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

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

**If you have sold or transferred** all your shares in Sinotrans Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**中國外運股份有限公司**  
**SINOTRANS LIMITED**

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

**(Stock Code: 0598)**

**PROPOSED ADOPTION OF THE SHARE OPTION SCHEME  
AND  
2022 FIRST EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out on pages 4 to 9 of this circular.

A notice convening the EGM to be held at 1st Meeting Room, 11th Floor, Building 10/Sinotrans Tower B, No. 5 Anding Road, Chaoyang District, Beijing 100029, the PRC at 2 p.m. on 24 January 2022, a notice of attendance and a form of proxy for use at the EGM are available on the website of the Company and the website of the Hong Kong Stock Exchange.

Shareholders who intend to attend the EGM shall complete and return the notice of attendance in accordance with the instruction printed thereon on or before 20 January 2022. Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it, if you so wish.

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## DEFINITIONS

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

“Administrative Measures”	the Measures for the Administration of Equity Incentive Plans of Listed Companies 《上市公司股權激勵管理辦法》 (CSRC No. 126), which has been implemented since 13 August 2016 and amended on 15 August 2018 (CSRC No. 148)
“Appraisal Measures for Implementation of the Share Option Scheme”	Appraisal Measures for Implementation of the Share Option Incentive Scheme of Sinotrans Limited (《中國外運股份有限公司股票期權激勵計劃實施考核辦法》)
“Articles of Association”	the articles of association of Sinotrans Limited, as amended, modified or otherwise supplemented from time to time
“A Share(s)”	the domestic share(s) of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“Board”	the board of Directors of the Company
“Company”	Sinotrans Limited (中國外運股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the Hong Kong Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange
“Company Law”	the Company Law of the PRC
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Effective Arrangement”	the arrangement according to which the granted Share Options become effective in tranches (including one-time effect) in accordance with the predetermined timetable
“EGM”	the 2022 first extraordinary general meeting of the Company to be held at 2 p.m. on 24 January 2022 at 1st Meeting Room, 11th Floor, Building 10/Sinotrans Tower B, No. 5 Anding Road, Chaoyang District, Beijing 100029, the PRC
“Exercisable Date”	the date on which the Share Option fulfills the requirements to be exercised upon the completion of the Lock-up Period, which must be a trading day

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## DEFINITIONS

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“Exercise Date”	the date on which the Share Option is exercised at the Exercise Price
“Exercise of Options”	the act to exercise the right under the Share Option to purchase the A Shares of the Company
“Exercise Period”	the exercise period set out in the Share Option Scheme
“Exercise Price”	the price determined by the Company when the Share Options are granted to Participants, at which the Participants can purchase A Shares of the Company when exercising the Share Option right
“Expected Return”	the expected return of the Share Options granted to the Participants, determined by multiplying the fair value of unit Share Option by the granted number
“general meeting”	the general meeting of the Company
“Grant”	the granting of A Share Options by the Company to the Participants under the Share Option Scheme
“Grant Date”	subject to the Shareholders’ consideration and approval of the Share Option Scheme at the general meeting, the date of the announcement in relation to the Board’s confirmation on the satisfaction of the conditions of the Grant; which shall be a trading day
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign invested share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Independent Director(s)”	the independent non-executive Director(s) of the Company
“Latest Practicable Date”	24 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Lock-up Period”	the period from the Grant Date of the Share Option(s) to the first Exercisable Date
“Participant(s)”	the person(s) to be granted the Share Option(s) under the Share Option Scheme
“PRC”	the People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Board of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China
“Securities Law”	the Securities Law of the PRC
“Share(s)”	H Share(s) and A Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Share Option(s)” or “Option(s)”	conditional upon the fulfilment of the effective conditions and the Effective Arrangement, the right that each Share Option (also known as Share Option per share) is attached to for acquisition of one A Share of the Company at a predetermined Exercise Price during the Exercise Period within the validity period of the Share Options
“Share Option Scheme” or “Scheme”	the First Share Option Incentive Scheme of the Company, including that the number of the Share Options to be granted to the Participants involves 73,925,800 A Shares, and the source of the underlying Shares shall be the A Shares repurchased by the Company
“stock exchanges”	the Hong Kong Stock Exchange and the Shanghai Stock Exchange
“trading day(s)”	the date on which the Shanghai Stock Exchange is open for trading of marketable securities

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LETTER FROM THE BOARD

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**中國外運股份有限公司**  
**SINOTRANS LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 0598)**

*Chairman:*  
Wang Hong

*Vice Chairman:*  
Song Dexing

*Executive Director:*  
Song Rong

*Non-executive Directors:*  
Liu Weiwu  
Deng Weidong  
Jiang Jian  
Jerry Hsu

*Independent non-executive Directors:*  
Wang Taiwen  
Meng Yan  
Song Haiqing  
Li Qian

*Registered Office:*  
Sinotrans Plaza A  
A43, Xizhimen Beidajie  
Haidian District  
Beijing, 100082  
People's Republic of China

*Headquarters:*  
Building 10/Sinotrans Tower B  
No. 5 Anding Road  
Chaoyang District  
Beijing, 100029  
People's Republic of China

*Principal Place of Business in Hong Kong*  
Units F & G, 20/F., MG Tower  
133 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

30 December 2021

*To the Shareholders*

Dear Sir/Madam:

**PROPOSED ADOPTION OF THE SHARE OPTION SCHEME  
AND  
2022 FIRST EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

Reference is made to the announcement of the Company dated 29 November 2021, in relation to the proposed adoption of the Share Option Scheme. At the EGM, the special resolutions in relation to the proposed adoption of the Share Option Scheme will be submitted for approval, which include (1) the resolution on the proposed adoption of the Share Option Scheme (draft) and a summary thereof; (2) the resolution on the proposed adoption of the Appraisal Measures for Implementation of the Share Option Scheme; and (3) the resolution on the proposed authorization to the Board to deal with matters in relation to the Share Option Scheme.

The purpose of this circular is to set out the notice of the EGM and to provide you with details regarding the resolutions mentioned above.

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

The main contents of the proposed Share Option Scheme, including that the number of the Share Options to be granted to the Participants under the Share Option Scheme involves 73,925,800 A Shares (accounting for approximately 1% of the Company's total share capital), and the source of the underlying shares under the Share Option Scheme shall be the A Shares repurchased by the Company. The Share Option Scheme is a discretionary scheme of the Company and does not constitute a share option scheme defined under Chapter 17 of the Listing Rules. The Share Option Scheme shall be effective subject to approval at the EGM after being approved by the SASAC.

The operating results requirements have been set forth in the Share Option Scheme based on future growth in the operating results of the Company, and the exercisable percentage of Options is linked to the performance assessment results of each Participant; thus, the implementation of the Share Option Scheme is beneficial to the formation of a benefit-sharing and risk-pooling mechanism among the Shareholders, the Company and its employees, so as to fully arouse the initiative of the Participants, help the Company to balance the short-term and the long-term goals, promote the implementation of the Company's strategy and long-term sustainable development, also help to attract and retain the management talents and core personnel, support the long-run development of the Company, and finally facilitate the elevation of Shareholders' value and safeguard the Shareholders' interest.

Under the Share Option Scheme, the Participants include Mr. Song Rong, Mr. Liu Weiwu and Mr. Jiang Jian. As Mr. Song Rong, being the executive Director and president of the Company, and Mr. Liu Weiwu and Mr. Jiang Jian, being the Directors, are connected persons of the Company and the grant of Share Options to them constitutes connected transactions under Chapter 14A of the Listing Rules. While the Share Options granted to Mr. Song Rong, Mr. Liu Weiwu and Mr. Jiang Jian under the Share Option Scheme will form part of their remuneration under their service contracts and thus can be fully exempted from the reporting, announcement and independent shareholders' approval requirements in relation to connected transaction in accordance with Rules 14A.73(6) and 14A.95 of the Listing Rules.

As the Participants include Directors of the Company, to fully ensure the independence of the Share Option Scheme, such Directors have abstained and will continue to abstain on the resolutions of Board meetings regarding the Share Option Scheme. And the Company (1) actively facilitated the Remuneration Committee of the Board (members of which being all Independent Directors) to perform their duties as the

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## LETTER FROM THE BOARD

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organization to formulate this Share Option Scheme, listened to and absorbed its suggestions and opinions through several meetings of the Remuneration Committee, and kept the members posted of relevant progresses; (2) made it clear that the Remuneration Committee is responsible to lead the assessment regarding the implementation and appraisal of the Share Option Scheme; and (3) submitted the Share Option Scheme to the Independent Directors for their independent opinions before convening the Board meetings, and obtained the opinion from Independent Directors that the implementation of such Share Option Scheme will benefit the sustainable development of the Company, and will in no way harm the interests of the Company or that of all the Shareholders, and the Independent Directors are in favor of such Share Option Scheme.

The Share Option Scheme is a specific implementation scheme the Company has made according to an overall draft of share option incentive plan of the Company (the “**Overall Draft Plan**”). The Overall Draft Plan is a general plan for staff incentives by way of share options and will not form a specific implementation scheme. The main contents of the Overall Draft Plan include that the Company intends to grant options no more than 10% of the total issued A share capital of the Company (including the total amount granted under this Share Option Scheme, and the share options granted by way of private placement being no more than 5% of the total share capital of the Company) within the next ten years. A majority of the terms of the Overall Draft Plan (including the basis for the determination and the scope of participants, the principle of the determination of exercise price and other fundamental terms) are the same with this Share Option Scheme, but the grant of each share option scheme shall be at least two years apart. If the Company formulates a share option incentive scheme other than this Share Option Scheme according to the Overall Draft Plan (if any), the details shall be determined in accordance with the requirements of relevant regulatory authorities and the Company’s actual conditions at that time, and the Company will fulfill all applicable corporate governance and regulatory procedures, including but not limited to submitting for consideration and approval by the Shareholders at the general meeting.

For details of the principal terms of the Share Option Scheme, please refer to Appendix I to this circular.

### **III. PROPOSED ADOPTION OF APPRAISAL MEASURES FOR IMPLEMENTATION OF THE SHARE OPTION SCHEME**

In order to ensure the smooth implementation of the Share Option Scheme after approval by relevant authorities, the Appraisal Measures for Implementation of the Share Option Scheme have been formulated by the Company in accordance with the relevant laws, administrative regulations and normative documents and based on the actual conditions of the Company.

For the full text of the Appraisal Measures for Implementation of the Share Option Scheme, please refer to Appendix II to this circular.

### **IV. PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH MATTERS IN RELATION TO THE SHARE OPTION SCHEME**

To ensure the smooth implementation of the Share Option Scheme, it is submitted to the Shareholders at the EGM to consider and approve the grant of a mandate to authorize the Board in dealing with matters relating to the Share Option Scheme, including but not limited to:

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## LETTER FROM THE BOARD

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1. to determine the Grant Date of the Share Option Scheme;
2. in the event of share capital transferred from capital reserves, share dividends, share subdivision, share consolidation, rights issue or cash dividend distribution, corresponding adjustments to the number and price of the Share Options will be made in accordance with the terms of the Share Option Scheme;
3. to grant the Share Options to the Participants upon the fulfilment of grant conditions and handle all matters necessary for the Grant;
4. to verify and confirm the eligibility and conditions of Exercise of Options of the Participants, and agree the Board to authorize the Remuneration Committee to exercise such rights;
5. to decide whether the Participants may exercise their Share Options;
6. to adjust and modify the performance indicators and levels according to the related matters such as strategy of the Company and marketing circumstance, to remove or replace the peer benchmarking companies that are no longer comparable when there are major changes in the peer benchmarking companies, or to adjust the calculated value of relevant indicators of the peer benchmarking companies;
7. to handle all matters necessary for the Exercise of Options for the qualified Participants under the terms of the Share Option Scheme, including but not limited to making applications to the stock exchange for the Exercise of Options, making applications to relevant securities depository and clearing company for registration and settlement matters, amending the Articles of Association, and handling matters concerning the registration of changes to the Company's registered capital, etc.;
8. to decide the suspension of, amendments to or termination of the Share Option Scheme, including but not limited to the disqualifying the Participants to exercise the Options, cancellation of unexercised Share Options of the Participants, dealing with compensation and inheritance matters in respect of the unexercised Share Options of deceased Participants, and termination of the Share Option Scheme;
9. to manage and adjust the Share Option Scheme and formulate or modify the provisions of administration and implementation of the Share Option Scheme from time to time subject to the terms of the Share Option Scheme. Corresponding approval(s) shall be obtained for such amendments if it is required by applicable laws, regulations or requirements from relevant regulatory authorities that such amendments shall be approved by the general meeting and/or relevant regulatory authorities;
10. to draft, execute, implement, amend or terminate any agreement in connection with the Share Option Scheme;
11. to appoint intermediary agencies such as receiving banks, auditors and lawyers for the implementation of the Share Option Scheme;

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## LETTER FROM THE BOARD

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12. to implement other matters required for the Share Option Scheme, except for the rights which are required to be exercised by the general meeting as expressly stipulated in the relevant documents.

The above authorization period shall last until the expiry date of the Share Option Scheme.

**The above proposals will be submitted to the EGM for consideration and approval by way of special resolutions.**

### V. THE EGM

The H Share register of members of the Company will be closed from 20 January 2022 to 24 January 2022 (both days inclusive), during which no transfer of H Shares will be registered. Any holders of H Shares whose names appear on the H Share register of members of the Company at 4:30 p.m. on 19 January 2022 are entitled to attend and vote at the EGM after completing the registration procedures for attending the meeting. In order for the H Shareholders to be entitled to attend and vote at the EGM, persons holding H Shares shall lodge share transfer documents and the relevant H Share certificates with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 19 January 2022, for registration.

The EGM will be held at 2 p.m. on 24 January 2022 at the 1st Meeting Room, 11th Floor, Building 10/Sinotrans Tower B, No.5 Anding Road, Chaoyang District, Beijing 100029, the PRC to consider and, if thought fit, approve the resolutions as set out in the notice of the EGM.

Notice of the EGM enclosed in this circular, together with the notice of attendance and proxy form, has been despatched to the Shareholders on 30 December 2021 and is available on the website of the Company and the website of the Hong Kong Stock Exchange. Shareholders who intend to attend the EGM shall complete and return the notice of attendance in accordance with the instruction printed thereon on or before 20 January 2022. Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, if you so wish.

Pursuant to the Administrative Measures, independent directors of a company whose securities are listed on the Shanghai Stock Exchange should solicit votes publicly from its shareholders on resolutions in relation to the adoption of the share incentive scheme. The purpose of such arrangement is to encourage the securities holders to participate in the voting on the resolutions on the adoption of the share incentive schemes by providing them with an additional way of participation in the meeting(s) of such securities holders. Accordingly, the Independent Directors have nominated Ms. Li Qian to solicit on their behalf the Shareholders' votes on all resolutions in relation to the Share Option Scheme and its related matters to be proposed and considered at the EGM. Ms. Li Qian has for the abovementioned purpose prepared the proxy form for appointing herself as a proxy at the EGM. Such proxy form specific to the Independent Directors' solicitation of votes (the "INED Proxy Form") was despatched together with the notice of the EGM, the proxy form, and the notice of attendance in respect of the EGM by the Company and also published and made available for downloading on the websites of the Hong Kong Stock Exchange and the Company. If

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## LETTER FROM THE BOARD

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you wish to appoint Ms. Li Qian as your proxy to vote on all resolutions in respect of the Share Option Scheme at the EGM, you are requested to complete and return the INED Proxy Form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). If you wish to appoint persons other than Ms. Li Qian as your proxy to vote on all resolutions in respect of the Share Option Scheme and its related matters at the EGM, you may complete and return the proxy form only in accordance with the instructions printed thereon and disregard the INED Proxy Form. Should you return both the proxy form and the INED Proxy Form and your voting instructions thereon are inconsistent, your voting instructions in the INED Proxy Form shall prevail in relation to the resolutions on the Share Option Scheme and its related matters. Please refer to the notice of the EGM and the instructions imprinted on the INED Proxy Form for details of the solicitation arrangement.

The Participants, who are the Shareholders, and/or their respective associates, are required to abstain from voting on the proposed resolutions to approve the Share Option Scheme and its related matters at the EGM. As at the Latest Practicable Date, 16 of the Participants and their respective associates hold 643,000 H Shares and 453,618 A Shares in total and they shall abstain from voting in relation to the resolutions approving the Share Option Scheme and its related matters. As certain Participants hold positions in China Merchants Group, the actual controller of the Company, China Merchants Group and its subsidiaries (including Sinotrans & CSC Holdings Co., Ltd., collectively holding 4,072,813,639 A Shares and 192,978,000 H Shares as at the Latest Practicable Date) shall abstain from voting at the resolutions in relation to the proposed adoption of the Share Option Scheme and the relevant matters at the EGM according to the Administrative Measures. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders would be required to abstain from voting on the proposed resolutions at the EGM.

In order to pass a special resolution of the Company at its general meeting, it requires at least a two-thirds majority of the votes held by Shareholders attending the relevant general meeting in person or by proxy (and entitled to vote) being voted in favour of the relevant resolution.

According to Rule 13.39(4) of the Listing Rules, all votes of the EGM shall be taken by poll. An announcement on the poll results will be made by the Company after the EGM in accordance with the Listing Rules.

### **VI. RECOMMENDATION**

As disclosed above, the implementation of the Share Option Scheme is beneficial to the formation of a benefit-sharing and risk-pooling mechanism among the Shareholders, the Company and its employees, so as to fully arouse the initiative of the Participants, help the Company to balance the short-term and the long-term goals, promote the implementation of the Company's strategy and long-term sustainable development, also help to attract and retain the management talents and core personnel, support the long-run development of the Company, and finally facilitate the elevation of Shareholders' value and safeguard the Shareholders' interest. In addition, the Company has, to best of its efforts, ensured the independence of the Share Option Scheme. As such, the Board consider that the resolutions in respect of the Share Option Scheme as detailed in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM.

Yours faithfully,  
By order of the Board of  
**Sinotrans Limited**  
**Li Shichu**  
*Company Secretary*

**I. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME AND THE PRINCIPAL TERMS THEREOF****1. Purpose of the Share Option Scheme**

The operating results requirements have been set forth in the Share Option Scheme based on future growth in the operating results of the Company, and the exercisable percentage of Options is linked to the performance assessment results of each Participant; thus, the implementation of the Share Option Scheme is beneficial to the formation of a benefit-sharing and risk-pooling mechanism among the Shareholders, the Company and its employees, so as to fully arouse the initiative of the Participants, help the Company to balance the short-term and the long-term goals, promote the implementation of the Company's strategy and long-term sustainable development, also help to attract and retain the management talents and core personnel, support the long-run development of the Company, and finally facilitate the elevation of Shareholders' value and safeguard the Shareholders' interest.

**2. Basis for Determining the Participants and Scope of the Participants****(1) Basis for determining the Participants**

The scope of the Participants is determined in accordance with the Company Law, the Securities Law, the Administrative Measures, the Trial Measures for Implementing Equity Incentive Plans by State-controlled Listed Companies (Domestic) (《國有控股上市公司(境內)實施股權激勵試行辦法》) and the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》) and relevant laws, administrative regulations, normative documents, and the Articles of Association.

**(2) Principle for determining the scope of the Participants**

In principle, the Participants shall be limited to in-service non-independent Directors, senior management members and core management and technical personnel with expertise who are of direct significance in respect of the Company's operating results and sustainable development, and such scope shall not be expanded at will.

The Participants shall not include the supervisors, the Independent Directors and any Shareholder or actual controller who individually or jointly holds more than 5% of the Shares of the Company, and their respective spouse, parents and children as well. Management members in the listed companies' state-owned controlling shareholders holding positions in such listed companies are allowed to participate in the equity incentive schemes, but shall only participate in the scheme of one listed company. Persons who shall not be the Participants under the provisions of the Administrative Measures shall not participate.

(3) *Scope of the Participants*

The Participants under the Share Option Scheme include: the Directors and senior management members of the Company; personnel above the level of assistant general manager in the headquarters' departments and secondary subsidiaries of the Company; qualified heads and deputy heads of tertiary subsidiaries of the Company; qualified heads of level-four subsidiaries of the Company; and other core backbone personnel. The number of the abovementioned Participants is 186, representing approximately 0.5% of the total number of in-service staff.

The Company will internally publish the names and positions of above Participants through the Company's website or other available ways for suggestions before the convention of the Shareholders' meeting. The supervisory committee of the Company will verify the list of the Participants to be granted with the Share Options, including the Participants, their qualifications and the grant amount.

**3. Source and Number of the Shares Under the Share Option Scheme**

(1) *Source of the shares*

The source of the underlying shares under the Share Option Scheme shall be ordinary A Shares repurchased by the Company.

(2) *Number of the shares*

The total number of the Share Options to be granted to the Participants under the Share Option Scheme involves 73,925,800 A Shares, accounting for approximately 1% of the Company's total share capital of 7,400,803,875 Shares as at the date of the announcement of the Share Option Scheme.

Unless approved by a special resolution at the general meeting, the aggregate number of ordinary A Shares involved in the share options granted (including the exercised and unexercised ones) to any Participant through the Company's share option schemes within the validity period shall not exceed 1% of the total share capital of the Company as at the date of approval of the Share Option Scheme at the general meeting, and shall not exceed 1% of the total number of A Shares in issue of the Company on the same day. Each Share Option granted under the Share Option Scheme is entitled to purchase one ordinary A Share of the Company at the Exercise Price during the Exercise Period provided that the effective conditions and the Effective Arrangement are fulfilled. Except as otherwise provided by the lock-up requirements under the Share Option Scheme, upon exercise of the Share Options granted under the Share Option Scheme, the Participants shall enjoy all the rights and fulfill all the obligations as A Shareholders according to the laws regarding the Shares they obtained through the Exercise of Options. The Share Options shall belong to the Participants themselves and cannot be transferred to others. The Participants have no rights to sell, transfer, guarantee, charge, pledge the Share Options, or use them as debt repayment, or set an encumbrance thereon or set

benefits in favour of a third party, or enter into any agreement on any of the above acts, nor have the right to promote or destroy the benefits of any third party directly or indirectly related to the Share Options.

#### 4. Allocation of the Share Options Under the Share Option Scheme

The Expected Return of the Share Options granted to each Participant shall be limited within 40% of his/her total salary level at the time of the Grant.

The allocation of the Share Options proposed to be granted among the Participants under the Share Option Scheme is set out below:

Name	Position	Number of shares ( <i>'0,000</i> <i>A Shares</i> )	Percentage over total number of shares granted	Percentage over total share capital of the Company
Song Rong	Executive Director, President	128.68	1.74%	0.017%
Liu Weiwu	Director	64.34	0.87%	0.009%
Jiang Jian	Director	64.34	0.87%	0.009%
Chen Xianmin	Vice President	96.28	1.30%	0.013%
Tian Lei	Vice President	83.58	1.13%	0.011%
Wang Jiuyun	Chief Financial Officer	76.88	1.04%	0.010%
Li Shichu	Board Secretary	76.88	1.04%	0.010%
Gao Xiang	Chief Digital Officer	89.88	1.22%	0.012%
<b>Subtotal</b>		<b>680.86</b>	<b>9.21%</b>	<b>0.092%</b>
Total other Participants (178 persons)		6,711.72	90.79%	0.907%
<b>Total (186 persons)</b>		<b>7,392.58</b>	<b>100.00%</b>	<b>0.999%</b>

*Note:* Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

**5. Validity Period for the Exercise of Options, the Grant Date, the Lock-up Period, the Exercise Period and the Exercisable Date and the Black-out Period**

*(1) Validity period for the Exercise of Options*

The Share Options under the Grant shall be exercisable for a term of five years commencing from the Grant Date. Share Options not yet exercised shall lapse after five years from the Grant Date.

*(2) Grant Date*

The Grant Date will be determined by the Board after the Share Option Scheme is considered and approved at the general meeting. The Grant Date must be a trading day, and except for the following:

- a. If the Participants include Directors or senior management members of the Company, no Share Option may be granted during (i) the period commencing from 60 days immediately preceding the publication date of the Company's annual results announcement and ending on the publication date of the Company's annual results announcement (including the publication date of the relevant announcement); (ii) the period commencing from 30 days immediately preceding the publication date of the Company's half-year and quarterly results announcement and ending on the publication date of the Company's half-year and quarterly results announcement (including the publication date of the relevant announcement); and (iii) the period commencing from 10 days immediately preceding the publication date of the Company's announcement of results forecast and preliminary results; and
- b. No Share Option may be granted after inside information has come to the Company's knowledge until the Company has announced the information, in particular, the Company may not grant any Share Option during the period commencing from one month immediately before the earlier of: (i) the date of the Board meeting for approving the Company's results for any year, half-year, quarterly or any other interim period; and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period and ending on the date of the results announcement (including the publication date of the relevant announcement).

No Share Option may be granted by the Company during any period of delay in publishing the results announcement.

The Board shall grant the Share Options to eligible Participants and complete relevant procedures of announcement and registration within 60 days upon the consideration and approval of the Share Option Scheme at the general meeting upon the fulfilment of grant conditions. In the event of failure in completing the procedures mentioned above within such 60 days, the Board shall disclose the reasons for such failure in due course by making an

announcement, terminate the implementation of the Share Option Scheme, and the Share Option Scheme shall not be proposed for consideration within three months from the date of such announcement, and the Share Options not yet granted shall lapse.

**(3) Lock-up Period**

The Lock-up Period is 24 months from the Grant Date of the Share Options, during which the Share Options granted to the Participants under the Share Option Scheme shall not be exercised.

**(4) Exercise Period and Exercisable Date**

During the validity period for the Exercise of Options, subject to the satisfaction of the effective conditions under the Share Option Scheme, the Participants may exercise their Share Options granted in tranches and in accordance with the arrangements set out in the table below. The Exercisable Date must be a trading day, but the right cannot be exercised within the following periods:

- a. within 30 days prior to the publication of periodic reports of the Company, or in the event of delay in publishing the annual report or interim report of the Company due to special reasons, the period commencing from 30 days prior to the original date of publication and ending on one day immediately preceding the publication date;
- b. within 10 days prior to the publication of the announcement of results forecast and preliminary results of the Company;
- c. from the date of occurrence of any significant event which may have significant effect on the trading prices of the shares of the Company and their derivatives of the Company or the date on which relevant decision-making procedures start and ending on the second trading day following the disclosure thereof in accordance with laws;
- d. other periods as stipulated by the CSRC and the stock exchanges.

<b>Exercise Period</b>	<b>Exercise Time</b>	<b>Exercise Ratio</b>
First Exercise Period	Commencing from the first trading day after the expiration of the 24-month period (or two anniversaries) from the Grant Date and ending on the last trading day of the 36-month period from the Grant Date	1/3

<b>Exercise Period</b>	<b>Exercise Time</b>	<b>Exercise Ratio</b>
Second Exercise Period	Commencing from the first trading day after the expiration of the 36-month period (or three anniversaries) from the Grant Date and ending on the last trading day of the 48-month period from the Grant Date	1/3
Third Exercise Period	Commencing from the first trading day after the expiration of the 48-month period (or four anniversaries) from the Grant Date and ending on the last trading day of the 60-month period from the Grant Date	1/3

If the effective conditions are not fulfilled during their due period, the Share Options for such period shall not be exercised or deferred to become exercisable in the next Exercise Period, and shall be cancelled by the Company. The part of the Options that fails to be exercised within each Exercise Period shall not be exercised at a later time. After the expiration of the current Exercise Period, all Share Options that have not been exercised shall lapse, and be revoked and cancelled by the Company.

The number of exercisable Share Options of each Participant is adjustable according to their own performance assessment in the year before, and the actual exercisable options shall not exceed the total amount of their own granted options that shall take effect during such period.

Not less than 20% of the total Share Options granted to Directors and senior management of the Company can only be exercised until the Participant passed the performance assessment after the expiration of the term of office (or appointment) following the expiration of the Lock-up Period; or not less than 20% of the Company's Shares granted shall not be sold until the Participant passed the performance evaluation after the expiration of the term of office (or appointment) following the expiration of the Lock-up Period after such Participant has exercised the Options.

**(5) *Black-out Period***

Black-out period refers to the time span during which the Shares the Participants acquired through the Exercise of Options are restricted from being disposed of. The black-out period of the Share Option Scheme shall be in compliance with the Company Law, the Securities Law and other relevant laws, administrative regulations, normative documents and the Articles of Association as amended from time to time. Details of current applicable regulations are set out as follows:

- a. Where a Participant is a Director or a member of the senior management of the Company, the number of shares of the Company which may be transferred by the Participant each year during his/her term of office shall not exceed 25% of the total number of the shares of the Company held by him/her; no shares of the Company held by him/her shall be transferred within half a year after his/her termination of office;
- b. Where a Participant is a Director or a member of the senior management of the Company and he/she disposes of any shares of the Company within six months after acquisition or buys back such shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.

#### **6. The Exercise Price of the Share Options and the Basis of Determination**

The Exercise Price of the Share Options shall be determined based on the fair market price principle. For any Share Options granted with the A Shares of the Company as the subjects, the Exercise Price for the Grant shall be the higher of the followings:

- a. the average trading price of the A Shares of the Company for the last trading day preceding the date of the announcement of the draft and summary of the Share Option Scheme published on the website of the Shanghai Stock Exchange, being RMB4.18;
- b. the average trading price of the A Shares of the Company for the last 20 trading days preceding the date of announcement of the draft and summary of the Share Option Scheme published on the website of the Shanghai Stock Exchange, being RMB4.29;
- c. the unit par value of the A Shares of the Company, being RMB1.00.

Accordingly, the Exercise Price of the Share Options granted under the Share Option Scheme is RMB4.29 per share.

#### **7. Conditions of the Grant and Effectiveness of the Share Options**

##### ***(1) Conditions of the Grant of the Share Options***

The Share Options shall only be granted to the Participants by the Company as per the Share Option Scheme when the following conditions are fulfilled by the Company and the Participants:

- (a) There is no occurrence of any of the followings in respect of the Company:
  - a. occurrence of issuance of the auditors' report containing an adverse opinion or disclaimer of opinion by a certified public accountant on the financial and accounting report of the Company for the latest accounting year;

- b. occurrence of issuance of the auditors' report containing an adverse opinion or disclaimer of opinion by a certified public accountant on the internal control of the Company in its financial report for the latest accounting year;
  - c. circumstances under which the Company fails to distribute profits in accordance with relevant laws and regulations, the Articles of Association or any undertaking publicly made within the latest 36 months after listed on a stock exchange;
  - d. circumstances under which equity incentive is prohibited to be implemented under applicable laws and regulations;
  - e. circumstances under which equity incentive is prohibited to be implemented by the CSRC;
  - f. such other circumstances under which equity incentive is prohibited to be implemented by the Shanghai Stock Exchange.
- (b) There is no occurrence of any of the followings in respect of the Participant:
- a. such Participant has failed individual performance assessment for the financial year immediately preceding the Grant of the Share Options under the Appraisal Measures for Implementation of the Share Option Scheme;
  - b. such Participant is deemed as an inappropriate candidate by the Shanghai Stock Exchange in the last 12 months;
  - c. such Participant is deemed as an inappropriate candidate by the CSRC or its derived agencies in the last 12 months;
  - d. such Participant is imposed by the CSRC or any of its derived agencies with administrative penalties or measures prohibiting accessing into the market in the last 12 months by reason of material violation of laws and regulations;
  - e. such Participant is prohibited by the Company Law from acting as a Director or a member of the senior management of the Company;
  - f. such Participant is prohibited by the applicable laws and regulations from participating in an equity incentive of listed companies; and
  - g. such other circumstances as determined by the CSRC.

- (c) Operating results requirements (the operating results requirements formulated by the Company that need to be satisfied prior to submitting the Share Option Scheme to the regulatory authorities and the general meeting of Company):
- a. The Company's return on equity ("ROE") attributable to owners of the Company for 2020 shall be no less than 9% and the 50th percentile of peer benchmarking companies (or within-industry average level);
  - b. The Company's compound growth rate of net profit attributable to owners of the Company for 2020 over the results of 2017 shall be no less than 6% and the 50th percentile of peer benchmarking companies (or within-industry average level);
  - c. The Company's economic value added ("EVA") for 2020 shall be no less than RMB900 million.

The above mentioned operating results requirements have been met by the Company.

*Note:*

The ROE attributable to owners of the Company = the net profits attributable to owners of the Company for the period/(net assets attributable to owners of the Company at the beginning of the period + net assets attributable to owners of the Company at the end of the period)/2;

The compound growth rate of net profit attributable to owners of the Company = (net profit attributable to owners of the Company for the period/net profit attributable to owners of the Company for the benchmarking year)<sup>(1/number of interval period)-1</sup>.

A total of 21 companies with comparable business models and scale in the same industry around the world as well as those with comparable business models and scale in the A share transportation industry were selected as the peer benchmarking companies.

Where the Company fails to fulfill the conditions of the Grant, no Share Options shall be granted by the Company as per the Share Option Scheme; where any Participant fails to fulfill the conditions of the Grant, no Share Options shall be granted to such Participant by the Company as per the Share Option Scheme. No payment shall be borne by the Participants for the application or receipt of the Share Options.

*(2) Conditions of effectiveness of the Share Options*

The Share Options granted by the Company to the Participants under the Share Option Scheme shall come into effect in part or in full when the following conditions are fulfilled by the Company and the Participants:

- (a) There is no occurrence of any of the following circumstances in respect of the Company as set out in item (a) of “I. Proposed Adoption of the Share Option Scheme and the Principal Terms thereof – 7. Conditions of the Grant and Effectiveness of the Share Options – (1) Conditions of the Grant of the Share Options” in this announcement;
- (b) There is no occurrence of any of the following circumstances in respect of a Participant as set out in item (b) of “I. Proposed Adoption of the Share Option Scheme and the Principal Terms thereof – 7. Conditions of the Grant and Effectiveness of the Share Options – (1) Conditions of the Grant of the Share Options” in this announcement;
- (c) Operating results requirements: operating results requirements have been set forth in the Share Option Scheme based on the future growth in the operating results of the Company. The Share Options to be granted shall take effect as per the Effective Arrangement when the performance targets are all fulfilled and provided that the Company is not caught in any circumstance where no equity incentives shall be implemented under the requirements of the SASAC and the CSRC. Specific effective conditions are as follows:

- a. The operating results of the Company shall meet the following criteria:

<b>Performance indicators</b>	<b>Effective conditions of the first tranche</b>	<b>Effective conditions of the second tranche</b>	<b>Effective conditions of the third tranche</b>
ROE attributable to owners of the Company	The ROE attributable to owners of the Company for the preceding financial year shall be no less than 10.25% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the first tranche becomes exercisable	The ROE attributable to owners of the Company for the preceding financial year shall be no less than 10.5% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the second tranche becomes exercisable	The ROE attributable to owners of the Company for the preceding financial year shall be no less than 10.75% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the third tranche becomes exercisable

Performance indicators	Effective conditions of the first tranche	Effective conditions of the second tranche	Effective conditions of the third tranche
Compound growth rate of net profit attributable to owners of the Company (based on 2020 performance)	The compound growth rate of net profit attributable to owners of the Company for the preceding financial year shall be no less than 11% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the first tranche becomes exercisable	The compound growth rate of net profit attributable to owners of the Company for the preceding financial year shall be no less than 11.25% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the second tranche becomes exercisable	The compound growth rate of net profit attributable to owners of the Company for the preceding financial year shall be no less than 11.5% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the third tranche becomes exercisable
EVA	The EVA for the preceding financial year shall be no less than RMB1,500 million when the first tranche becomes exercisable	The EVA for the preceding financial year shall be no less than RMB1,600 million when the second tranche becomes exercisable	The EVA for the preceding financial year shall be no less than RMB1,700 million when the third tranche becomes exercisable

*Notes:*

1. During the validity period of the Share Options under the Share Option Scheme, if the Company has changes in net assets and net profits arising from issuance of new shares, rights issue, profits and losses from changes of fair value and other matters, the changes in net assets and net profits arising from such matter shall be excluded from the appraisal; in order to maintain the same benchmarking caliber, the influence of changes in profits and losses of fair value is excluded when calculating the net assets and net profits of the benchmarking sample;
2. If the principal business of the peer benchmarking companies changes or there is a significant impact on the result indicators due to the reorganization, the benchmarking sample will be removed;
3. If the above situation occurs, the Board shall remove or replace the relevant peer benchmarking companies or adjust the calculated value of relevant indicators of the peer benchmarking companies as authorized by the general meeting.

b. The relationship between the individual performance appraisal results of the Participants and the proportion of the Exercise of Options is set out as followings:

<b>Achievement of annual performance of individuals/appraisal results</b>	<b>Actual exercisable percentage of Share Options of individuals</b>
Good and above	100%
Qualified	80%
Unqualified	0

**8. Methods of and Procedures for Adjustment to the Number and Exercise Price of the Share Options**

*(1) Adjustment to the number of the Share Options*

From the Grant Date of the Share Options, in the event of share capital transferred from capital reserve, share dividend, share subdivision, share consolidation or rights issue of the Company prior to any Exercise of Options, the number of the Share Options shall be adjusted accordingly. The adjustment methods shall be determined by the Board as authorized at the general meeting in accordance with relevant laws and regulations, and shall basically comprise the following in principle:

a. *Share capital transferred from capital reserve, share dividend, share subdivision*

$$Q = Q_0 \times (1+n)$$

Where:  $Q_0$  represents the number of the Share Options prior to adjustment;  $n$  represents the ratio of increase per share resulting from share capital transferred from capital reserve, share dividend or share subdivision (i.e. the number of increased share(s) per share upon share capital transferred from capital reserve, share dividend or share subdivision); and  $Q$  represents the number of the Share Options after adjustment.

*b. Share consolidation*

$$Q = Q_0 \times n$$

Where:  $Q_0$  represents the number of Share Options prior to the adjustment;  $n$  represents the ratio of share consolidation (i.e. one share of the Company be consolidated into  $n$  shares); and  $Q$  represents the number of Share Options after the adjustment.

*c. Rights issue*

$$Q = Q_0 \times P_1 \times (1+n) / (P_1 + P_2 \times n)$$

Where:  $Q_0$  represents the number of the Share Options prior to adjustment;  $P_1$  represents the closing price of the Share Options on the record date;  $P_2$  represents the subscription price in respect of the rights issue;  $n$  represents the ratio of the rights issue (i.e. the number of shares to be issued under the rights issue in proportion to the total share capital of the Company prior to the rights issue); and  $Q$  represents the number of Share Options after adjustment.

**(2) Adjustment to the Exercise Price**

From the Grant Date of the Share Options, in the event of cash dividend distribution, share capital transferred from capital reserve, share dividend, share subdivision, share consolidation or rights issue of the Company prior to any Exercise of Options, the Exercise Price shall be adjusted accordingly. The adjustment methods shall be determined by the Board as authorized at the general meeting in accordance with relevant laws and regulations, and shall basically comprise the following in principle:

*a. Share capital transferred from capital reserve, share dividend, share subdivision*

$$P = P_0 \div (1+n)$$

Where:  $P_0$  represents the Exercise Price of the Share Options prior to the adjustment;  $n$  represents the ratio of increase per share resulting from the share capital transferred from capital reserve, share dividend or share subdivision; and  $P$  represents the Exercise Price after the adjustment.

*b. Share consolidation*

$$P = P_0 \div n$$

Where:  $P_0$  represents the Exercise Price prior to the adjustment;  $n$  represents the ratio of share consolidation; and  $P$  represents the Exercise Price after the adjustment.

c. *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) / (P_1 \times (1 + n))$$

Where:  $P_0$  represents the Exercise Price prior to the adjustment;  $P_1$  represents the closing price of the Share Options as at the record date;  $P_2$  represents the subscription price in respect of the rights issue;  $n$  represents the ratio of the rights issue (i.e. the number of shares to be issued under the rights issue in proportion to the total share capital of the Company prior to the rights issue); and  $P$  represents the Exercise Price after the adjustment.

d. *Cash dividend distribution*

$$P = P_0 - V$$

Where:  $P_0$  represents the Exercise Price prior to the adjustment;  $V$  represents the dividend per share; and  $P$  represents the Exercise Price after the adjustment.

(3) *In the event of issue of new shares by the Company, the number of the Share Options and the Exercise Price will not be adjusted.*

(4) *Procedures for adjustment to the number and Exercise Price of Share Options*

The Board may be authorized at the general meeting to make adjustments to the number and the Exercise Price of the Share Options based on the considerations as set out in the Share Option Scheme. The Company shall engage legal advisers to give professional advice to the Board regarding whether such adjustments are in compliance with relevant laws and regulations, the Articles of Association and the requirements under the Share Option Scheme. Announcement shall be released in a timely manner after any adjustment of the Exercise Price or the number of the Share Options by the Board in accordance with the aforementioned provisions. Where adjustments are required to be made to the number of the Share Options, the Exercise Price or other terms for any other reasons, such adjustments shall be resolved by the Board and be considered and approved at the general meeting.

## 9. Accounting Treatments in respect of the Share Option Scheme

According to the provisions of Accounting Standards for Business Enterprises No.11 – Share-based Payments and Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Company will measure and calculate the costs of the Share Options of the Company according to the accounting treatments set out below:

a. Accounting treatment on the Grant Date: as the Share Options have not been exercised as at the Grant Date, no relevant accounting treatments are required;

- b. Accounting treatment on the Lock-up Period: on each balance sheet date during the Lock-up Period, the Company will, based on the optimally estimated number of exercisable Share Options, recognise income from services as relevant capital costs or expenses for the current period, and as other capital reserves under capital reserves at the same time according to the fair value of the Share Options as at the Grant Date;
- c. Accounting treatment after the Exercisable Date: no adjustment will be made to the costs and expenses and the entire owner's rights already recognised;
- d. Accounting treatment on the Exercise Date: share capital and premium of share capital will be recorded based on the exercise, and "capital reserve – other capital reserve" will be carried forward accordingly.

(1) *Fair value of the Share Options and its basis of determination*

The Company will select the International Black-Scholes Option Pricing Model (the "B-S Model") to evaluate the fair value of Share Options in accordance with Accounting Standards for Business Enterprises No. 11 – Share-based Payments and Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments issued by the Ministry of Finance and the requirements of the SASAC.

The fair value of each Share Option amounted to RMB1.38 by preliminarily calculating the pricing model and each data on 26 November 2021. Parameters were as follows:

- a. fair market price: RMB4.31 (being the higher of the average trading price of the A Shares of the Company on 26 November 2021 or the average trading price of the A Shares of the Company for the last 20 trading days preceding the date of 26 November 2021)
- b. the Exercise Price: RMB4.31 (being the higher of the fair market price on 26 November 2021 and the nominal unit par value of the A Shares of the Company)
- c. expected period: 3.5 years (expected period=(weighted expected period+total validity period)/2, which means expected period= $\frac{1}{3} \times (2+3) + (3+4) + (4+5) / 2 = 3.5$  years)
- d. expected volatility: 39.55% (being the historical volatility of price of the A Shares since the listing of the A Shares)
- e. risk-free interest rate: 2.59% (being the interest rate of the national debt with same expected period as the Share Options)

- f. expected dividend rate: 0% (according to valuation principles and the regulatory requirements of the SASAC, if a share option scheme has stipulated the principle for adjustment to the exercise price after distribution of dividends, the expected dividend rate will no longer be considered in the fair value valuation and 0% will be used as an input)

As the valuation results on the value of the Share Options herein are obtained based on assumptions of the above parameters and are subject to the valuation model adopted, the results may involve subjective views and uncertainties and therefore, such valuation results shall not be referred to as basis of accounting treatments. The fair value of the Share Options to be used in cost calculation needs to be calculated afresh by collecting the instant market data on the Grant Date upon the actual completion of the Grant.

(2) *Amortization of Expenses for the Share Options and impact on the operating results of the Company*

According to the Accounting Standards for Business Enterprises No. 11 – Share-based Payments, during the Lock-up Period of the Share Options, costs of the Share Options to be granted under the Share Option Scheme shall be accounted for as costs or expenses and capital reserves based on the optimally estimated number of the Share Options exercised according to the fair value as at the Grant Date. Thus, the amortization of the costs of Share Options will affect the operating results of the Company.

According to the preliminary estimates of data on 26 November 2021, the total value of 73,925,800 Share Options proposed to be granted under the Share Option Scheme represents total incentive costs of RMB102.02 million, which is supposed to be borne by the Company. The costs are not the actual costs arising from the grant of the Share Options. Such costs will be fully amortized within 48 months from the Grant Date, and amortization amount for each period is as follows assuming that January 2022 is the Grant Date:

*Unit: RMB0'000*

<b>Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Cost to be amortised	3,377	3,684	2,125	945	71	10,202

Considering the estimation of number of the Share Options to be exercised and the prediction of fair value of the Share Options as at the Grant Date, there may be differences between the total costs of the Share Options currently estimated and those after the actual Grant. The actual costs will be re-evaluated based on the actual share price, fluctuation range and other parameters at the Grant Date determined by the Board, and then confirmed by the auditors.

The incentive costs incurred under the Share Option Scheme will be itemized in recurring gains and losses. Based on the current situation, without considering the stimulating effect of the Share Option Scheme on the Company's performance, the amortization of costs

incurred under the Share Option Scheme is expected to affect the Company's net profits for each year during the validity period for the Exercise of Options, but such impact will not be significant.

## 10. Procedures of Amendments to or Termination of the Share Option Scheme

### (1) *Procedures of amendments to the Share Option Scheme*

The Company is entitled to make amendments to the Share Option Scheme prior to the approval of the Share Option Scheme at the general meeting, the proposed amendments shall be subject to the approval of the Board.

If the Company proposes any amendments after the approval of the Share Option Scheme at the general meeting, an announcement shall be made in a timely manner and the proposed amendments shall be submitted to the general meeting for consideration, and the proposed amendments shall not:

- a. result in acceleration in the Exercise of Options;
- b. reduce the Exercise Price.

The Independent Directors and the supervisory committee shall express independent opinion(s) on whether the amended scheme is beneficial to the sustainable development of the Company and whether there exist circumstances where the interests of the Company and the Shareholders as a whole would be prejudiced. The legal advisers shall provide a professional opinion on whether the amended scheme is in compliance with the Administrative Measures and relevant laws and regulations and whether there exist circumstances where the interests of the Company and the Shareholders as a whole would be prejudiced.

Nevertheless, the following amendments will only be validated upon approval at the general meetings. The amendments include:

- a. Transfer of the Share Options;
- b. Restrictions on the scope of the Share Options to be granted;
- c. Restrictions on the number of the Share Options to be granted (other than adjustments due to share capital transferred from capital reserve, share dividend, share subdivision, share consolidation or rights issue, etc.);
- d. Restrictions on the Exercise of Options;
- e. Rights of the Participants of the Share Options on the winding-up of the Company;

- f. Adjustment to the Exercise Price of the Share Options (other than adjustments due to share capital transferred from capital reserve, share dividend, share subdivision, share consolidation or rights issue, etc.);
- g. Exercise Period of the Share Options (or any specific period) or the period of the Share Option Scheme;
- h. Any terms substantially favourable to the Participants.

If relevant laws, regulations, agreements or the stock exchanges require that approval must be obtained from the general meeting and/or the stock exchanges for making certain amendments to the Share Option Scheme, the Board shall obtain such approval before making such amendments.

With respect to the Participants who have been granted with Share Options under the Share Option Scheme, save with the prior consent of such Participants, the rights and obligations of such Participants shall not be changed or diminished by the amendments or suspension of the Share Option Scheme.

**(2) *Procedures of termination of the Share Option Scheme***

The Share Option Scheme shall automatically terminate after 10 years from the date on which the Share Option Scheme is approved at the general meeting.

In case of any of the following circumstances of the Company, the Share Option Scheme will be terminated accordingly. The granted Share Options that have not been exercised shall not be exercised by the Participants any more and shall be cancelled by the Company:

- a. occurrence of issuance of the auditors' report containing an adverse opinion or disclaimer of opinion by a certified public accountant on the financial and accounting report of the Company for the latest accounting year;
- b. occurrence of issuance of the auditors' report containing an adverse opinion or disclaimer of opinion by a certified public accountant on the internal control of the Company in its financial report for the latest accounting year;
- c. circumstances under which the Company fails to distribute profits in accordance with relevant laws and regulations, the Articles of Association or any undertaking publicly made within the latest 36 months after listed on a stock exchange;
- d. circumstances under which equity incentive is prohibited to be implemented under applicable laws and regulations;
- e. circumstances under which equity incentive is prohibited to be implemented by the CSRC.

During the validity period for the Exercise of Options of the Share Option Scheme, the Board may, if it deems necessary, propose a resolution to the general meeting for the early termination of the Share Option Scheme. In the event the general meeting decides to terminate

the Share Option Scheme earlier, the Company shall cease to grant any Share Options pursuant to the Share Option Scheme. Unless otherwise stated, the Share Options granted prior to the termination of the Share Option Scheme shall remain valid and continue to be exercisable pursuant to the provisions thereof.

If the Company proposes to terminate the Share Option Scheme prior to the consideration of the Share Option Scheme at the general meeting, such termination shall be considered and approved by the Board. If the Company proposes to terminate the Share Option Scheme after the consideration and approval of the Share Option Scheme at the general meeting, such termination shall be considered and decided at the general meeting.

If the termination of the Share Option Scheme is considered and approved at the general meeting or by the Board, the Share Option Scheme shall not be considered again in three months after the date of announcement of such resolution.

## **11. Arrangements for Special Occasions of the Company or the Participants**

### ***(1) Arrangements for special occasions of the Company***

- (a) In case of any of the following circumstances of the Company, the state-owned controlling shareholders shall exercise shareholder's rights in accordance with the laws by proposing to cancel the exercisable Options for the current year and terminate the implementation of the Share Option Scheme. Upon consideration and approval by the Board, no new Options shall be granted to the Participants nor can the Participants exercise Options or receive incentive income in accordance with the Share Option Scheme within one year after the resolution of the Board takes effect:
  - a. failure to engage the auditors to conduct auditing work in accordance with the relevant regulations and requirement;
  - b. issuance of the auditors' report containing an adverse opinion or disclaimer of opinion by a certified public accountant with respect to the annual financial report;
  - c. the organisation discharging the responsibilities of contributor, the supervisory committee or the audit department raising significant objections to the business performance or the annual financial report of the Company;
  - d. imposition of administrative penalties by securities regulatory or other relevant authorities due to material non-compliance.
- (b) In case of change in control, merger or spin-off of the Company, the exercisable Share Options having been granted to Participants shall remain unchanged and the exercise of the exercisable Share Options having been granted shall not be accelerated.
- (c) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or arrangements for the Exercise of Options, the Participants concerned shall return to the Company all interests gained through

the Share Option Scheme from the date when it is confirmed that the relevant information disclosure documents of the Company contain false statements or misleading statements or material omissions.

(2) *Arrangements for special occasions of the Participants*

- (a) In case of any of the following circumstances in relation to a Participant, the state-owned controlling shareholders of the Company shall exercise shareholder's rights in accordance with the law by proposing to cease the grant of new Options, disqualify the Participant to exercise the exercisable Options and recover the gain of such Participant from the Share Option Scheme:
- a. the results of the economic responsibility audit, etc. indicate that he/she has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
  - b. having contravened the PRC laws and regulations or the Articles of Association;
  - c. having, during his/her tenure of office, involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets of the Company, related party transactions and other unlawful acts and misconducts, which harm the interest and reputation of the Company and cause significant negative impact to the Company, thereby resulting in loss to the Company.
- (b) If the employment relationship between the Company and a Participant is rescinded or terminated as a result of objective reasons such as relocation, retirement, death or civil incapacitation, for the Share Options granted to him/her:
- a. Share Options that are not exercisable will, in principle, lapse immediately from the date of the abovementioned circumstance;
  - b. The exercisable Share Options can continue to be exercised within six months from the date of the abovementioned circumstance;
  - c. If a Participant deceased, the exercise rights for the exercisable Share Options that have not been exercised shall continue to be retained from the date of the occurrence of the circumstance, and shall be exercised by his/her designated heir or lawful heir within six months. His/her Share Options that are not exercisable shall be invalidated.
- (c) If a Participant voluntarily resigns or is dismissed or terminated by the Company due to negligence, disciplinary or illegal acts, the Share Options that have been granted to the Participant and are not exercisable and/or that are exercisable but have not been exercised shall lapse automatically and immediately.

For any matters not covered in the above provisions, the Company shall determine the treatment method pursuant to relevant laws and regulations.

In order to accelerate the strategic transformation and promote business innovation and expansion, facilitate the maximization of shareholder value and value preservation and appreciation of state-owned assets, consummate corporate governance, deepen the reform of remuneration system, attract and retain key talents needed to achieve the Company's strategic goals, and accelerate the realization of the Company's long-term strategic goals through the establishment of a long-term incentive mechanism, Sinotrans Limited ("Sinotrans" or the "Company") has formulated the Share Option Incentive Scheme of Sinotrans Limited (Draft) (中國外運股份有限公司股票期權激勵計劃(草案)) (the "Share Option Scheme" or the "Scheme"). In order to ensure the smooth implementation of the abovementioned Share Option Scheme after approval by relevant authorities, the implementation appraisal measures have been prepared for the grant pursuant to the Share Option Scheme in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Trial Measures for Implementing Equity Incentive Plans by State-controlled Listed Companies (Domestics) (《國有控股上市公司(境內)實施股權激勵試行辦法》) and the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by State-controlled Listed Companies (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》) as promulgated by the SASAC, and relevant laws, administrative regulations and normative documents as promulgated by the CSRC including the Measures for the Administration of Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) and based on the actual conditions of the Company.

## **I. GENERAL PROVISIONS**

### **(I) Purposes**

The purposes are to further improve the Company's incentive and restraint mechanism to provide a reasonable and effective appraisal basis for the recognition of the qualifications of the Participants of the Share Option Scheme and a basis for linking the grant and exercise of share options and the actual exercisable proportion of share options granted to individuals with performance, to guarantee the smooth implementation of the Share Option Scheme, and to play the incentive role of the Share Option Scheme to the greatest extent, thereby realizing the sustainable development of the Company and bringing more efficient and sustainable returns to shareholders.

### **(II) Principles**

The appraisal must adhere to the principles of impartiality, fairness and openness, and shall be objectively conducted in strict compliance with these measures and based on the work performance of the Participants, so as to realize the close linkage between the Share Option Scheme and the performance and behavior of the Participants.

### **(III) Appraised Targets**

These measures are applicable to all the Participants as determined in the Share Option Scheme.

**II. MANAGEMENT ORGANIZATION AND RESPONSIBILITIES**

- (I) The Board is responsible for formulating and amending these measures, and shall authorize the Remuneration Committee to take responsibilities for the appraisal.
- (II) The Remuneration Committee is responsible for leading and reviewing the appraisal.
- (III) The human resources department of the Company is responsible for the implementation of the appraisal with the authorization of the Remuneration Committee, and the Remuneration Committee shall guide and supervise the appraisal process.
- (IV) The performance management working group of the Company is responsible for the collection and provision of the relevant appraisal data, and is responsible for the authenticity and reliability of the appraisal data.

**III. APPRAISAL SYSTEM****(I) Appraisal contents**

- 1. Company level: performance indicators that reflect returns to the Shareholders, performance indicators that reflect the Company's sustainable growth ability, and performance indicators that reflect the Company's operation quality;
- 2. Individual level of Participants: work performance and behavior of any of the appraised targets; the Directors and senior management of the Company must also be subject to audit on economic responsibility.

## (II) Appraisal indicators

1. Company level. For the peer benchmarking companies for the first phase of Grant, a total of 21 international peer companies with comparable business model and scale and A-share companies with comparable business model and scale in the transportation industry are selected. The effective conditions for the performance indicators of the first phase of Grant (the “**Effective Conditions**”) are as follows:

Performance indicators	Effective Conditions of the first tranche	Effective Conditions of the second tranche	Effective Conditions of the third tranche
Return on equity (ROE) attributable to owners of the Company	The ROE attributable to owners of the Company for the preceding financial year shall be no less than 10.25% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the first tranche becomes exercisable	The ROE attributable to owners of the Company for the preceding financial year shall be no less than 10.5% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the second tranche becomes exercisable	The ROE attributable to owners of the Company for the preceding financial year shall be no less than 10.75% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the third tranche becomes exercisable
Compound growth rate of net profit attributable to owners of the Company (based on 2020 performance)	The compound growth rate of net profit attributable to owners of the Company for the preceding financial year shall be no less than 11% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the first tranche becomes exercisable	The compound growth rate of net profit attributable to owners of the Company for the preceding financial year shall be no less than 11.25% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the second tranche becomes exercisable	The compound growth rate of net profit attributable to owners of the Company for the preceding financial year shall be no less than 11.5% and no less than within-industry average level (or the 75th percentile of peer benchmarking companies) when the third tranche becomes exercisable
Economic value added (EVA)	The EVA for the preceding financial year shall be no less than RMB1,500 million when the first tranche becomes exercisable	The EVA for the preceding financial year shall be no less than RMB1,600 million when the second tranche becomes exercisable	The EVA for the preceding financial year shall be no less than RMB1,700 million when the third tranche becomes exercisable

*Notes:* (1) During the validity period of the Share Options under the Share Option Scheme, if the Company has changes in net assets and net profits arising from issuance of new shares, rights issue, profits and losses from changes of fair value and other matters, the changes in net assets and net profits arising from such matter shall be excluded from the appraisal; in order to maintain the same benchmarking caliber, the influence of changes in profits and losses of fair value is excluded when calculating the net assets and net profits of the benchmarking sample; (2) If the principal business of the peer benchmarking companies changes or there is a significant impact on the result indicators due to the reorganization, the benchmarking sample will be removed; (3) If the above situation occurs, the Board shall remove or replace the relevant peer benchmarking companies or adjust the calculated value of relevant indicators of the peer benchmarking companies as authorized by the general meeting.

The peer benchmarking companies for subsequent grants, performance indicators, and exercise conditions for performance indicators shall be determined according to relevant grant proposals in principle.

## 2. Individual level of Participants

- (1) The Directors and senior management of the Company: appraisal by the appraisal indicators and relevant requirements prescribed in the Provisions on Performance Appraisal of Senior Management under the Management of China Merchants Group Limited (《招商局集團管理的高級管理人員績效考核規定》);
- (2) Personnel above the level of assistant general manager in the headquarters' departments and secondary subsidiaries of the Company: In accordance with the Measures for Administration of Organizational Performance of Sinotrans Limited (《中國外運股份有限公司組織績效管理辦法》), the Measures for Administration of Performance of the Leading Group of the Subordinate Companies of Sinotrans Limited (《中國外運股份有限公司所屬公司領導班子績效管理辦法》) and the Measures for Administration of Performance Appraisal of the Head Office (總部績效考核管理辦法), the appraisal indicators for the personnel above the level of assistant general manager in the headquarters' departments and secondary subsidiaries of the Company include basic indicators, strategic indicators, and competency and attitude indicators;
- (3) Qualified heads and deputy heads of subordinate tertiary subsidiaries and heads of level-four subsidiaries of the Company: In accordance with the provisions under the Measures for Administration of Organizational Performance of Sinotrans Limited, the performance appraisal indicators for them shall be set by the subordinate secondary subsidiaries in accordance with business characteristics, responsibilities and development directions, etc., with reference to the performance appraisal indicators assigned by superior companies.

**(III) Performance levels and evaluation standards**

1. The Directors and senior management of the Company: the levels and evaluation standards of performance appraisal shall be determined in accordance with the Provisions on Performance Appraisal of Senior Management under the Management of China Merchants Group Limited;
2. Personnel above the level of assistant general manager in the headquarters' departments and secondary subsidiaries of the Company: the levels and evaluation standards of performance appraisal shall be determined in accordance with the Measures for Administration of Organizational Performance of Sinotrans Limited and the Measures for Administration of Performance of the Leading Group of the Subordinate Companies of Sinotrans Limited;
3. Qualified heads and deputy heads of subordinate tertiary subsidiaries and heads of level-four subsidiaries of the Company: the levels and evaluation standards of performance appraisal shall be determined by the subordinate secondary subsidiaries in accordance with the Measures for Administration of Organizational Performance of Sinotrans Limited.

**(IV) Appraisal process**

1. The performance appraisal shall be performed once a year;
2. The performance management working group of the Company shall be responsible for specific implementation of the performance appraisal by conducting appraisal based on the status of completion of annual work performance targets and the performance of the appraised persons and form the annual performance appraisal results. In particular, the annual appraisal results of the Directors and senior management of the Company and the economic responsibility audit results shall be reported to the Remuneration Committee for filing.

**(V) Application of appraisal results**

When the Company's performance meets the Effective Conditions for share options, and the granted share options meet the time schedule for exercise, the actual exercisable percentage of share option granted to individual Participants will be determined within the scope of the exercisable share options granted to the individuals in this tranche and based on the annual performance appraisal results of the individuals. The specific linkage method is shown in the table below:

<b>Achievement of annual performance of individuals/appraisal results</b>	<b>Actual exercisable percentage of share options of individuals</b>
Good and above	100%
Qualified	80%

<b>Achievement of annual performance of individuals/appraisal results</b>	<b>Actual exercisable percentage of share options of individuals</b>
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Unqualified	0
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If the individual annual performance level of a Participant for a certain exercise period is qualified or above, his/her current performance fulfils the Effective Conditions, and upon fulfilment of the other effective conditions, he/she can apply for the exercise of actual exercisable share options for the current period; if the individual annual performance level of a Participant is unqualified, his/her current performance does not meet fulfil the Effective Conditions, and he/she will be disqualified to exercise the share options for the period;

For Directors and senior management of the Company, in case of untrue operating performance, loss of state-owned assets, dereliction of duty in operation management and major violations of laws and disciplines found in the economic responsibility audit during their term of office, the share options granted to them (including those that have not become exercisable and those that have become exercisable and not been exercised) shall all be invalidated; the income from the exercised share options granted to them shall be turned over to the Company.

**(VI) Management of appraisal results**

**1. Correction of appraisal indicators and results**

If the work performance of the Participants is affected by major force majeure factors or special reasons during the appraisal period, the Remuneration Committee may amend the appraisal indicators and appraisal results which are significantly affected.

**2. Feedback of the appraisal results**

The appraised persons are entitled to know their appraisal results. The Remuneration Committee or the human resources department shall inform the appraised persons of the appraisal results within 30 business days after the end of the appraisal.

**IV. SUPPLEMENTARY PROVISIONS**

These measures shall take effect from the date of issuance. The Board shall be responsible for the interpretation and amendment of these measures.

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## NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

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# 中國外運股份有限公司 SINOTRANS LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 0598)

## NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2022 first extraordinary general meeting (the “EGM”) of Sinotrans Limited (the “Company”) will be held at 1st Meeting Room, 11th Floor, Building 10/Sinotrans Tower B, No. 5 Anding Road, Chaoyang District, Beijing 100029, the People's Republic of China at 2 p.m. on 24 January 2022 for the purpose of considering and, if thought fit, approving, with or without modifications, the following resolutions:

### SPECIAL RESOLUTIONS

1. To consider and approve the Share Option Scheme (draft) and a summary thereof;
2. To consider and approve the Appraisal Measures for Implementation of the Share Option Scheme; and
3. To consider and approve the grant of a mandate to the board of directors to deal with matters regarding the Share Option Scheme.

By order of the Board of  
**Sinotrans Limited**  
**Li Shichu**  
Company Secretary

Beijing, China  
30 December 2021

#### Notes:

1. Unless otherwise specified, details of the resolutions are set out in the circular of the Company in relation to the EGM dated 30 December 2021 (the “Circular”). Terms defined in the Circular shall have the same meanings when used in this notice unless the context otherwise requires.
2. The H Share register of members of the Company will be closed from 20 January 2022 to 24 January 2022 (both days inclusive), during which no transfer of H Shares will be registered. Any holders of H Shares whose names appear on the H Share register of members of the Company at 4:30 p.m. on 19 January 2022 are entitled to attend and vote at the EGM of the Company after completing the registration procedures for attending the meeting. In order for the H Shareholders to be entitled to attend and vote at the EGM, persons holding H Shares shall lodge share transfer

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## NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

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documents and the relevant H Share certificates with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 January 2022, for registration.

3. Shareholders intending to attend the EGM shall give written notice to the Company, which shall be lodged at the office of the Company, at 10th Floor, Building 10/Sinotrans Tower B, No. 5 Anding Road, Chaoyang District, Beijing (Tel: (8610) 5229 5720) (for A Shareholders), or Computershare Hong Kong Investor Services Limited, the Company's H Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), on or before 20 January 2022.
4. Shareholders entitled to attend and vote at the EGM are entitled to appoint one or more persons (whether or not a shareholder of the Company) as their proxy to attend and vote on behalf of themselves.
5. In order to be valid, the form of proxy, together with a duly notarised power of attorney or other document of authority, if any, under which the form is signed must be deposited at the office of the Company, at 10th Floor, Building 10/Sinotrans Tower B, No. 5 Anding Road, Chaoyang District, Beijing (Tel: (8610) 5229 5720) (for A Shareholders), or Computershare Hong Kong Investor Services Limited, the Company's H Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), not later than 24 hours before the time for holding the EGM or any adjournment thereof.
6. If a proxy attends the EGM on behalf of a Shareholder, he/she should produce his/her ID card and the instrument signed by the appointer or his/her legal representative, and specifying the date of its issuance. If a legal person Shareholder appoints its corporate representative to attend the EGM, such representative should produce his/her ID card and the notarised copy of the resolution passed by the board or other authorities or other notarised copy of the authorisation issued by such legal person Shareholder.
7. Pursuant to the Measures for the Administration of Equity Incentive Plans of Listed Companies 《上市公司股權激勵管理辦法》 issued by the China Securities Regulatory Commission, and as appointed by other independent non-executive directors of the Company, Ms. Li Qian, an independent non-executive director of the Company (the "INED"), will serve as the soliciting party to solicit votes from all shareholders of the Company in relation to the relevant matters of the Share Option Scheme, being the Resolutions No. 1 to No. 3 at the EGM of the Company to be held on 24 January 2022.

The INED has for the abovementioned purpose prepared the proxy form for appointing the INED as a proxy at the EGM (the "INED Proxy Form"). Should you wish to appoint the INED as your proxy to vote for you on the resolutions in relation to the Share Option Scheme and its related matters at the EGM, please complete and return the INED Proxy Form in accordance with the instructions printed thereon to the office of the Company, at 10th Floor, Building 10/Sinotrans Tower B, No. 5 Anding Road, Chaoyang District, Beijing (Tel: (8610) 5229 5720) (for A Shareholders), or Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), not later than 24 hours before the time for holding the EGM or any adjournment thereof (as the case maybe). A Shareholder may attend the meeting in person or by proxy notwithstanding the appointment of the INED as his/her proxy in respect of the matters under solicitation. Should you wish to appoint any person other than the INED as your proxy to vote for you on the resolutions in relation to the Share Option Scheme and its related matters at the EGM, you may simply disregard the INED Proxy Form and complete and return the form of proxy instead in accordance with the instructions printed thereon. If a Shareholder appoints the INED repetitively in relation to the matters under solicitation while the contents of the appointments are inconsistent, the last INED Proxy Form executed by the Shareholder shall be treated as valid; if it is unable to determine the timing of execution, the last INED Proxy Form received shall be treated as valid.

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## NOTICE OF 2022 FIRST EXTRAORDINARY GENERAL MEETING

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If an INED Proxy Form verified to be valid falls under any of the following circumstances, the INED may treat the INED Proxy Form in accordance with the following:

- (1) After appointing the INED as the proxy in relation to the voting rights for matters under solicitation, a Shareholder may expressly revoke in writing the appointment of the INED as the proxy prior to the close of registration for the on-site meeting, in which case the appointment of the INED shall be deemed invalid automatically;
  - (2) If a Shareholder has appointed someone other than the INED as the proxy to exercise the voting rights for matters under solicitation and to attend the meeting, and expressly revokes in writing the appointment of the INED prior to the close of registration of the on-site meeting, the appointment of the INED shall be deemed invalid automatically;
  - (3) A Shareholder shall specify the voting instruction for matters under solicitation in the submitted INED Proxy Form and shall choose either "For" or "Against" or "Abstain" as appropriate. If more than one option have been made, or no option has been indicated, the appointment of the INED shall be deemed invalid;
  - (4) Only one vote should be cast to the same resolution. For those resolutions voted with more than one vote, the first vote shall prevail. If it is unable to determine the timing of vote, and if there is inconsistency between the voting instructions for the same resolution on the form of proxy used for the EGM or other voting methods and the INED Proxy Form, the voting instruction on the INED Proxy Form shall prevail.
8. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.