formulating and revising the Scheme. Upon the consideration and approval of the Scheme by the Board, the Scheme will be implemented after being approved at the general meeting. The Board and/or the Delegatee may handle and implement all relevant matters of the Scheme within the authorization of the general meeting.

3.2 The independent non-executive director shall supervise whether the Scheme is conducive to the sustainable development of the Company, whether the Scheme damages the overall interests of the Company and its shareholders, and whether the implementation of the Scheme complies with the applicable laws, regulations and normative documents and the regulatory rules of the places where the Company is registered and listed.

3.3 Any grant of Trust Units to the directors, supervisors or senior management of the Group shall obtain the approval of the Remuneration Committee in advance, and any grant of Trust Units to the directors, supervisors or other connected persons of the Company shall comply with all applicable laws, rules and regulations, including the Listing Rules and the codes or securities trading restrictions adopted by the Company.

3.4 The Trust is established to serve the Scheme, and pursuant to the relevant provisions of the Trust Agreement and at the instruction of the Company, the Trustee shall acquire the Target Shares in accordance with Clause 5.2(1).

3.5 Without prejudice to the general management powers of the Board, the Board may delegate the power to manage the Scheme (including the power to grant Trust Units under the Scheme) to the Delegatee designated by it. The term of office, authority and remuneration (if any) of the Delegatee shall be determined by the Board from time to time at its sole discretion.

3.6 Subject to the Rules of the Scheme, the Listing Rules and the applicable laws and regulations, the Board and/or the Delegatee (to the extent authorized by the Board) shall have the right from time to time to:

(1) explain the Rules of the Scheme and the relevant provisions;

(2) make or modify the arrangements, guidelines, procedures and/or regulations for the management, interpretation, implementation and operation of the Scheme, provided that such arrangements, guidelines, procedures and/or regulations shall not conflict with the Rules of the Scheme;

(3) grant Trust Units to the Eligible Participants selected by it from time to time;

(4) approve the form and content of the Award Letter;

(5) determine, review, approve and adjust the Grant Date, the List of Grantees, Trust Units to be granted, the Grant Price and the vesting conditions;

(6) establish, evaluate and set the vesting conditions, and review the satisfaction of the vesting conditions;

(7) adjust, evaluate and review any change of the vesting conditions, or adjust the Vesting Date of any Share in Trust Beneficial Right in accordance with the Terms and Conditions of the Scheme;

(8) review and approve the resolution for any special circumstance not specified in the Scheme;

(9) decide other matters related to the implementation of the Scheme in accordance with the applicable laws and regulations;

(10) select and appoint banks, accountants, trustees, lawyers, consultants and other professionals (if any) for the purpose of the Scheme;

(11) sign, execute, amend and terminate all documents related to the Scheme, conduct all procedures, filings and approvals related to the Scheme, and take other steps or actions to give effect to the provisions, intention and implementation of the Rules of the Scheme;

(12) review and approval all matters related to the trust arrangement; and

(13) manage and conduct other matters necessary for the implementation of the Scheme, except those matters which are expressly stipulated by the General Meeting of the Company to be decided by the General Meeting.

3.7 For the avoidance of doubt, the decisions of the Board and/or the Delegatee shall be final and binding on all persons under the Scheme.

3.8 Without prejudice to the general management powers of the Board and/or the Delegatee, and to the extent not prohibited by the applicable laws and regulations, the Board and/or the Delegatee may from time to time appoint one or more trustees for the grant, management or vesting of any Share in Trust Beneficial Right. For the avoidance of doubt, notwithstanding anything in the Scheme, the Board (or the Delegatee designated by it) shall be the sole person authorized to give any instruction, order or recommendation (directly or through its designated contact person) to the Trustee.

3.9 For the purpose of the management of the Scheme, the Company shall comply with all disclosure related requirements, including the Listing Rules and all applicable PRC laws, regulations and rules.

CHAPTER 4. GRANTEES

4.1 Eligible Participants

(1) The Eligible Participants of the Scheme include:

(a) current directors (excluding independent non-executive directors), supervisors, senior officers and employees of the Group; and

(b) Service Providers identified by the Board.

(2) Any person shall not be deemed as an Eligible Participant if he/she, on the Grant Date:

(a) is an independent non-executive director;

(b) has been publicly censured or declared inappropriate by any securities regulatory authority in the past 12 months;

(c) has been imposed an administrative punishment by any securities regulatory authority in the past 12 months due to any serious violation of laws and regulations;

(d) shall not serve as a director, supervisor or senior officer of the Company as stipulated in the Company Law of PRC or the Listing Rules;

(e) is prohibited from participating in the Scheme as stipulated by laws and regulations;

(f) has committed any other act that seriously violates the relevant provisions of the Group or causes significant damage to the interests of the Group as determined by the Board; or

(g) has any other circumstance as determined by the Board for safeguarding the interests of the Group and ensuring compliance with the applicable laws and regulations relating to the operation of the Scheme.

4.2 Scope of the Grantees of the Scheme

(1) The scope of the Grantees of the Scheme includes all Eligible Participants receiving and accepting any grant under the Scheme.

(2) The Board and/or the Delegatee may select any Eligible Participant as an Grantee to participate in the Scheme. Unless so selected, no Eligible Participant shall be entitled to participate in the Scheme.

4.3 If, before or on the Vesting Date, any of the following circumstances occurs and causes the Grantee to cease to be an Eligible Participant, Trust Units that have not yet vested will immediately and automatically lapse unless specifically approved by the Board and/or the Delegatee, and such lapsed Trust Units will be returned to the Trust Account but remain part of the Trust. For the avoidance of doubt, Trust Units that have been vested are not affected by this Clause 4.3, subject to the Company Law of the People's Republic of China, the regulatory rules of the places where the Company is registered and listed and other applicable laws, regulations, rules and normative documents, and the Articles of Association of the Company, the Trustee will continue to complete the payment to the Grantee in accordance with Clause 7.7:

(1) subject to the circumstances listed in Clause 4.4, the Grantee chooses to terminate the employment contract for personal reasons, including:

(a) the Grantee chooses not to renew upon expiration of the employment contract;

(b) the Grantee resigns within the term of the employment contract;

(2) the Grantee is retired, disabled or dead;

(3) the Grantee does not terminate the employment contract with the Group but has been degraded or demoted; or

(4) other circumstances identified by the Board and/or the Delegatee under which the Grantee is not eligible for incentive under the Scheme.

4.4 If, before or on the Vesting Date, any of the following circumstances occurs and causes the termination of the employment contract of the Grantee, Trust Units that have not yet vested will immediately and automatically lapse, and Trust Units that have been vested but not yet paid to the Grantee by the Trustee in accordance with Clause 7.7 will

4.7 The Company shall from time to time notify the Trustee in writing of the date and reason of the cease of the Grantee to be an Eligible Participant, the lapse of any Share in Trust Beneficial Right that have not been vested or have been vested, and any amendment to the vesting terms and conditions of the Grantee (including Trust Units granted).

CHAPTER 5. SOURCE OF FUNDS AND SOURCE OF TARGET SHARES

5.1 Source of the Funds

(1) The funds for purchasing the Target Shares under the Scheme shall be the funds withdrew by the Company from its own funds and transferred to the Trustee for the establishment of the Trust, i.e. the sum of the followings (the "**Scheme Funds**"):

(a) the amount for purchasing the Target Shares under the Scheme, or such equivalent amount as the Board and/or the Delegatee may determine at their sole discretion; and

(b) expenses related to the purchase of the Target Shares (including brokerage fees, stamp duty, SFC transaction levy, AFRC transaction levy and SEHK trading fee at that time), and other necessary expenses to complete the purchase of the Target Shares under the Scheme.

(2) The Board and/or the Delegatee may adjust the Scheme Funds from time to time as agreed in the Trust Agreement.

5.2 Source and Maximum Number of the Target Shares

(1) The Target Shares under the Scheme shall be the H Shares acquired by the Trustee using the Scheme Funds at the prevailing market price through on-floor trading and/or off-floor trading in accordance with the instructions of the Company and the relevant provisions of the Rules of the Scheme. The Board and/or the Delegatee may, in accordance with Clause 3.8, give instructions to the Trustee in relation to the acquisition of the H Shares and specify the terms and conditions, including but not limited to the specified price or price range for the acquisition, the maximum amount of funds to be used for the acquisition and/or the maximum number of the H Shares to be acquired, provided that such acquisition instructions shall comply with the applicable laws and regulations and the Listing Rules and avoid triggering the relevant provisions of a mandatory tender offer.

(2) In any event, the Target Shares corresponding to Trust Units that may be granted under the Scheme is capped at 5% of the total outstanding share capital on the Adoption Date of the Scheme (the "**Scheme Limit**"). Without the approval of the General Meeting, the Board and/or the Delegatee shall not grant any additional Share in Trust Beneficial Right which would lead in exceeding the Scheme Limit.

(3) The aggregate maximum number of the Target Shares corresponding to Trust Units that may be granted to any Grantee within 12 months from the date on which Trust Units are granted (inclusive), shall not exceed 1% of the total outstanding share capital of the Company on the Grant Date.

5.3 Restrictions on the Purchase of the Target Shares

Under any of the following circumstances, the Company shall not instruct the Trustee to purchase the Target Shares and shall immediately notify the Trustee to cease the purchase of the Target Shares:

(1) from the appearance of any inside information, to the publication date of such inside information;

(2) from the 60th day immediately prior to the publication of the annual performance, to the publication date of such annual performance (both dates inclusive);

(3) from the 30th day immediately prior to the publication of the interim performance or quarterly performance (if applicable), to the publication date of such interim performance or quarterly performance (both dates inclusive); or

(4) other restrictive circumstances as stipulated by the applicable laws and regulations of the places where the Company is registered and listed, and the provisions of China Securities Regulatory Commission, the Securities and Futures Commission of Hong Kong and the Stock Exchange where the Company's securities are listed.

5.4 The Board and/or the Delegatee may, at any time after instructing the Trustee to purchase or acquire any Underlying Share, instruct the Trustee in writing to cease or suspend the purchase of the Target Shares until further notice (without giving any reason).

CHAPTER 6. GRANT OF TRUST UNITS

6.1 Subject to the Terms and Conditions of the Scheme, the Board and/or the Delegatee may, at their sole discretion and on such terms and conditions as they may think fit, grant Trust Units to any Eligible Participant at the Grant Price, which shall be paid by the Grantee in accordance with Clause 7.6 upon vesting of Trust Units.

6.2 Trust Units that lapse under Chapter 4 or Clause 7.4 or for any other reason may be re-vested by the Board and/or the Delegatee at their sole discretion.

6.3 The Company shall, after granting Trust Units, issue a Award Letter to the Grantee, which shall specify (or contain):

(a) the name of the Grantee;

(b) Trust Units to be granted;

(c) the vesting criteria and conditions;

(d) the Vesting Date;

(e) the Grant Price; and

(f) such other terms and conditions as the Board and/or the Delegatee shall determine and which are not inconsistent with the Scheme.

6.4 The Board and/or the Delegatee shall have the right to impose from time to time, at their sole discretion, any condition (including the period for which the Grantee shall continue to work for the Group after grant) on the vesting of Trust Units to the Grantee, and shall notify the Trustee and the Grantee of the relevant vesting conditions of Trust Units. Notwithstanding any other provision of the Scheme, subject to the applicable laws and regulations, the Board and/or the Delegatee may freely waive any vesting condition set forth in the Award Letter and/or this Clause 6.4.

6.5 The Grantee may accept the offer to grant Trust Units in the manner set forth in the Award Letter, and must sign and return by email the Acceptance Form attached to the Award Letter within five (5) business days from the issuance date of the Award Letter. Once accepted, Trust Units shall be deemed to have been granted as of the issuance date of the Award Letter. After acceptance, the Grantee will become a participant of the Scheme.

6.6 If the Grantee fails to sign and return by email the Acceptance Form attached to the Award Letter before the expiration of the acceptance period set forth in Clause 6.5 above, Trust Units granted to the Grantee will immediately lapse and will remain part of the Trust. In such case, the Board and/or the Delegatee shall, as soon as practicable after the expiration of the acceptance period set forth in Clause 6.5 above, notify the Trustee of the lapse of Trust Units.

6.7 The Board and/or the Delegatee shall inform the Trustee of the matters set forth in Clause 6.3 after the appointment of the Trustee and after any Share in Trust Beneficial Right has been granted to and formally accepted by the Grantee.

6.8 Restrictions on the Grant Date

The Board and/or the Delegatee shall grant any Share in Trust Beneficial Right during the following periods:

(1) from the appearance of any inside information, to the publication date of such inside information;

(2) from the 60th day immediately prior to the publication of the annual performance, to the publication date of such annual performance (both dates inclusive);

(3) from the 30th day immediately prior to the publication of the interim performance or quarterly performance (if applicable), to the publication date of such interim performance or quarterly performance (both dates inclusive); or

(4) other restrictive circumstances as stipulated by the applicable laws and regulations of the places where the Company is registered and listed, and the provisions of China Securities Regulatory Commission, the Securities and Futures Commission of Hong Kong and the Stock Exchange where the Company's securities are listed.

6.9 No Share in Trust Beneficial Right shall be granted to any Eligible Participant if:

(1) it has not obtained the necessary approval from any competent regulatory authority;

(2) securities laws or regulations require the issuance of a prospectus or other offering document in respect of the grant of the Share in Trust Beneficial Right or the Scheme, unless otherwise determined by the Board and/or the Delegatee;

(3) the grant of the Share in Trust Beneficial Right would cause any member company of the Group or its directors to violate any applicable laws, rules, regulations and normative documents in any jurisdiction and the regulatory rules of the places where the Company is registered and listed;

(4) the Board and/or the Delegatee are aware of any undisclosed inside information about the Group (as defined in the Securities and Futures Ordinance), or any director reasonably believe that there is any insider information that needs to be disclosed in accordance with the Listing Rules and the inside information provisions of Part XIVA of the Securities and Futures Ordinance (as defined in the Listing Rules), or the directors are prohibited from trading the securities of the Company under any code or requirement of the Listing Rules and all applicable laws, rules or regulations from time to time;

(5) the number of the Target Shares corresponding to Trust Units granted under the Scheme will cumulatively exceed the Scheme Limit; or

(6) after the expiration of the Scheme Period or the early termination of the Scheme pursuant to Clause 10.5.

CHAPTER 7. VESTING OF TRUST UNITS

7.1 Subject to all applicable laws, rules and regulations, the Board and/or the Delegatee may from time to time determine the criteria, conditions and period for the vesting of Trust Units under the Scheme, during the Scheme Period.

7.2 Unless otherwise notified in writing by the Board and/or the Delegatee, each vesting shall be conducted in accordance with the specific vesting conditions set forth in the Award Letter and the provisions of the Scheme.

7.3 The vesting of Trust Units granted under the Scheme is subject to the Company's performance targets and each Grantee's performance targets and any other applicable vesting condition set forth in the Award Letter. The details of the Company's performance targets and each Grantee's performance targets shall be determined by the Board and/or the Delegatee from time to time with reference to the Company's business performance and financial position and the prevailing market conditions, and shall be specified in the Award Letter.

7.4 If a selected Grantee fails to meet any vesting condition applicable to the vesting of Trust Units, Trust Units that would otherwise be vested during the vesting period shall not be vested, and shall immediately lapse in respect of the Grantee and be returned to the Trust Account, unless such vesting condition is waived by the Board and/or the Delegatee. The Company shall notify the Trustee that the Target Shares corresponding to such lapsed Trust Units shall remain be held by the Trustee.

7.5 The Board and/or the Delegatee will instruct and cause the Trustee, except in any unforeseen circumstances, to give a Vesting Notice (the "**Vesting Notice**") to the relevant Grantee within such reasonable period (which shall be no later than fifteen business days prior to the Vesting Date) as the Trustee and the Board and/or the Delegatee may agree from time to time before any Vesting Date, the Vesting Notice shall contain a confirmation of the satisfaction of the vesting conditions by the Grantee and the Vesting Date, a confirmation of the payment method of the Grant Price and a confirmation of the details of the Grantee's bank account to pay the cash corresponding to the Actual Selling Price set forth in Clause 7.7 (after deducting the Grant Price and the Taxes borne by the Grantee, if applicable) to the Grantee.

7.6 The Grantee (or its legal representative) shall promptly reply in writing to the Board and/or the Delegatee after receiving the Vesting Notice. If the Board and/or the Delegatee do not receive a reply from the Grantee by email at least ten (10) business days prior to the Vesting Date, Trust Units that would otherwise be vested in the Grantee shall lapse and be returned to the Trust account, and the corresponding Target Shares shall remain part of the Trust, unless otherwise agreed in writing by the Board and/or the Delegatee.

If the Grantee selects to pay the Grant Price in cash pursuant to the confirmation specified in Clause 7.6, the Grantee shall pay the corresponding Grant Price in cash to the Company's designated bank account on the Vesting Date, and the Trustee shall, after receiving the Company's confirmation that all vesting criteria and conditions set forth in the Award Letter have been satisfied and/or waived and the Grantee's written confirmation of the vesting and the Grant Price, vest Trust Units in the Grantee.

If the Grantee selects to pay the Grant Price by stocks pursuant to the confirmation specified in Clause 7.6, subject to the Company Law of the People's Republic of China, the regulatory rules of the places where the Company is registered and listed and other applicable laws, regulations, rules and normative documents, and the Articles of Association of the Company, the Trustee shall, after receiving the Company's confirmation that all wll wlrec854.9(Price,)-36.9(of)-3686.9(o-362.9(in)esting)-3rTr ArLetterhavebeeo-36

7.9 The financial, accounting and tax issues in connection with the implementation of the Scheme shall be subject to the applicable laws and regulations and the Company's internal management rules. Each Grantee shall be liable for all other taxes (including individual income tax, salary tax or other levies (the "**Tax**" or "**Taxes**")) in relation to his/her participation in the Scheme or in relation to the Target Shares or the equivalent cash of the Target Shares. Neither the Company nor the Trustee is liable for any Tax. The Grantee will indemnify the Trustee and all member companies of the Group for any Tax and hold them harmless from any liability that they may have to pay such Tax, including any withholding liability related to any tax. To give effect to this, notwithstanding any other provision of the Rules of the Scheme (subject to the applicable laws), the Group may:

(1) instruct the Trustee to deduct or withhold the amount of the Tax from the cash corresponding to the Actual Selling Price, after the sale of the Target Shares corresponding to Trust Units that have been vested in the Grantee, and transfer the amount to the Company to pay the Tax; or

(2) if the amount deducted or withheld is insufficient to cover the amount of the Tax, the Grantee shall transfer the shortfall to the Company, and then the Company shall pay the Tax on behalf of the Grantee.

7.10 If the actual selling price (after deducting the Taxes borne by the Grantee, if applicable) is not paid to the Grantee in time due to any error in the details of the bank account provided by the Grantee or any abnormality of the bank account such as account freezing, without any subjective operation error of the Company or the Trustee, the losses arising therefrom shall be borne by the Grantee.

7.11 The Trustee shall not be obliged to make any payment to the Grantee under Clause 7.7, unless the Grantee convinces the Company that he/she has fulfilled its obligations under the Scheme, and the Trustee receives the confirmation set forth in Clause 7.6 and the payment of the Grant Price.

7.12 Restrictions on the Sale of the Target Shares

Under any of the following circumstances, the Company and the Grantee restricted by laws and regulations shall not instruct the Trustee to sell the Target Shares:

(1) from the appearance of any inside information, to the publication date of such inside information;

(2) from the 60th day immediately prior to the publication of the annual performance, to the publication date of such annual performance (both dates inclusive);

(3) from the 30th day immediately prior to the publication of the interim performance or quarterly performance (if applicable), to the publication date of such interim performance or quarterly performance (both dates inclusive); or

(4) other restrictive circumstances as stipulated by the applicable laws and regulations of the places where the Company is registered and listed, and the provisions of China Securities Regulatory Commission, the Securities and Futures Commission of Hong Kong and the Stock Exchange where the Company's securities are listed.

7.13 The Grantee agrees, undertakes and warrants that if, upon termination of the Scheme in accordance with Clause 10.5, there are any Trust Units that have been vested but not yet paid to the Grantee by the Trustee in accordance with Clause 7.7, the Grantee will voluntarily abandon such Shares in Trust Beneficial Right. Such Trust Units will be deemed as lapsed, and the corresponding Target Shares will be treated in accordance with paragraph 2(b) of Clause 10.5.

CHAPTER 8. TRANSFER OF TRUST UNITS AND OTHER RIGHTS

8.1 During the Scheme Period, the Grantees shall not dispose Trust Units vest in them in any way, including but not limited to sale, transfer, pledge, mortgage, charge or creation of any benefit for others, or execution of any agreement to do so.

8.2 During the Scheme Period, the Trustee shall not exercise voting rights in respect of the Target Shares held by it under the Scheme.

8.3 Any substantial or attempted breach of Clause 8.1 by an Grantee shall entitle the Company to cancel any Trust Units that have been granted to the Grantee but not yet vested in the Grantee, without any compensation. In this regard, the decision of the Board and/or the Delegatee as to whether the Grantee has breached any of the above provisions shall be final.

8.4 During the Scheme Period, each Grantee shall be entitled to the dividends (if any) of the Target Shares based on his/her Shares in Trust Beneficial Right, provided that such dividends shall only be paid to the Grantee when vesting.

8.5 For the avoidance of doubt,

(1) the Grantee only have the trust beneficial right, and does not have any right (such as voting right, share allotment right and share subscription right) of the Target Shares except the right to dividend;

(2) the Grantee does not have any right to Trust Units under the Trust Account or the accounts of other Grantees;

(3) the Grantee shall not give any instruction to the Trustee except the instruction set forth in Clause 7.7 hereof; and

(4) the provisions of the Scheme shall apply if the vesting conditions specified in the Vesting Notice are not met in full before or on the Vesting Date or the Grantee ceases to be an Eligible Participant on the Vesting Date, unless otherwise waived by the Board and/or the Delegatee.

8.6 The Grantee agrees, undertakes and warrants that he/she will not make any claim against the Company, any other member company of the Group, the Board, the Delegatee, the Trust or the Trustee under any circumstance.

CHAPTER 9. CHANGE IN CONTROL AND VOLUNTARY LIQUIDATION, ETC

9.1 Change in Control

Subject to the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs, and notwithstanding any other provision of the Scheme, if there is a change in the control of the Company, whether by offer, merger, arrangement or otherwise, and the Company ceases to exist after the merger with another company or the Company splits, the Board and/or the Delegatee may decide:

(1) whether the Scheme shall be terminated within 5 business days after the change in the control of the Company, and that Trust Units that have not been vested shall be cancelled, and the corresponding Target Shares will be treated in accordance with paragraph 2(b) of Clause 10.5; or

(2) that all the shares of in trust beneficial right that have not been vested shall be vested immediately on the date on which such change in control becomes or is declared unconditional, and that such date shall be deemed to as the Vesting Date. Subject to the Company Law of the People's Republic of China, the regulatory rules of the places where the Company is registered and listed and other applicable laws, regulations, rules and normative documents, and the Articles of Association of the Company, the Trustee shall sell the relevant Target Shares in accordance with Clause 7.7; or

(3) such other options as the Board and/or the Delegatee may think fit.

For the purposes of this Clause 9.1, "control" shall have the meaning as set out from time to time in the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs.

9.2 Bonus Warrant

Where the Company issues bonus warrant in respect of any H Share held by the Trustee, unless otherwise instructed by the Company, the Trustee shall not exercise any share subscription rights attached to the bonus warrants to subscribe for any new H Share and shall dispose the bonus warrant so acquired, and the net proceeds of disposal of such bonus warrants shall be distributed as dividends in accordance with the Scheme.

9.3 Voluntary Liquidation

If the Company passes a resolution on voluntary liquidation (other than reorganization, merger or scheme arrangement) during the Scheme Period, the Board and/or the Delegatee shall, at their sole discretion, decide:

(1) subject to the Company Law of the People's Republic of China, the regulatory rules of the places where the Company is registered and listed and other applicable laws, regulations, rules and normative documents, and the Articles of Association of the Company, the adjustment of the Vesting Date of any Share in Trust Beneficial Right, and that whether the Grantee is entitled to obtain the amount corresponding to the Actual Selling Price of the Target Shares (after deducting the Taxes borne by the Grantee, if applicable) corresponding to Trust Units that have been vested in him/her from the assets available in liquidation, on the basis of equality with the shareholders; or

(2) the termination of the Scheme, and that Trust Units that have not been vested shall be cancelled, and the corresponding Target Shares will be treated in accordance with paragraph 2(b) of Clause 10.5; or

(3) the adoption of such other options as the Board and/or the Delegatee may think fit.

9.4 Compromise or arrangement

If a compromise or arrangement between the Company and its shareholders or creditors is proposed in connection with a scheme for the reconstruction of the Company or its merger with any other companies and a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering and if thought fit, approving such compromise or arrangement and obtaining the approval of such shareholders, the Board and/or the Delegatee shall, in its absolute discretion:

(1) adjust the Vesting Date of any Trust Units; or

(2) terminate the Scheme and unvested Trust Benefit Units shall be cancelled and such corresponding Target Shares will be dealt with in accordance with paragraph 2(b) of Clause 10.5; or

(3) adopt such other plans as the Board and/or the Delegatee may think fit.

CHAPTER 10. ALTERATION, DISPUTE, TERMINATION OF THE SCHEME AND CANCELLATION OF TRUST UNITS

10.1 Validity Period of the Scheme and Duration of the Scheme

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of ten (10) years commencing from the date on which the Scheme is approved at the shareholders' general meeting.

10.2 Alteration of the Scheme

(1) Subject to the Scheme Limit, the Scheme may be altered or supplemented in any respect by resolution of the Board. Any such alteration or supplementation shall be notified in writing to the Trustee and the Grantees.

(2) When the Board alters the Scheme, the independent non-executive directors shall supervisor whether such alteration is conducive to the sustainable development of the Company, and whether such alteration damages the overall interests of the Company and its shareholders.

10.3 Dispute

Any dispute arising out of the Scheme shall be submitted to the Board, and the decision of the Board shall be final and binding.

10.4 Cancellation of Trust Units

The Board and/or the Delegatee may, at their sole discretion, decide to cancel any unvested or lapsed Shares in Trust Beneficial Right. Such cancellation shall be notified to the Trustee and the relevant Grantee.

10.5 Termination and Subsequent of the Scheme

(1) The Scheme shall be terminated on the following dates, whichever is earlier:

(a) the tenth (10th) anniversary date from the Adoption Date of the Scheme; and

(b) the early termination date of the Scheme as determined by a resolution of the Board.

(2) Upon termination of the Scheme:

(a) no more Trust Units shall be granted under the Scheme; and

(b) the Trustee shall, after receiving the notice of the termination of the Scheme, within such reasonable period as the Trustee and the Company may agree, (i) sell the remaining unvested Target Shares under the Trust (or such longer period as may be otherwise determined by the Company in consultation with the Trustee), and remit all cash and the net proceeds from the sale set forth in paragraph 2(b) of this Clause 10.5, and other funds remaining in the Trust (after make the appropriate deductions for all disposal costs, expenses and other current and future liabilities in accordance with the Trust Agreement) to the Company. For the avoidance of doubt, the Trustee shall not transfer any H Share to the Company and the Company shall not otherwise hold any H Share (other than the proceeds from the sale of such H Share pursuant to this Clause 10.5); and (ii) as instructed by the Grantee, transfer the Target Shares that have been vested in the Grantee to the Grantee or the entity designated by the Grantee, or sell the Target Shares that have been vested in the Grantee and remit the net proceeds from the sale (after deducting the Taxes borne by the Grantee, if applicable) to the Grantee, if the Grantee fails to give an instruction to the Trustee within the reasonable period, the Trustee shall, as instructed by the Board and/or the Delegatee, sell the Target Shares that have been vested in the Grantee and remit the net proceeds from the sale (after deducting the Taxes borne by the Grantee, if applicable) to the Grantee.

10.6 For the avoidance of doubt, a decision of the Board and/or the Delegatee to suspend the grant of the shares in trust benefit right shall not be construed as terminating the operation of the Scheme.

CHAPTER 11. OTHER

11.1 Miscellaneous Provisions

(1) The Scheme does not form part of the employment contract between the Company or any of its subsidiaries and any employee, and the rights and obligations or the appointment of the employee under his/her term of office or authority shall not be affected by his/her participation in the Scheme.

(2) No director or Delegatee shall be personally liable for any contract or other instrument entered into by or on behalf of him/her in respect of the Scheme or for any misjudgment while acting in good faith, and the Company shall indemnify any member of the Board of the Directors or any Delegatee who manages or interprets the Scheme and hold him/her harmless from any cost or expense (including legal costs) or liability (including payments made with the approval of the Board and/or

the Delegatee for the settlement of claims) arising from any act or omission of him/her in connection with the Scheme, except those caused by his/her willful breach, fraud, dishonesty or illegal act.

(3) For the notices or other communications between the Company and an Eligible Participant, a notice given by the Company to the Eligible Participant may be sent by email, prepaid mail or personal delivery to the Company's principal place of business at its Headquarters in PRC or at such other address as the Company may from time to time notify the Eligible Participant, a notice given by the Eligible Participant to the Company may be sent by email, prepaid mail or personal delivery at the address or email address as notified by the Company from time to time.

(4) Any notice or other communication sent by mail shall be deemed to have been served 72 hours after posting. Any notice or other communication sent electronically shall be deemed to have been received on the date following its sending.

(5) The Company, the Board, the Delegatee, the Trust and the Trustee shall not be liable for the failure of any Eligible Participant to obtain any consent or approval required to participate in the Scheme as an Grantee, or for any tax, duty, expense, cost or other liability that the Eligible Participant may incur as a result of his/her participation in the Scheme.

(6) The provisions of the Scheme shall be deemed to be severable and may be enforced separately. If any provision is unenforceable, it shall be deemed to have been deleted from the Scheme, and such deletion shall not affect the enforceability of the remaining provisions of the Scheme that have not been deleted.

(7) Except as otherwise specified herein, the Scheme shall not directly or indirectly confer on any person any legal or equitable right (other than the rights constituting and attached to the rights in trust beneficial right) against the Group, nor shall it give rise to any legal or equitable action against the Group. In no event shall any person require the Board, the Delegatee and/or the Company to be liable for any cost, loss, expense and/or damage arising out of or in connection with the Scheme or its management.

(8) In the event that Trust Units lapse in accordance with the Rules of the Scheme, no Grantee shall be entitled to any indemnity for any loss that may be suffered by him/her or any right or benefit or any anticipated right or benefit to which he/she may be entitled under the Scheme.

(9) The operation of the Scheme shall be subject to the restrictions imposed by the Articles of Association of the Company and the applicable laws, rules and regulations.

11.2 Disclosure Rights

By participating in the Scheme, each Grantee agrees that the Company may properly hold, process, store and use his/her personal information and data in PRC, Hong Kong or elsewhere for the purpose of executing, managing or implementing the Scheme, and such consent includes but is not limited to:

(1) manage and keep a record for the Grantee;

(2) provide the personal information or data to the Group, the Trustee or third-party managers in Hong Kong or elsewhere;

(3) disclose the personal information or data to any future acquirer or merger partner of the Company; and

(4) the Grantee may obtain a copy of his/her personal data upon request to the Company if it is necessary to issue an announcement or circular for the grant of the shares in trust benefit right in accordance with the Listing Rules or other applicable laws, rules or regulations, or disclose the identity of the Grantee, Trust Units, the grant, the vesting conditions and other information required by the Listing Rules or other applicable laws, rules or regulations in the Company's annual report, and the Grantee shall have the right to require the Company to correct if his/her personal data is inaccurate.

11.3 Governing Law

The Scheme shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

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燕之屋
YAN PALACE

3. H Share Shareholders and Unlisted Share Shareholders who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a Shareholder) to attend and vote on his/her/its behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll.

4. In order to be valid, the proxy form must be completed and signed in accordance with the instructions printed thereon and return it to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM (for the H Share Shareholders); or to the business address of the Company in the PRC, at 22/F, Caizihui No. 188, Qianpu Road, Siming District, Xiamen City, Fujian Province, PRC not less than 24 hours before the time appointed for the holding of the EGM (for the Unlisted Share Shareholders).

5. If a proxy is appointed to attend the EGM on behalf of a Shareholder, the proxy must produce a proxy form which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized. The proxy form shall specify the number of shares represented by the proxy of the Shareholder. Where a Shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy.

6. All persons who are registered holders of shares of the Company at the close of business (Hong Kong time) on Tuesday, March 19, 2024 will be entitled to attend and vote at the meeting.

7. References to time and dates in this notice are to Hong Kong time and dates.

8. Pursuant to Rule 13.39(4) of the Listing Rules, the resolutions set out in this notice will be decided by poll at the EGM.

As at the date of this notice, the Board comprises (i) Mr. HUANG Jian, Mr. ZHENG Wenbin, Mr. LI Youquan and Ms. HUANG Danyan as executive Directors; (ii) Mr. LIU Zhen and Mr. WANG Yalong as non-executive Directors; and (iii) Mr. XIAO Wei, Mr. CHEN Aihua and Mr. LAM Yiu Por as independent non-executive Directors.