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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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Yangtze Optical Fibre and Cable Joint Stock Limited Company\***, you should at once hand this circular together with the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**Smart Link Better Life.**

### **Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

**長飛光纖光纜股份有限公司**

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

**(Stock Code: 6869)**

- (1) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2024**
- (2) REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2024**
- (3) 2024 ANNUAL REPORT**
- (4) FINAL FINANCIAL REPORT FOR THE YEAR 2024**
- (5) PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2024**
- (6) PROPOSED RE-APPOINTMENT OF INDEPENDENT AUDITORS OF THE COMPANY FOR THE YEAR 2025**
- (7) PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**
- (8) PROPOSAL ON THE 2025 ANNUAL EXTERNAL GUARANTEE AMOUNT**
- (9) PROPOSAL ON THE 2025 ASSET POOL BUSINESS OF THE COMPANY**
- (10) PROPOSED ADOPTION OF THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**
- (11) PROPOSED ADOPTION OF THE MANAGEMENT MEASURES OF THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**
- (12) PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING TO THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**
- (13) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND**
- (14) NOTICE OF ANNUAL GENERAL MEETING**

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Letter from the Board is set out on pages 4 to 29 of this circular.

A notice convening the AGM to be held at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, June 30, 2025 at 2:00 p.m. is set out on pages AGM-1 to AGM-4 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. The proxy form should be returned by holder of H Shares to the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

\* *For identification purpose only*

June 4, 2025

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## DEFINITIONS

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

“2025 Employee Share Ownership Plan” or “2025 ESOP”	the 2025 employee share ownership plan proposed to be adopted by the Company, the full text of which is set out in Appendix III to this circular
“AGM”	an annual general meeting of the Company to be held at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, June 30, 2025 at 2:00 p.m., or any adjournment thereof
“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the SSE (stock code: 601869)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“China” or “PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (長飛光纖光纜股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE and the Main Board of the Stock Exchange, respectively
“connected person”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

\* For identification purpose only

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## DEFINITIONS

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“Guiding Opinions”	the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies
“H Share(s)”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 6869)
“Holder(s)”	Participants contributing to the proposed 2025 ESOP
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Committee”	the management committee to be set up by the Holders and is authorized by the Holders to act as the management authority of the 2025 ESOP
“Management Measures”	the Management Measures of the 2025 Employee Share Ownership Plan proposed to be adopted by the Company, the full text of which is set out in Appendix IV to this circular
“Participant(s)”	person(s) who are eligible and selected to participate in the proposed 2025 ESOP, including directors (excluding independent non-executive directors), supervisors, senior management officers and core personnel of the Company, its subsidiaries and branch offices, as well as other personnel deemed necessary by the Board to be motivated
“RMB”	Renminbi, the lawful currency of the PRC
“Self-regulatory Guidelines”	the Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies – the Standardized Operation
“SFC”	Securities and Futures Commission
“Share(s)”	A Shares and/or H Shares

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## DEFINITIONS

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“Shareholders”	holders of shares of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“The Company Law”	The Company Law of the People’s Republic of China
“The Securities Law”	The Securities Law of the People’s Republic of China
“trading days”	the day on which the Stock Exchange opens for trading of or dealing in the H Shares
“%”	per cent

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## LETTER FROM THE BOARD

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### Yangtze Optical Fibre and Cable Joint Stock Limited Company\* 長飛光纖光纜股份有限公司

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

(Stock Code: 6869)

*Executive Director:*

Mr. ZHUANG Dan

*Non-executive Directors:*

Mr. MA Jie (*Chairman*)

Mr. Philippe Claude VANHILLE

Mr. GUO Tao

Mr. Pier Francesco FACCHINI

Mr. Lars Frederick PERSSON

Mr. XIONG Xiangfeng

Mr. MEI Yong

*Independent Non-executive Directors:*

Mr. Bingsheng TENG

Mr. SONG Wei

Ms. LI Chang'ai

Mr. TSANG Hin Fun Anthony

*Registered Office:*

No. 9 Guanggu Avenue

East Lake High-tech Development Zone

Wuhan, Hubei Province

PRC

*Principal Place of Business*

*in Hong Kong:*

Room 1918, 19/F

Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

June 4, 2025

*To the Shareholders*

Dear Sir or Madam,

- (1) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2024
- (2) REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2024
- (3) 2024 ANNUAL REPORT
- (4) FINAL FINANCIAL REPORT FOR THE YEAR 2024
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- (14) NOTICE OF ANNUAL GENERAL MEETING

\* For identification purpose only

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to give you notice of the AGM and information in respect of the resolutions to be proposed at the AGM including (i) the report of the Board of Directors for the year 2024; (ii) the report of the Board of Supervisors for the year 2024; (iii) the 2024 annual report of the Company; (iv) the final financial report for the year 2024; (v) the proposed profit distribution plan for the year 2024; (vi) the proposed re-appointment of independent auditors of the Company for the year 2025; (vii) the purchase of liability insurance for Directors, Supervisors and senior management; (viii) the proposal on the 2025 annual external guarantee amount; (ix) the proposal on the 2025 asset pool business of the Company; (x) the proposed adoption of the 2025 ESOP; (xi) the proposed adoption of the Management Measures; (xii) the proposed authorization to the Board to handle matters pertaining to the 2025 ESOP; (xiii) the proposed appointment of non-executive director of the Company; and (xiv) the notice of the AGM.

### 2. REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2024

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board of Directors for the year 2024, the text of which has been set out in the 2024 annual report of the Company published on April 29, 2025.

### 3. REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2024

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board of Supervisors for the year 2024, the text of which has been set out in the 2024 annual report of the Company published on April 29, 2025.

### 4. 2024 ANNUAL REPORT

An ordinary resolution will be proposed at the AGM to consider and approve the 2024 annual report of the Company. The audited financial statements were prepared in accordance with China Accounting Standards for Business Enterprises and the full text of the independent auditors' report for the year 2024 has been set out in the 2024 annual report of the Company published on April 29, 2025.

### 5. FINAL FINANCIAL REPORT FOR THE YEAR 2024

According to the consolidated financial statements of the Company audited by KPMG Huazhen LLP, the key highlights of the final financial report for the year 2024 of the Company are as follows:

- (i) In year 2024, the revenue of the Company was RMB12,197.4 million, the profit for the year attributable to equity Shareholders was RMB675.9 million, and the earnings per Share was RMB0.89.
- (ii) As at December 31, 2024, the total assets of the Company were RMB31,726.7 million, the total liabilities were RMB16,145.4 million, the total equity attributable to equity shareholders of the Company was RMB11,629.0 million, and the total liabilities were 50.9% of the total assets of the Company.
- (iii) For the year ended December 31, 2024, the net cash generated from operating activities was RMB1,783.4 million, the net cash used in investing activities was RMB2,298.9 million, and the net cash used in financing activities was RMB25.3 million.

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## LETTER FROM THE BOARD

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### 6. PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2024

Based on the total share capital of 757,905,108 Shares issued and listed as of December 31, 2024, the Board proposed to distribute a dividend of RMB2.68 per 10 Shares (inclusive of tax), with the total dividends amounting to approximately RMB203,118,569 (inclusive of tax). The expected payment date is on or before August 15, 2025. The proposed dividend is subject to approval by Shareholders at the AGM to be held on Monday, June 30, 2025 by the Company. During the period commencing from the date of disclosure of the proposed Profit Distribution Plan to the Dividend Entitlement Date (as defined below), if the total share capital of the Company changes, the Company intends to maintain the unchanged total distributable amount and adjust the distribution ratio per Share accordingly. If the total share capital of the Company changes subsequently, specific adjustments will be announced separately.

Should the proposal be approved, the dividend for holders of A Shares, including holders of A Shares through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect (the “**Northbound Shareholders**”) and holders of H Shares through the Southbound Trading Link (including Shanghai and Shenzhen markets, the “**Southbound Shareholders**”) will be declared and paid in RMB.

Dividends to holders of H Shares, except the Southbound Shareholders, are paid in Hong Kong dollars. The exchange rate will be calculated as per the average exchange rate for converting RMB into Hong Kong dollars published by the People’s Bank of China during the five business days prior to the AGM.

With respect to the Southbound Shareholders, according to the relevant requirements of China Securities Depository and Clearing Corporation Limited (“**CSDC**”), CSDC Shanghai Branch and Shenzhen Branch shall receive cash dividends distributed by the Company as the nominee of the Southbound Shareholders for Shanghai market and Shenzhen market, respectively and distribute such cash dividends to the relevant Southbound Shareholders through its depository and clearing system.

In accordance with the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules effective on January 1, 2008, where a PRC domestic enterprise distributes dividends for financial periods beginning from January 1, 2008 to non-resident enterprise shareholders, it is required to withhold 10% enterprise income tax for such non-resident enterprise shareholders. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise shareholders, i.e. any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups.

In accordance with the requirements of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual Shareholders when the Company distributes the dividends for the year ended December 31, 2024 to overseas individual shareholders whose names appear on the register of members of H Shares.



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## LETTER FROM THE BOARD

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For Northbound Shareholders, with regard to the dividends obtained by the investors (including enterprises and individuals) from investment in the A Shares of the Company listed on the SSE through the Stock Exchange, the Company will withhold income tax at the rate of 10%, and file tax withholding returns with the competent tax authority. Where there is any tax resident of a foreign country out of the investors through the Northbound Trading Link and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon review, the competent tax authority will refund tax based on the difference between the amount of tax having been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

For Southbound Shareholders, in accordance with the Notice of Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), effective from November 17, 2014, and the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), effective from December 5, 2016, with regard to the dividends obtained by individual mainland investors from investment in the H Shares of the Company listed on the Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of individual mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by mainland securities investment funds from investment in the H Shares listed on the Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their income tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

Holders of H Shares are advised to consult their own tax advisers about the tax effect in China, Hong Kong and/or other countries (regions) in respect of owning and disposing of H Shares if they are in any doubt as to the above arrangements.

### **7. PROPOSED RE-APPOINTMENT OF INDEPENDENT AUDITORS OF THE COMPANY FOR THE YEAR 2025**

An ordinary resolution will be proposed at the AGM to consider and approve the proposed re-appointment of KPMG Huazhen LLP as the independent auditors of the Company for the year 2025, which will hold office until the conclusion of the next annual general meeting of the Company.

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## LETTER FROM THE BOARD

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### **8. PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Since November 2014, the Company has purchased relevant liability insurance for Directors, Supervisors and senior management of the Company. The term of the current insurance will expire on June 30, 2025. The Board has resolved to propose that the Company shall continue to purchase liability insurance for Directors, Supervisors and senior management of the Company. The main terms for the liability insurance are as follows:

- (i) Policyholder: Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (長飛光纖光纜股份有限公司)
- (ii) Insured persons: Directors, Supervisors and senior management of the Company
- (iii) Amount insured: USD50,000,000
- (iv) Term: 1 year

The Board intends to propose at the AGM to authorize the chairman of the Company within the above authority to handle any matters in relation to the purchase of liability insurance for Directors, Supervisors and senior management of the Company (including but not limited to, determining the scope of the insured, the insurance company, the amount insured, the premium and other insurance terms; selecting and appointing an insurance brokerage company or other intermediary agencies; executing relevant legal documents and dealing with other insurance related issues, etc.) and renew the liability insurance contract or enter into a new liability insurance contract upon or before the expiration of such liability insurance for Directors, Supervisors and senior management of the Company.

### **9. PROPOSAL ON THE 2025 ANNUAL EXTERNAL GUARANTEE AMOUNT**

To satisfy the daily operational needs of each subsidiary of the Group, the Company proposed that during year 2025, the Company would provide its subsidiaries and those subsidiaries would provide among each other guarantees not exceeding the amount of USD207 million, RMB8.5 million, ZAR160 million, EUR5 million, equivalent to approximately RMB1,596 million. In addition, it is proposed that the Board or such person as authorized by the Board, be authorized to handle the specific matters in relation to the external guarantee, including adjusting specific guarantee amount and signing relevant legal documents in accordance with actual business needs within the limit of the 2025 annual external guarantee amount contemplated under this proposal.

Details of the 2025 annual external guarantee amount are set out in Appendix I to this circular.

This proposal has been approved by the Board, and shall be submitted to the AGM for consideration and approval by way of an ordinary resolution pursuant to Article 65 of the Articles of Association.

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## LETTER FROM THE BOARD

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### **10. PROPOSAL ON THE 2025 ASSET POOL BUSINESS OF THE COMPANY**

In order to manage the Company's bills receivable and payable, reduce the Company's capital occupation, optimize the financial structure and improve the capital utilization rate, the Company proposes to carry out the asset pool business.

Details of the 2025 asset pool business of the Company are set out in Appendix II of this circular.

### **11. PROPOSED ADOPTION OF THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**

#### **PRINCIPAL TERMS OF THE PROPOSED 2025 ESOP**

As disclosed in the announcement of the Company dated March 28, 2025, the Board has proposed to adopt the 2025 ESOP and resolved to submit the 2025 ESOP at the AGM for Shareholders' approval. A summary of the principal terms of the proposed 2025 ESOP is set out below:

#### **Purposes**

The purposes of the proposed 2025 ESOP are to (i) establish and enhance the benefit-sharing mechanism for the Company's employees and Shareholders, (ii) further enhance the Company's corporate governance, (iii) further improve the Company's performance, (iv) maximize the incentives for the Company's core employees, (v) enhance the cohesion of the Company's employees and the competitiveness of the Company, (vi) mobilize the enthusiasm and creativity of the Company's employees, and (vii) facilitate the achievement of the key milestones of the Company and promote the long-term, sustainable and healthy development of the Company.

#### **Eligible Participants**

The Company shall determine the eligibility of Participants based on relevant requirements of the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines and other relevant laws and regulations, normative documents and the Articles of Association. Participants under the proposed 2025 ESOP shall adhere to the principles of legal compliance, voluntary participation and self-assumption of risks.

Participants of the proposed 2025 ESOP include directors (excluding independent directors), supervisors, senior management officers and core personnel of the Company, its subsidiaries and branch offices, as well as other personnel deemed necessary by the Board to be motivated. All Participants must be employed by the Company or have an employment or labor relationship with the Company during the appraisal period of the proposed 2025 ESOP. The total number of Participants under the proposed 2025 ESOP shall not be more than 218.

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## LETTER FROM THE BOARD

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For further details of the Participants, please see paragraph headed “Participants and Allocation” below.

### **Duration**

The duration of the proposed 2025 ESOP shall be 60 months commencing from the date on which the Company announces its transfer of last tranche of repurchased A shares through centralized bidding to the designated account for the proposed 2025 ESOP.

Prior to the expiration of the 2025 ESOP, (i) its duration can be extended with consent of Holders present at the Holders’ meeting holding more than two-thirds (inclusive) of the total units held by the Holders under the 2025 ESOP (the “**Holders’ Majority Consent**”) and the approval of the Board; and (ii) if the A Shares held in the designated account for the 2025 ESOP have not been entirely sold or transferred to the Participants, the duration of the 2025 ESOP may be extended with the Holders’ Majority Consent and the approval of the Board.

### **Administration**

The proposed 2025 ESOP is self-managed by the Company. The highest internal management authority for the proposed 2025 ESOP is the Holders’ meeting. A Management Committee will be set up by the Holders’ meeting, and the Management Committee shall be authorized by the Holders’ meeting to act as the management authority of the proposed 2025 ESOP to supervise the day-to-day management of the 2025 ESOP and to exercise shareholders’ rights on behalf of the Holders. The proposed Management Measures clearly sets out the responsibilities of the Management Committee and adopts adequate risk prevention and segregation measures.

### **Source of Underlying Shares**

The source of underlying Shares for the proposed 2025 ESOP is the A Shares to be repurchased by the Company through the Company’s designated repurchase account using its own internal funds and by way of centralized bidding at market price when appropriate.

On March 28, 2025, the Board also resolved to adopt the repurchase plan of A Shares through centralized bidding for the purpose of implementing the proposed 2025 ESOP (the “**A Share Repurchase Plan**”). Pursuant to such A Share Repurchase Plan, the Company can use its own funds to repurchase A Shares through centralized bidding, with an estimated repurchase amount not less than RMB160 million (inclusive) for 2,781,158 A Shares and not more than RMB320 million (inclusive) for 5,562,315 A Shares based on an estimated maximum repurchase price of RMB57.53 per A Share, which shall not be higher than 150% of the average share price of the A Shares in the 30 trading days immediately prior to the date of the Board resolving to adopt such A Share Repurchase Plan.

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## LETTER FROM THE BOARD

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### Source of Funds

The source of funds for participating in the proposed 2025 ESOP shall be the employees' legitimate remuneration, self-raised funds and other sources permitted by laws and regulations.

### Size of Underlying Shares

The total number of underlying Shares under the proposed 2025 ESOP shall not be more than 6 million A Shares, representing approximately 0.79% of the total share capital of the Company as the date of the announcement of the proposed 2025 ESOP. The exact number of A Shares to be held under the proposed 2025 ESOP will be determined based on the actual capital contribution made by the Participants. During the period from the announcement date of the Board's resolution to the transfer of the repurchased A Shares to the Company's designated repurchase account under the proposed 2025 ESOP, if the Company converts capital reserves into share capital, distributes share or cash dividends, splits shares, reduces shares, etc., the number of underlying Shares will be adjusted accordingly from the date when the share price becomes ex-rights and ex-dividends.

After the implementation of the proposed 2025 ESOP, the total number of all underlying Shares held under all valid employee stock ownership plans (including the proposed 2025 ESOP) of the Company shall not exceed 10% of the total share capital of the Company, and the total number of the underlying Shares (excluding Shares acquired by the Participant prior to the initial public offering of the Company, Shares purchased by the Participant through secondary market and Shares acquired through equity incentive schemes (if any) of the Company) held by any single Participant under all employee stock ownership plans (including the proposed 2025 ESOP) of the Company shall not exceed 1.0% of the total share capital of the Company.

### Purchase Price and Pricing Basis

The purchase price of the underlying Shares held in the Company's designated repurchase account for the purpose of the proposed 2025 ESOP shall be RMB16.97 per A Share. The purchase price shall not be less than the par value of the A Shares and not less than the higher of (i) 50% of the average trading price of the A Shares on the trading day immediately before the date of the announcement to be published on the Shanghai Stock Exchange (total amount of stock transactions on the previous trading day/total volume of stock trading on the previous trading day) (i.e. RMB33.93 per A Share), being RMB16.97 per A Share, or (ii) 50% of the average trading price of the A Shares for the 120 trading days immediately prior to the date of the announcement to be published on the Shanghai Stock Exchange (total amount of stock transactions on the previous 120 trading days/total volume of stock trading for the previous 120 trading days) (i.e. RMB33.77 per A Share), being RMB16.89 per A Share, which is determined with reference to relevant policies of the Company and the cases of other listed companies, taking into account factors such as the industry development trend, the current talent competition, the effectiveness of the proposed 2025 ESOP and the impact of the Company's share-based payment.

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## LETTER FROM THE BOARD

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In the event that the Company converts capital reserves into share capital, distributes share dividends, splits shares, reduces shares, places shares, distributes dividends, etc. during the period from the date of this announcement to the completion of transfer of the underlying Shares pursuant to the proposed 2025 ESOP, the purchase price shall be correspondingly adjusted. Details of the adjustment mechanism are as follows:

**(1) *Conversion of Capital Reserve into Share Capital, Distribution of Share Dividends, Share Split***

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

Where: “P0” is the purchase price before adjustment; “n” is the ratio of conversion of capital reserve into share capital, distribution of share dividends, and share split per share; “P” is the purchase price after adjustment.

**(2) *Share Placement***

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

Where: “P0” is the purchase price before the adjustment; “P1” is the closing price on the date of share registration; “P2” is the share placement price; “n” is the ratio of the share placement (that is, the ratio of the number of shares under the share placement to the total share capital of the Company before the share placement); “P” is the purchase price after adjustment.

**(3) *Share Reduction***

$$P=P_0\div n$$

Where: “P0” is the purchase price before adjustment; “n” is the share reduction ratio; “P” is the purchase price after adjustment.

**(4) *Distribution of Dividends***

$$P=P_0-V$$

Where: “P0” is the purchase price before adjustment; “V” is the dividend per share; “P” is the purchase price after adjustment. After the dividend adjustment, “P” must still be greater than 1.

**(5) *Issuance of New Shares***

In the event that the Company issues additional new Shares, the purchase price will not be adjusted.

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## LETTER FROM THE BOARD

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The purchase of the underlying Shares by eligible Participants are also subject to a number of conditions, including the entering into of relevant agreements and approvals from the Shareholders.

### **Lock-up and Lock-up Periods**

The lock-up periods (the “**Lock-up Periods**”) of the underlying Shares acquired under the 2025 ESOP shall be for periods of 12 months, 24 months and 36 months, respectively, from the date on which the Company announced the transfer of the last tranche of underlying Shares to the designated account for the proposed 2025 ESOP. In respect of the relevant Shares subject to lock-up, no transactions shall be made during the Lock-up Periods.

### **Unlocking and Unlocking Periods**

#### ***(1) Unlocking***

The Company will determine whether the Holders have met the unlocking conditions based on the annual performance appraisal results of the Company and the Holders. The appraisal years of the proposed 2025 ESOP are three financial years, namely 2025, 2026 and 2027 and the appraisal shall be conducted annually. Underlying Shares under the proposed 2025 ESOP shall be unlocked in three (3) batches (as set out below) in accordance with the performance appraisal results of each financial year. Details of the performance appraisal indicators are set out in the paragraph headed “Performance Appraisals” below.

#### ***(2) Unlocking Periods***

The underlying Shares acquired under the 2025 ESOP shall be unlocked in three (3) batches after 12 months from the date on which the Company announced the transfer of the last tranche of underlying Shares to the designated account for the proposed 2025 ESOP and upon the satisfaction of the performance appraisals, details of which are as follows:

- (i) *Time to unlock the first batch:* the expiry of 12 months from the date on which the Company announced the transfer of the last tranche of underlying Shares to the designated account for the proposed 2025 ESOP, and the number of Shares to be unlocked shall be 40% of the total number of underlying Shares held under the proposed 2025 ESOP;
- (ii) *Time to unlock the second batch:* the expiry of 24 months from the date on which the Company announced the transfer of the last tranche of underlying Shares to the designated account for the proposed 2025 ESOP, and the number of Shares to be unlocked shall be 30% of the total number of underlying Shares held under the proposed 2025 ESOP;



## LETTER FROM THE BOARD

- (iii) *Time to unlock the third batch:* the expiry of 36 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the designated account for the proposed 2025 ESOP, and the number of Shares to be unlocked shall be 30% of the total number of underlying Shares held under the proposed 2025 ESOP.

Actual proportion and quantity of unlocked underlying Shares for each period shall be determined based on the performance appraisal results of the Company and the relevant Participants. Shares derived from the underlying Shares acquired under the proposed 2025 ESOP due to distribution of share dividends and capitalization of capital reserves by the Company shall also be subject to the above lock-up arrangement.

### Performance Appraisals

#### (1) *Performance appraisal at company level*

The performance appraisal at company level will be conducted according to the annual growth rate of revenue of the Company (A) or the annual growth rate of net profit of the Company (B) over the basis of the Company's revenue and net profit for the year ended December 31, 2024. Details of the performance appraisal indicators at company level are as follows:

Unlocking arrangement	Appraisal year	Annual growth rate of revenue (A)		Annual growth rate of net profit (B)	
		Target rate (Am)	Trigger rate (An)	Target rate (Bm)	Trigger rate (Bn)
1st unlocking period	2025	10.0%	8.0%	10.0%	8.0%
2nd unlocking period	2026	22.0%	17.6%	22.0%	17.6%
3rd unlocking period	2027	35.0%	28.0%	35.0%	28.0%
Performance appraisal		Appraisal results		Corresponding ratio	
Actual annual growth rate of revenue in a corresponding appraisal year (A)		A≥Am		X1=100%	
		An≤A<Am		X1=80%	
		A<An		X1=0	
Actual annual growth rate of net profit in a corresponding appraisal year (B)		B≥Bm		X2=100%	
		Bn≤B<Bm		X2=80%	
		B<Bn		X2=0	
Unlocking ratio at company level (X)		The higher number of X1 or X2			

*Notes:*

- (1) "Net profit" refers to the net profit attributable to the Shareholders after deducting non-recurring gains and losses.
- (2) "Revenue" is calculated based on the numbers contained in the audited consolidated financial statements of the Company.



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## LETTER FROM THE BOARD

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If the performance appraisal indicators at company level are not satisfied, the underlying Shares held by the Holders under the proposed 2025 ESOP corresponding to the unlocking schedule (as set out above) of the relevant appraisal year shall not be unlocked but shall be recovered by the Management Committee in accordance with relevant regulations. Such recovered underlying Shares will be sold at an opportune time during the duration of the proposed 2025 ESOP after the unlocking date, and a sum of the original capital contribution made by the relevant Holder corresponding to the portion of unlocking underlying Shares of the relevant appraisal year plus a loan interest of the People's Bank of China for the same period will be returned to the relevant Holder. Any income derived from such underlying Shares after the original capital contributed by the Holder being returned to the Holder shall belong to the Company.

### ***(2) Performance appraisal at individual level***

The performance appraisal results at individual level are divided into two grades: qualified (A, B or C) and unqualified (D). The actual portion of unlocked underlying Shares for individuals will be realized based on the appraisal results of the corresponding year. The actual unlocked portion for current period = unlocking ratio at company level (X) × units held by the relevant Holder for the corresponding period × unlocking ratio at individual level (N). The unlocking ratio of underlying Shares applicable to individual Holder shall be determined according to the table below:

Appraisal result	A	B	C	D
Unlocking ratio at individual level (N)	100%	100%	100%	0

If the number of actual unlocked underlying Shares held by the Holder is less than the number of targeted underlying Shares to be unlocked, the portion of underlying Shares that has not satisfied the unlocking conditions will be recovered by the Management Committee who shall then decide the disposal method of such underlying Shares, including but not limited to allocating the recovered underlying Shares to other eligible Participants at an opportune time. If the portion of unlocked underlying Shares is not disposed in its entirety during the duration of the ESOP, the undisposed portion, after being unlocked in future, will be sold by the Management Committee at an opportune time during the duration of the proposed 2025 ESOP, and the amount of the corresponding original capital contribution will be returned to the relevant Holder. Any income derived from such underlying Shares after the original capital contributed by the Holder being returned to the Holder shall belong to the Company.

The performance appraisal indicators of the proposed 2025 ESOP take into account the macroeconomic environment, the current situation of the Company and the Company's future strategic planning, industrial development and other factors, thus setting certain challenging performance appraisal indicators to encourage the Holders to maximize their achievement and to maximize the incentive effects of the proposed 2025 ESOP. In addition to the performance appraisal at company level, the Company has also set up strict performance appraisal for

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## LETTER FROM THE BOARD

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individual Holders, which allows the Company to make a more accurate and comprehensive appraisal of the relevant Holders' performance. The Company will determine whether the Holders have met the unlocking conditions based on the corresponding annual performance appraisal results of the Holders.

### **Trading Restrictions**

The proposed 2025 ESOP shall strictly comply with the market trading rules and observe the relevant requirements of the CSRC, the Shanghai Stock Exchange and the Stock Exchange. No Shares under the 2025 ESOP shall be traded during the following periods:

- (i) within 15 days before the announcement of the annual report and interim report of the Company required by the Shanghai Stock Exchange; where the announcement of such annual report and interim report of the Company is delayed due to special reasons, the non-trading period shall be counted 15 days before the original scheduled announcement date of the annual report and interim report of the Company to the day immediately prior to such announcement date;
- (ii) within five days before the announcement of the quarterly report, results forecast and results bulletin of the Company required by the Shanghai Stock Exchange;
- (iii) from the date of the occurrence of a significant event that may have a significant impact on the trading prices of the Company's securities and derivatives thereon or during the decision-making process until the date of disclosure; and
- (iv) such other period as stipulated by the CSRC or the stock exchange(s) where the Shares are listed.

In case of any change in the relevant laws, administrative regulations, departmental rules or normative documents relating to trading restrictions set out above, the latest regulations or rules or documents shall prevail.

### **Alternation and Termination**

#### ***(1) Alternation***

Within the duration of the proposed 2025 ESOP, any amendment to the 2025 ESOP shall be passed by more than two-thirds (inclusive) of the units held by the Holders attending the Holders' meeting and be submitted to the Board for consideration and approval.

In case of any changes in the actual controller of the Company for any reasons, or occurrence of any merger and division, etc., no amendment shall be made to the proposed 2025 ESOP.

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## LETTER FROM THE BOARD

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### **(2) Termination**

The proposed 2025 ESOP will be terminated automatically upon expiration of the 60-month duration unless otherwise extended.

The proposed 2025 ESOP may be terminated before its expiry if (i) all underlying Shares held in the designated account for the proposed 2025 ESOP are sold or transferred to the Participants prior to the expiry of the duration of the proposed 2025 ESOP or (ii) such termination was approved with the Holders' Majority Consent and was then submitted to and approved by the Board.

### **Liquidation and Distribution**

The Management Committee shall complete the liquidation within 30 working days from date of the expiration or termination of the 2025 ESOP, and after deducting relevant taxes and fees, distribute property based on the units held by the Holders according to the authorization from the Holders' meeting. If there are any remaining unallocated Shares and the corresponding dividends (if any), the Management Committee shall, at its own discretion, determine the treatment/allocation of such unallocated Shares and the corresponding dividends.

During the duration of the proposed 2025 ESOP, (i) the Management Committee shall distribute cash in the designated account for the 2025 ESOP to the Holders according to the authorization of the Holders' meeting, and (ii) in case any cash or other distributable income received under the 2025 ESOP from selling the underlying Shares, the Management Committee can distribute such income within that financial year based on the proportion of the units held by the Holders to the total number of units of the 2025 ESOP after deducting relevant taxes and fees and payables relating to the 2025 ESOP in accordance with relevant laws and regulations.

### **Rights Attached to the Underlying Shares Held by the Proposed 2025 ESOP and the Arrangements on the Possession, Use, Benefit and Disposal of the Rights of the Holders over the Underlying Shares**

Holders of the proposed 2025 ESOP are entitled to the asset income rights of the underlying Shares held by the proposed 2025 ESOP according to their actual capital contribution. The corresponding underlying Shares obtained by the Holders through the proposed 2025 ESOP shall be entitled to shareholders' rights (including dividend rights, rights issue, conversion of shares and other asset income rights).

During the duration of the proposed 2025 ESOP, unless otherwise stipulated by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the portion of the underlying Shares held by the Holders under the 2025 ESOP shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debts or other similar disposals.

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## LETTER FROM THE BOARD

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During the lock-up period, (i) the Holders shall not request the distribution of rights and interests of the proposed 2025 ESOP; (ii) when the Company converts capital reserve into share capital or distributes bonus shares, the newly acquired Shares under the proposed 2025 ESOP due to holding Shares of the Company shall be subject to lock-up and shall not be sold in the secondary market or otherwise transferred; and the unlocking period of such Shares shall be the same as the corresponding underlying Shares under the proposed 2025 ESOP; and (iii) when the Company distributes dividends, the cash dividends obtained under the 2025 ESOP due to holding Shares of the Company shall be accounted for as the monetary assets of the 2025 ESOP, and no distribution shall be made until after the expiry of the lock-up period (but during the duration of the 2025 ESOP).

After the expiry of each lock-up period under the proposed 2025 ESOP, the Management Committee shall determine the treatment of the underlying Shares held under the 2025 ESOP and the allocation of such underlying Shares in accordance with the relevant laws and regulations. The Management Committee can (i) reduce the underlying Shares within the unlocked quota through centralized bidding or block transactions in the secondary market at an appropriate time, and the proceeds derived therefrom will be distributed to the Holders according to the proportion of the units purchased by the Holders, (ii) apply to the relevant securities registration and settlement institution to transfer the unlocked underlying Shares to the Holder's personal account by way of non-trading transfer at his/her own disposal in accordance with the relevant laws and regulations, (iii) propose to the Board to repurchase and cancel the underlying Shares corresponding to the relevant Holder's interest obtained under the proposed 2025 ESOP; or (iv) determine the treatment and allocation of the underlying Shares through a combination of the aforementioned methods or other methods permitted by applicable laws and regulations.

After the expiry of each lock-up period and during the duration of the proposed 2025 ESOP, the Management Committee shall, pursuant to the authorization of the Holders' meeting, decide whether to distribute income derived from the underlying Shares held under the proposed 2025 ESOP and in case that the Management Committee decides to distribute such income, it shall distribute such income in proportion to the underlying Shares held by the Holders after deducting relevant taxes and fees in accordance with relevant laws and regulations, or transfer the corresponding unlocked underlying Shares to the Holder's personal account by way of non-trading transfer.

During the duration of the proposed 2025 ESOP, when the Company raises funds by placement of shares, issuance of additional shares, issuance of convertible bonds, etc., the Management Committee will submit it to the Holders' meeting to consider whether to participate in the Company's financing plan and if so, the specific participation plans.

In case of other circumstances not mentioned above, the disposal of the underlying Shares of the proposed 2025 ESOP held by the Holders shall be subject to determination by the Management Committee.

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## LETTER FROM THE BOARD

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### Measures for the Disposal of the Rights and Interests of the Underlying Shares Held by the Holders When They Resign, Retire, Decease, or Are No Longer Suitable for Participating in the 2025 ESOP

#### *(1) Circumstances in which the rights and interests are cancelled*

Where the following circumstances occur to the Holders, the Management Committee has the right to cancel the Holders' qualifications to participate in the 2025 ESOP and handle the cancellation and withdrawal procedures for the underlying Shares held under the 2025 ESOP, and has the right to allocate the underlying Shares to other Holders, who shall meet the criteria for the participation in the 2025 ESOP. The Management Committee will, at its absolute discretion, decide on the disposal of such underlying Shares according to the actual circumstances and relevant restrictions, such as whether such Shares can be transferred to other qualified employees, the number of Shares to be transferred and transfer price, etc.

No.	Possible scenarios	Disposal method(s)
1	<ol style="list-style-type: none"><li>1. The Holder leaves the Company due to resignation, corporate layoffs, or expiration of the labor contract;</li><li>2. The Holder is no longer qualified for the proposed 2025 ESOP after being required to undergo a position adjustment due to changes in the Company's objective circumstances;</li><li>3. The Holder is not eligible to participate in the 2025 ESOP due to his/her major fault (but not to the extent of terminating the employment relationship with the Company) or that his/her performance appraisal results do not meet the requirements and other reasons;</li><li>4. The Holder loses work ability due to reasons other than performance of his/her duties.</li></ol>	The unlocked Shares will be sold at an opportune time by the Company after the unlocking date but during the duration of the 2025 ESOP, and the proceeds from the sale of the corresponding Shares shall be allocated to the relevant Holders, or the corresponding unlocked underlying Shares may be transferred to the personal accounts of the relevant Holder through non-trading transfer for them to dispose on their own. The original capital contribution made by relevant Holders in respect of the remaining Shares that are not unlocked shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.

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## LETTER FROM THE BOARD

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No.	Possible scenarios	Disposal method(s)
2	The change in employment status of the Holders due to serious negligence, dereliction of duty, violation of laws and regulations, violation of the Articles of Association and its subsidiaries, bribery, corruption, theft, disclosure of secrets, non-competition and any other act damaging the Company's interests, or change of the Holders' position due to occurrence of circumstances that prohibit them from acting as director or senior management officer as stipulated in the Company Law, or termination of their employment relationship with the Company due to the aforementioned reasons.	The higher of the amount of the original contribution after deduction of the allocated returns gained from the sales of the Holders' unlocked underlying Shares and nil shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.
3	The Holder retires from the Company and the Company will not re-hire the Holder.	The unlocked Shares will be sold at an opportune time by the Company after the unlocking date but during the duration of the 2025 ESOP, and the proceeds from the sale of the corresponding Shares shall be allocated to the relevant Holders, or the corresponding unlocked underlying Shares may be transferred to the personal accounts of the relevant Holder through non-trading transfer for them to dispose on their own. The original capital contribution made by relevant Holders in respect of the remaining Shares that are not unlocked plus the interest accrued at the same period deposit rate of the People's Bank of China shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.
4	Other matters not specified in the above.	To be determined by the Company and the Management Committee upon negotiation.

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## LETTER FROM THE BOARD

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As of the date on which the Management Committee cancels the Holder's qualification to participate in the 2025 ESOP, the original Holder shall be entitled to the portion of cash proceeds realized under the 2025 ESOP in proportion to the units he/she holds.

***(2) Circumstances in which units shall be adjusted***

During the duration of the proposed 2025 ESOP, the Management Committee shall adjust the units received by the Holders in respect of the underlying Shares held by them under the proposed 2025 ESOP in accordance with the Company's relevant assessments of the relevant Holder or changes in his/her positions or seniority levels, including increase, decrease, and cancellation of relevant units. For the treatment of the cancelled units and the realized cash proceeds, please refer to sub-paragraph (1) above.

***(3) Circumstances where there shall be no change in the rights and interests held by the Holders***

During the duration of the proposed 2025 ESOP, the rights and interests of the Holders in the 2025 ESOP shall not be affected in the following circumstances:

- (a) due to the loss of work ability in the performance of the Holders' duties, and their personal performance appraisal conditions shall not be included in the unlocking conditions;
- (b) if a Holder dies or is declared dead, his/her rights and interests of in the 2025 ESOP shall continue to be enjoyed by their legal successors; such successors shall not be subject to the qualification to participate in the 2025 ESOP, and their personal performance appraisal conditions shall not be included in the unlocking conditions. However, if there are multiple heirs, they must jointly designate one heir to obtain the employee qualification of the 2025 ESOP; and
- (c) other circumstances as determined by the Management Committee.

**Participants and Allocation**

The proposed 2025 ESOP is subscribed for at RMB1.0 per unit. The total number of underlying Shares intended to be subscribed under the proposed 2025 ESOP shall not be more than 6 million A Shares, and therefore the total number of units to be subscribed for under the proposed 2025 ESOP shall not be more than 101.82 million units.

## LETTER FROM THE BOARD

Details of the Participants and the allocation of the units and underlying Shares to be subscribed for are set out below:

No.	Participants	Position(s)	Maximum number of units to be subscribed for under the proposed 2025 ESOP (million)	Maximum number of underlying Shares to be subscribed for under the proposed 2025 ESOP (million)	Percentage in the proposed 2025 ESOP <sup>(1)</sup> (%)
1	Mr. Zhuang Dan (莊丹) <sup>(2)</sup>	Executive Director/ President	19.3458	1.14	19.0
2	Mr. Peter Johannes Wijinandus Marie Bongaerts (揚幫卡)	Senior Vice President			
3	Ms. Zhou Lijing (周理晶)	Senior Vice President			
4	Mr. Zheng Xin (鄭昕)	Vice President/ Secretary to the Board			
5	Mr. Nie Lei (聶磊)	Vice President			
6	Mr. Wang Ruichun (王瑞春)	Vice President			
7	Mr. Yang Jinpei (楊錦培)	Chief Financial Officer			
8	Mr. Xiong Zhuang (熊壯) <sup>(2)</sup>	Employee Representative Supervisor			
Core personnel and other personnel deemed necessary by the Board to be motivated (no more than 210 personnel)			82.4742	4.86	81.0
<b>TOTAL</b>			<b>101.82</b>	<b>6.00</b>	<b>100.0</b>

Notes:

- (1) Assuming an aggregate of 6 million A Shares are held under the proposed 2025 ESOP.
- (2) Except for Mr. Zhuang Dan (executive Director and President) and Mr. Xiong Zhuang (Supervisor), all other Participants are independent third parties. The total number of underlying Shares to be subscribed for by Mr. Zhuang Dan under the proposed 2025 ESOP shall not be more than 0.31 million A Shares (equivalent to approximately 5.2607 million units), representing approximately 5.17% of the total number of underlying Shares held under the proposed 2025 ESOP (assuming an aggregate of 6 million A Shares are held under the proposed 2025 ESOP). As at the date of this announcement, the total number of underlying Shares to be subscribed for by Mr. Xiong Zhuang under the proposed 2025 ESOP has not confirmed. Any subscription for underlying Shares by Mr. Xiong Zhuang under the proposed 2025 ESOP will be subject to compliance with Chapter 14A of the Listing Rules unless otherwise exempted under the Listing Rules.
- (3) Participants' final shareholding plan is subject to actual capital contribution. If the Holder fails to pay the subscription funds on time and in full, the corresponding subscription rights will be automatically forfeited.



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## LETTER FROM THE BOARD

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- (4) *After the implementation of the proposed 2025 ESOP, the cumulative total number of underlying Shares held by all valid employee stock ownership plans (including the proposed 2025 ESOP) shall not exceed 10% of the total share capital of the Company, and the underlying Shares (excluding Shares acquired by the Participant prior to the initial public offering of the Company, Shares purchased by the Participant through secondary market and Shares acquired through equity incentive schemes (if any) of the Company) held by any single Holder under all valid employee stock ownership plans (including the proposed 2025 ESOP) shall not exceed 1.0% of the total share capital of the Company.*
- (5) *Any discrepancy between the decimal places of some totals and the direct addition of the detailed figures is due to rounding.*

Full text of the 2025 ESOP is set out in Appendix III to this circular. The 2025 ESOP was prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

### **REASONS AND BENEFITS OF THE PROPOSED ADOPTION OF THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**

Please refer to the paragraph headed “11. Proposed Adoption of the 2025 Employee Share Ownership Plan – Principal Terms of the Proposed 2025 ESOP – Purposes” in this circular. The Directors are of the view that the adoption of the 2025 ESOP will realize the goals set out in that paragraph, and that the terms of the 2025 ESOP are on normal commercial terms, which are fair and reasonable, in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

The proposed 2025 ESOP does not involve any issue of new Shares or granting of option for any new shares of the Company. Therefore, it does not constitute a share scheme involving issue of new shares under Chapter 17 of the Listing Rules. However, the 2025 ESOP constitutes a shares scheme funded by existing shares under Chapter 17 of the Listing Rules, and therefore shall be subject to the applicable disclosure requirements under Rule 17.12 of Chapter 17 of the Listing Rules. According to the Articles of Association, the adoption of the proposed 2025 ESOP and related matters shall be subject to the Shareholders’ approval at the AGM by way of separate ordinary resolutions.

As Mr. Zhuang Dan (executive Director and President) and Mr. Xiong Zhuang (Supervisor) are Participants, each of their participation in the 2025 ESOP constitutes a connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the grant of A Shares to Mr. Zhuang Dan contemplated under the proposed 2025 ESOP are more than 0.1% but all are less than 5%, such grant constitutes a connected transaction of the Company that is subject to the announcement and reporting requirements but is exempted from the circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. As the date of this circular, the total number of underlying Shares to be subscribed for by Mr. Xiong Zhuang under the proposed 2025 ESOP has not confirmed. Any subscription for underlying Shares by Mr. Xiong Zhuang under the proposed 2025 ESOP will be subject to compliance with Chapter 14A of the Listing Rules unless otherwise exempted under the Listing Rules.

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## LETTER FROM THE BOARD

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At the meeting of the Board on March 28, 2025 approving, among others, the proposed 2025 ESOP, Mr. Zhuang Dan (executive Director) has abstained from voting on the resolutions in respect of the 2025 ESOP as he is one of the proposed Participants. Save as otherwise disclosed, no other Directors have any material interest in the 2025 ESOP.

### **12. PROPOSED ADOPTION OF THE MANAGEMENT MEASURES OF THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**

In order to standardize the implementation of the 2025 ESOP and ensure its effective implementation, the Company has formulated the Management Measures in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines, and other relevant laws and regulations, normative documents and the Articles of Association. The Board has proposed to adopt the Management Measures and resolved to submit the Management Measures at the AGM for Shareholders' approval.

Full text of the Management Measures is set out in Appendix IV to this circular. The Management Measures was prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the document, the Chinese version shall prevail.

### **13. PROPOSED AUTHORIZATION TO THE BOARD TO HANDLE MATTERS PERTAINING OT THE 2025 EMPLOYEE SHARE OWNERSHIP PLAN**

To ensure the smooth implementation of the 2025 ESOP, the Board proposed to submit to the AGM for Shareholder's approval to authorize the Board to, in its discretion, handle matters pertaining to the 2025 ESOP, including but not limited to the following:

- (1) authorize the Board to handle the establishment, amendment to and termination of the 2025 ESOP, including but not limited to the disqualification of the Participants and the early termination of the 2025 ESOP based on the terms of the 2025 ESOP;
- (2) authorize the Board to determine the extension of the duration and early termination of the 2025 ESOP;
- (3) authorize the Board to handle all matters relating to the list of Participants and the adjustments of their subscription units under the 2025 ESOP, transfer of underlying Shares as well as the lock-up and unlock of underlying Shares purchased under the 2025 ESOP;
- (4) authorize the Board to make interpretations of the 2025 ESOP;
- (5) authorize the Board and relevant personnel to sign contracts and relevant agreements relating to the 2025 ESOP;

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## LETTER FROM THE BOARD

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- (6) authorize the Board to make corresponding adjustments to the 2025 ESOP pursuant to any changes in relevant laws, regulations and policies during the implementation of the 2025 ESOP upon consideration and approval of the 2025 ESOP at the Shareholders' general meeting; and
- (7) authorize the Board to handle other necessary matters required for the 2025 ESOP, except for the rights to be exercised by the Shareholders' general meeting as explicitly stipulated in relevant documents.

The above-mentioned authorization shall be valid from the date of approval by the Shareholders at the AGM to the date of completing the implementation of the 2025 ESOP.

### 14. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr. Philippe Claude Vanhille (“**Mr. Vanhille**”) has tendered his resignation as a non-executive Director due to changes in his work arrangement. To fill the vacancy of the Board, Mr. Hamavand Rayomand Shroff (“**Mr. Shroff**”) has been nominated as a candidate for a non-executive Director for the fourth session of the Board. The proposed appointment of Mr. Shroff is subject to the approval of the Shareholders by way of ordinary resolution at the AGM.

Mr. Vanhille's resignation will take effect from the date of the AGM when the proposed appointment of Mr. Shroff as a non-executive Director is approved by the Shareholders. Mr. Vanhille has confirmed that he has no disagreement with the Board and there are no other matters in relation to his resignation that should be brought to the attention of the Shareholders.

Mr. Shroff's term of office as a non-executive Director shall commence on the date of the approval of the Shareholders at the AGM and end on the expiry of the term of the current (fourth) session of the Board. According to the Articles of Association, Mr. Shroff's term of office as a Director shall be three years and he will be eligible for re-election upon the expiration of the term of the current (fourth) session of the Board.

The biographical details of Mr. Shroff as required under Rule 13.51(2) of the Listing Rules are set out below:

Mr. Shroff, aged 58, has been the chief executive officer of APAC region of Prysmian S.p.A. since January 2025 where Mr. Shroff is principally responsible for overseeing the business operation and management of Prysmian S.p.A. in the APAC region. Mr. Shroff joined Prysmian S.p.A. in January 1994 and held various roles since then: from January 1994 to January 2000, he served as factory manager of power & special cables factory; from January 2000 to July 2003, he served as channel manager of mining and specialty division; from July 2003 to June 2008, he served as commercial manager of industrial & infrastructure division; from July 2008 to July 2010, he served as general manager in New Zealand; from July 2010 to December 2011, he served as commercial manager of trade & installers business; from January 2012 to April 2014, he served as supply chain & purchasing director of Oceania; from

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May 2014 to December 2017, he served as sales & commercial director in Australia; from January 2018 to December 2023, he served as chief executive officer in Oceania; and from January 2024 to December 2024, he served as chief executive officer in Oceania & South East Asia.

Mr. Shroff obtained a bachelor degree of mechanical engineering from Graduate Member of Institution of Engineers Australia in 1988. He obtained Executive MBA from Macquarie University in 1999, and Global Executive MBA from SDA Bocconi University in 2018.

It is proposed that Mr. Shroff will enter into a service contract with the Company, pursuant to which, Mr. Shroff will be entitled to receive a Director's fee of RMB380,000 per annum (after all taxes have been deducted) for serving as a non-executive Director. The aforementioned remuneration shall be subject to the approval by the Shareholders at the AGM.

Save as disclosed above, as at the date of this circular, Mr. Shroff has confirmed that he (i) did not assume other offices in any group member of the Company; (ii) did not have any relationship with any Directors, supervisors, senior management, substantial Shareholders or controlling Shareholders or other group members of the Company; (iii) did not hold any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iv) did not hold any other major appointments and professional qualifications; and (v) did not hold any other directorship or supervisor position in any other listed companies at present nor in the past three years.

Save as disclosed above, as at the date of this circular, there is no information which is discloseable, nor is the Company aware that Mr. Shroff is/was involved in any of the matters required to be disclosed, pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that should be brought to the attention of the Shareholders.

### 15. AGM

The Board proposed to convene the AGM, to consider and, if thought fit, approve (i) the report of the Board of Directors for the year 2024; (ii) the report of the Board of Supervisors for the year 2024; (iii) the 2024 annual report of the Company; (iv) the final financial report for the year 2024; (v) the proposed profit distribution plan for the year 2024; (vi) the proposed re-appointment of independent auditors of the Company for the year 2025; (vii) the purchase of liability insurance for Directors, Supervisors and senior management of the Company; (viii) the proposal on the 2025 annual external guarantee amount; (ix) the proposal on the 2025 asset pool business of the Company; (x) the proposed adoption of the 2025 ESOP, (xi) the proposed adoption of the Management Measures; (xii) the proposed authorization to the Board to handle matters pertaining to the 2025 ESOP; and (xiii) the proposed appointment of non-executive director of the Company, at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC on Monday, June 30, 2025 at 2:00 p.m.. The Company has provided holders of H Shares with the notice of the AGM and form of proxy.

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## LETTER FROM THE BOARD

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If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. The proxy form should be returned by holder of H Shares to the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by hand or by post not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

### 16. CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of H Shares who are qualified to attend the AGM and entitled to the proposed dividend (subject to approval of the Shareholders), the Company will suspend registration of H Share transfer on the following dates:

*so as to determine the holders of H Shares who are qualified to attend and vote at the AGM:*

Latest time for lodging transfers of H Shares	4:30 p.m., Tuesday, June 24, 2025
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Closure date of H Share register of members	from Wednesday, June 25, 2025 to Monday, June 30, 2025 (both days inclusive)
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Record Date	Monday, June 30, 2025
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Latest time for return of proxy form of the AGM	2:00 p.m., Sunday, June 29, 2025
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Date of the AGM	Monday, June 30, 2025
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*so as to determine the holders of H Shares who are entitled to the proposed dividend:*

Latest time for lodging transfers of H Shares	4:30 p.m., Friday, July 4, 2025
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Closure date of H Share register of members	from Monday, July 7, 2025 to Wednesday, July 9, 2025 (both days inclusive)
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Dividend Entitlement Date	Wednesday, July 9, 2025
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In order for the holders of H Shares to be qualified to attend and vote at the AGM and be entitled to the proposed dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before the aforesaid deadline for lodging the transfer documents (for holders of H Shares).

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## LETTER FROM THE BOARD

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Holders of H Shares whose names appear on the register of members of the Company on Wednesday, July 9, 2025 (the “**Dividend Entitlement Date**”) are entitled to the proposed dividend of the Company (subject to approval of the Shareholders). For the avoidance of doubt, holders of any treasury Shares are not entitled to any proposed dividend of the Company in respect of any treasury Shares held by them, if any.

Shareholders should read this paragraph carefully. Should there be anyone who intends to change his/her identity as a Shareholder, please seek advice on the relevant procedures from the nominees or trustees. The Company is neither obligated nor responsible for ascertaining the identities of the Shareholders. In addition, the Company will withhold corporate income tax and individual income tax in strict compliance with the relevant laws or regulations and the registered information on the H Share register of members as at the Dividend Entitlement Date, and will not entertain or assume responsibility for any requests or claims in relation to any delay or inaccuracies in ascertaining the identities of the Shareholders or any disputes over the arrangements for withholding the corporate income tax and individual income tax.

### 17. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll, except for resolutions relating solely to procedural or administrative matters on which the chairman of the AGM decides in good faith to permit voting by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Save as otherwise disclosed, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder or their associate (as defined in the Listing Rules) has a material interest in any of the resolutions proposed at the AGM. Therefore, except that Mr. Zhuang Dan is required to abstain from voting on the resolutions on the proposed adoption of the 2025 ESOP, the proposed adoption of the Management Measures and the proposed authorization to the Board to handle matters pertaining to the 2025 ESOP, no other Shareholder is required to abstain from voting at the AGM in respect of the relevant resolutions. For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at general meetings of the Company in respect of any treasury Shares held by them, if any.

### 18. RECOMMENDATION

The Board considers that the resolutions proposed for consideration and approval by Shareholders at the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### 19. ADDITIONAL INFORMATION

Additional information is also set out in the appendices to this circular for your information.

Yours faithfully

For and on behalf of the Board

**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

長飛光纖光纜股份有限公司

**Ma Jie**

*Chairman*

\* *For identification purpose only*

To satisfy the daily operational needs of each subsidiary of the Group, the Company proposed that during year 2025, the Company would provide its subsidiaries and those subsidiaries would provide among each other guarantees not exceeding the amount of USD207 million, RMB8.5 million, ZAR160 million, EUR5 million, equivalent to approximately RMB1,596 million. Details of the 2025 annual external guarantee amount are set out below:

No.	Name of Subsidiary	Shareholding percentage of the Company	Gearing ratio of the subsidiary as of December 31, 2024	Estimated guarantee amount for the year 2025	The estimated guarantee amount as a percentage of the net assets of the Company as of December 31, 2024
1	Yangtze Optical Fibre and Cable Company (Hong Kong) Limited	100%	65.73%	USD110 million	6.79%
2	PT Yangtze Optics Indonesia	100%	45.13%	USD15 million	0.93%
3	Yangtze Optics Africa Cable Proprietary Limited	74.9%	44.82%	ZAR160 million	0.54%
4	YOFC International (Singapore) Pte. Ltd.	100%	44.97%	USD5 million	0.31%
5	YOFC Peru S.A.C.	100%	79.79%	USD60 million	3.70%
6	YOFC International (Thailand) Co., Ltd.	100%	93.24%	RMB8.5 million	0.07%
7	PT YOFC International Indonesia	100%	85.40%	USD10 million	0.62%
8	Yangtze Optics Mexico Cable S.A. de C.V.	100%	84.17%	USD5 million	0.31%
9	YOFC International (Poland) sp. z o.o.	100%	94.96%	EUR5 million	0.33%
10	YOFC International (Malaysia) Sdn. Bhd.	100%	70.97%	USD2 million	0.12%

The actual financing amount of each of the Company's subsidiary shall not exceed the amount guaranteed, and the actual financing amount shall be reasonably determined according to the actual needs of such company. The 2025 annual external guarantee amount shall be valid from the date of the approval by the Shareholders until June 30, 2026.



**BASIC INFORMATION ON THE GUARANTEED PARTIES****1. Yangtze Optical Fibre and Cable Company (Hong Kong) Limited**

Registered Address: FLAT/RM01, BLK02, 26/F, Lippo Centre, No. 89 Queensway, Hong Kong

Registered Capital: HKD80,000 and USD52,000,000

Scope of Business: Engaging in the import and export trade of optical fibres, optical fibre cables and relevant raw materials

Date of Incorporation: July 2013

Shareholding Structure: 100% owned by the Company

Key Financial Position: As of December 31, 2024, Yangtze Optical Fibre and Cable Company (Hong Kong) Limited had total assets of RMB2,191.7964 million, total liabilities of RMB1,440.5938 million, net assets of RMB751.2026 million, current liabilities of RMB1,440.2976 million, non-current liabilities of RMB0.2962 million; operating income of RMB699.9139 million and net loss of RMB42.5835 million for the year 2024. (The above information has not been audited and was converted into RMB)

**2. PT Yangtze Optics Indonesia**

Registered Address: Surya Cipta City of Industry Jl. Surya Madya X Kav.1-65 E4, Karawang, West Java, Indonesia

Registered Capital: IDR443,780,000,000

Scope of Business: Engaging in the business activities of the optical fibre and optical fibre cable industry

Date of Incorporation: April 2017

Shareholding Structure: 29.65% owned by the Company, 70.35% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2024, PT Yangtze Optics Indonesia had total assets of RMB394.9627 million, total liabilities of RMB178.2520 million, net assets of RMB216.7107 million, current liabilities of RMB178.2520 million, non-current liabilities of RMB0; operating income of RMB156.3940 million and net loss of RMB3.1442 million for the year 2024. (The above information has not been audited and was converted into RMB)

**3. Yangtze Optics Africa Cable Proprietary Limited**

Registered Address: 322 15th Road, Randjespark, Midrand, Gaueng, 1685

Registered Capital: ZAR173,346,502

Scope of Business: Investment and trading

Date of Incorporation: January 2016

Shareholding Structure: 100% owned by Yangtze Optics Africa Holdings Proprietary Limited, which is in turn 51% owned by the Company, 23.9% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited, and 25.1% owned by Mustek Limited

Key Financial Position: As of December 31, 2024, Yangtze Optics Africa Cable Proprietary Limited had total assets of RMB178.6192 million, total liabilities of RMB80.0645 million, net assets of RMB98.5547 million, current liabilities of RMB80.0645 million, non-current liabilities of RMB0; operating income of RMB106.9099 million and net profit of RMB0.6702 million for the year 2024. (The above information has not been audited and was converted into RMB)

**4. YOFC International (Singapore) Pte. Ltd.**

Registered Address: 53 SUNRISE AVENUE #01-05 SUNRISE GARDENS SINGAPORE (806746)

Registered Capital: EUR18,455,000 and USD19,028,000

Scope of Business: General import and export wholesale trade (import and export of telecommunication equipment for trade purpose) and other uncategorised telecommunication related business activities

Date of Incorporation: February 2018

Shareholding Structure: 100% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2024, YOFC International (Singapore) Pte. Ltd. had total assets of RMB513.2855 million, total liabilities of RMB230.8071 million, net assets of RMB282.4784 million, current liabilities of RMB230.8071 million, non-current liabilities of RMB0; operating income of RMB25.1199 million and net loss of RMB1.7608 million for the year 2024. (The above information has not been audited and was converted into RMB)

**5. YOFC Peru S.A.C.**

Registered Address: Av. Enrique Canaval Moreyra No 480, Oficina 1501, Lima 27

Registered Capital: PEN108,693,728

Scope of Business: Provision of public telecommunication services, especially internet access and intranet services to public institutions, private entities and individuals; planning, design, construction, financing, operation, maintenance and/or repair of telecommunication networks and/or telecommunication systems and provision of other goods required for general telecommunication services, especially the goods required for provision of internet access and intranet services to public institutions, private entities and individuals; all actions related to the above that help achieve goals of the Company and comply with the law are included

Date of Incorporation: January 2019

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited.

Key Financial Position: As of December 31, 2024, YOFC Peru S.A.C. had total assets of RMB1,162.6334 million, total liabilities of RMB927.6115 million, net assets of RMB235.0219 million, current liabilities of RMB926.4923 million, non-current liabilities of RMB1.1192 million; operating income of RMB164.8862 million and net profit of RMB1.6498 million for the year 2024. (The above information has not been audited and was converted into RMB)

**6. YOFC International (Thailand) Co., Ltd.**

Registered Address: No. 555, 12th Floor, Rasa Tower 2, Phahon Yothin Road, Chatuchak Sub-district, Chatuchak District, Bangkok, The Kingdom of Thailand

Registered Capital: THB50,000,000

Scope of Business: Import and export of optical fibres, optical fibre cables and telecommunication products, engineering design, telecommunication facility construction, import and export of insulation materials, aluminium strips and steel strips required for optical fibre and optical fibre cable and other protective products for circuits and cables

Date of Incorporation: October 2016

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2024, YOFC International (Thailand) Co., Ltd. had total assets of RMB20.4213 million, total liabilities of RMB19.0409 million, net assets of RMB1.3804 million, current liabilities of RMB19.0409 million, non-current liabilities of RMB0; operating income of RMB20.0379 million and net loss of RMB4.3264 million for the year 2024. (The above information has not been audited and was converted into RMB)

#### **7. PT YOFC International Indonesia**

Registered Address: JAKARTA BARAT, Indonesia

Registered Capital: IDR11,200,000,000

Scope of Business: Sales of optical fibres and optical fibre cables and its complementary products, and businesses relating to system integration of optical fibres and optical fibre cables

Date of Incorporation: May 2018

Shareholding Structure: 100% controlled by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2024, PT YOFC International Indonesia had total assets of RMB261.0952 million, total liabilities of RMB222.9850 million, net assets of RMB38.1102 million, current liabilities of RMB222.9850 million, non-current liabilities of RMB0; operating income of RMB333.1517 million and net profit of RMB9.7764 million for the year 2024. (The above information has not been audited and was converted into RMB)

#### **8. Yangtze Optics Mexico Cable S.A. de C.V.**

Registered Address: Mexico

Registered Capital: fixed assets of MXN50,000 and USD4 million

Scope of Business: Sales and manufacturing of optical fibre, optical fibre cables and related products

Date of Incorporation: September 2023

Shareholding Structure: 24.5% owned by YOFC International (Singapore) Pte. Ltd. and 75.5% owned by Yangtze Optical Fibre and Cable Company (Hong Kong) Limited

Key Financial Position: As of December 31, 2024, Yangtze Optics Mexico Cable S.A. de C.V. had total assets of RMB89.6695 million, total liabilities of RMB75.4733 million net assets of RMB14.1962 million, current liabilities of RMB75.4733 million, non-current liabilities of RMB0; operating income of RMB3.5338 million and net loss of RMB14.2993 million for the year 2024. (The above information has not been audited and was converted into RMB)

**9. YOFC International (Poland) sp. z o.o.**

Registered Address: Rawa Mazowiecka, Poland

Registered Capital: PLN1,300,000

Scope of Business: Purchase, sale, distribution, import and export of optical cables and any materials and accessories related to optical communications; engineering and technical consulting

Date of Incorporation: June 2023

Shareholding Structure: 100% owned by YOFC International (Singapore) Pte. Ltd.

Key Financial Position: As of December 31, 2024, YOFC International (Poland) sp. z o.o. had total assets of RMB17.5279 million, total liabilities of RMB16.6448 million, net assets of RMB0.8831 million, current liabilities of RMB16.6448 million, non-current liabilities of RMB0; operating income of RMB25.0970 million and net loss of RMB0.6612 million for the year 2024. (The above information has not been audited and was converted into RMB)

**10. YOFC International (Malaysia) Sdn. Bhd.**

Registered Address: Malaysia

Registered Capital: MYR5 million

Scope of Business: Import and export of optical fibers, optical cables and related products and engineering trade

Date of Incorporation: February 2023

Shareholding Structure: 100% owned by YOFC International (Singapore) Pte. Ltd.

Key Financial Position: As of December 31, 2024, YOFC International (Malaysia) Sdn. Bhd. had total assets of RMB28.1793 million, total liabilities of RMB19.9994 million, net assets of RMB8.1799 million, current liabilities of RMB19.9994 million, non-current liabilities of RMB0; operating income of RMB15.8112 million and net gain of RMB0.4440 million for the year 2024. (The above information has not been audited and was converted into RMB)

On March 28, 2025, the Proposal on the 2025 Asset Pool Business of the Company and its Subsidiaries was considered and approved at the 12th meeting of the fourth session of the Board of Directors held by the Company, pursuant to which the Company and its subsidiaries are allowed to conduct asset pool business with creditworthy commercial banks in China based on actual business development and financing needs, provided that the total current balance of the asset pool shall not be more than RMB800 million.

## **I. OVERVIEW OF ASSET POOL BUSINESS**

### **1. Business Overview**

Asset pool business refers to correspondent financial institutions setting up an asset pool for the Company and the subsidiaries to meet their needs for unified management and coordinated use of financial assets held by them, which is an integrated asset management service system offering a wide range of functions to the Group, including allocation and removal, as well as pledge financing of financial assets.

### **2. Business Entities Implemented**

The Company and the subsidiaries in its consolidated statements.

### **3. Asset Categories**

The pool of assets will include only financial assets such as certificates of deposit, acceptance bills, letters of credit and investment products, etc.

### **4. Cooperating Financial Institutions**

The financial institutions with which the Company proposes to conduct asset pool business will be creditworthy commercial banks in China. Such banks will be selected based on various factors such as the Company's relationships with commercial banks and the asset pool service capabilities of the commercial banks, determined by the Company's management authorised in the general meeting of the Company.

### **5. Term of Business**

The operating term for the above asset pool business shall take effect upon approval at the general meeting and the date of relevant agreements to June 30, 2026.

### **6. Quota**

The Group will share an asset pool quota of no more than RMB800 million, which means that the total current balance of pledged certificates of deposit, acceptance bills, letters of credit and investment products used to carry out asset pool business with all cooperating banks shall not exceed RMB800 million. Such quota can be used on a revolving basis during the term of business.

**7. Types of Collateral**

Under the premise of controllable risk, the Group can adopt various guarantee methods for the establishment and use of asset pool, such as certificate of deposit pledge, bill pledge, letter of credit pledge and margin pledge. The maximum guarantee amount of the asset pool shall not exceed RMB800 million.

**II. PURPOSE OF ASSET POOL BUSINESS**

By carrying out the asset pool business, the Group can deposit the financial assets such as certificates of deposit, acceptance bills, letters of credit and investment products received in the cooperating financial institutions for centralized management, while retaining the same form and ratio of financial asset allocation, effectively revitalizing and improving the utilisation rate of occupation of corporate economic resources by certain financial assets, as well as achieving balanced management of returns, risks and liquidity.

**III. RISKS OF ASSET POOL BUSINESS AND RISK CONTROL**

To carry out the asset pool business, the Group needs to open a special margin account for the asset pool pledge financing business with the cooperating financial institutions, which is used as an account for collecting pledged bills due. The inconsistency between the maturity of bills receivables and bills payables may cause the custodied capital entering into the margin account of the Group that applies for the issuance of bank acceptance bills to cooperating financial institutions, which may cause certain impacts on the liquidity of the Group.

Risk control measures: the Group can mitigate the impact by replacing margin deposits with newly received bills, which makes the liquidity risk controllable.

**IV. DECISION-MAKING PROCEDURES AND ORGANISATIONAL IMPLEMENTATION**

As the asset-liability ratio of certain subsidiaries in consolidated statements of the Group is higher than 70%, and the asset pool business involves guarantees amongst the Company's subsidiaries in consolidated statements, this proposal is subject to the approval of the Board and may be implemented only after being submitted to the latest general meeting of the Company for consideration and approval.

Within the above quota and term of the asset pool business, the general meeting of the Company has authorised the management of the Company to exercise specific right of decision-making and execute relevant contracts and other legal documents, including but not limited to, the selection of qualified cooperating financial institutions, the quota allocation of different legal entities within the Group and execution of relevant agreements.

**V. OPINION OF THE BOARD OF SUPERVISORS**

The Board of Supervisors is of the view that the asset pool business carried out by the Company and its subsidiaries in consolidated statements can reduce capital occupation of the Company without damaging the normal operation of the main business of the Company, and there is no harm to the interests of the Company and Shareholders. Therefore, the Board of Supervisors agrees that the Company carries out the Group's asset pooling business.



**DISCLAIMER**

The Company and all members of the board of directors of the Company warrant that there are no false records, misleading statements or material omissions in this shareholding plan, and assume legal responsibility for its authenticity, accuracy and completeness.

**RISK WARNING**

1. The 2025 Employee Share Ownership Plan (hereinafter referred to as the “ESOP”, “ESOP” or the “Plan”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (hereinafter referred to as “YOFC” or the “Company”) shall be approved by the general meeting of the Company. However, it is uncertain whether the ESOP can be approved by the general meeting of the Company.
2. The specific implementation plan of the ESOP is a preliminary result, and there is uncertainty as to whether it can be implemented.
3. Employees shall abide by the principles of legal compliance, voluntary participation and self-assumption of risks. If the employees’ subscription funds are low, there is a risk that the ESOP will not be established; if the employees’ subscription funds are insufficient, there is a risk that the scale of the ESOP will be lower than expected.
4. During the appraisal period, the unlocking of the equity of the ESOP is determined based on the achievement of the Company’s performance appraisal indicators and the results of the holders’ performance appraisal. There is a possibility that the ESOP may not be unlocked to the holders due to the failure of the Company or the holders to achieve all the indicators.
5. The company-level performance appraisal indicators set in the ESOP do not constitute a commitment to the Company’s future performance. The completion of the relevant performance appraisal indicators is affected by various factors such as macroeconomic environment, capital market, international/domestic political and economic situation, which are uncertainties.
6. The stock price is affected by various sophisticated factors such as the Company’s operating performance, macro-economic cycle, international/domestic political and economic situation and investor psychology. Therefore, stock trading is an investment activity with certain risks, and investors should be fully prepared for it.
7. The amortization of the relevant costs or expenses arising from the implementation of the ESOP may cause an impact on the Company’s net profit for each year during the appraisal period, which should be brought to the attention of investors.
8. Investors are advised to make prudent decisions and pay attention to investment risks.

\* For identification purposes only

**SPECIAL REMINDERS**

The abbreviations used in the contents of this section have the same meaning as those in the definitions.

1. The ESOP is based on the provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies, and the Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies – the Standardized Operation and other relevant laws and regulations, regulatory documents and the Articles of Association of YOFC.
2. The ESOP complies with the principle of independent decision by the Company and employees' voluntary participation, and there is no compulsory employee participation in the ESOP such as apportionment or forced distribution.
3. Participants of the ESOP are directors (excluding independent directors), supervisors, senior management officers and core personnel of the Company (including branches and subsidiaries), and other personnel deemed necessary by the Board of Directors to be motivated. The total number of employees under the ESOP shall not exceed 218. The number of employees who ultimately participate in the ESOP is subject to the actual implementation.
4. The source of funds for the ESOP is the legal remuneration of employees, self-raised funds and other means permitted by laws and regulations.
5. The source of the shares of the ESOP is the Company's A Shares repurchased to the Company's special repurchase account. The total number of shares shall not exceed 6.0 million, accounting for 0.79% of the total share capital of the Company. After the ESOP having been considered and approved by the shareholders at the general meeting of the Company, the underlying Shares repurchased by the Company will be transferred to designated account for the ESOP through non-trading transfer and other permissible means under the PRC laws.
6. After the implementation of the ESOP, the total number of underlying Shares held by the Company's all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company, and the aggregate number of underlying Shares held by any single employee under all valid employee stock ownership plan shall be not more than 1% of the total share capital of the Company. The total number of underlying Shares does not include shares acquired by the Holders prior to the Company's initial public offering, shares purchased through secondary market, and shares acquired through equity incentive schemes of the Company (if any).
7. The purchase price of the underlying Shares repurchased by the Company is RMB16.97 per Share.

8. The duration of the ESOP is 60 months, commencing from the date on which the Company announces its transfer of the last tranche of underlying Share to the account of the ESOP. The interests of the underlying Shares held by the Company shall be unlocked in three tranches. The unlocking time is 12 months, 24 months and 36 months from the date on which the Company announces its transfer of the last tranche of underlying Share to the account of the ESOP and the proportion of the unlocked underlying Shares in each period is 40%, 30% and 30%, respectively. The actual unlocked proportion and quantity in each period are determined based on the results of the Company's performance appraisals and the individual performance appraisals of the participants. No transactions can be made during the aforementioned lock-up period.
9. During the term of the ESOP, the ESOP shall be managed by the Company itself. The ESOP has established a management committee to exercise shareholders' rights on behalf of the Holders and to conduct daily management of the ESOP.
10. Before implementing the ESOP, the Company fully solicited the opinions of employees through the employee representative meeting. After the board of directors of the Company considers and approves the ESOP, the Company will issue a notice of convening the Shareholders' general meeting and submit it to the Shareholders' general meeting for consideration and approval before its implementation. The general meeting of the Company to review the ESOP will be held by a combination of on-site voting and online voting. The Company will provide its shareholders with an online voting platform through the stock exchange trading system and the online voting system. Shareholders can exercise their voting rights through the online voting system.
11. The financial and accounting treatment and taxation issues of the Company's implementation of the ESOP shall be implemented in accordance with the relevant financial system, accounting standards and taxation system. The relevant taxes and fees payable by employees as a result of the implementation of the ESOP shall be borne by the employees themselves.
12. The implementation of the ESOP will not result in the Company's equity distribution not meeting the requirements for listing.
13. The ESOP does not have any concerted action arrangement with the directors, supervisors and senior officers of the Company, and there is no concerted action plan.

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**CHAPTER I DEFINITIONS**

Unless otherwise specified, the following terms shall have the following meanings in this document:

YOFC, the Company, the Company, the Listed Company	Yangtze Optical Fibre and Cable Joint Stock Limited Company* (including branches and subsidiaries)
The Plan, the ESOP	2025 Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company*
The Draft Plan, the Draft ESOP	2025 Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company* (Draft)
Management Measures of the ESOP	Management Measures of the 2025 Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company*
Holders, Participants	Employees of the Company contributing to the ESOP
Holders' Meeting	ESOP Holders Meeting
Management Committee	The ESOP Management Committee
Underlying Share(s)	Ordinary A share(s) of the Company held under the ESOP
The Company Law	The Company Law of the People's Republic of China
The Securities Law	The Securities Law of the People's Republic of China
Guiding Opinions	the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies
Self-regulatory Guidelines	the Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies – the Standardized Operation
Articles of Association	the articles of association of Yangtze Optical Fibre and Cable Joint Stock Limited Company*
CSRC	China Securities Regulatory Commission
Stock Exchange	The Shanghai Stock Exchange

\* For identification purposes only

Registration and Clearing Company	China Securities Depository and Clearing Corporation Limited Shanghai Branch
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RMB/'000	Renminbi/'000
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*Notes:*

1. The financial data and financial indicators quoted in this document, unless otherwise specified, refer to the financial data of the consolidated financial statements and the financial indicators calculated on the basis of such financial data.
2. Any discrepancy between the decimal places of some totals in this draft and the direct addition of the detailed figures is due to rounding.

## CHAPTER II GENERAL PROVISIONS

The Company has formulated the ESOP in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines and other relevant laws and regulations, regulatory documents and the Articles of Association.

### 1. Purpose of the ESOP

Employees of the Company participate in the ESOP voluntarily, legally and compliantly. The purpose of holding the Company's shares is to establish and enhance the benefit-sharing mechanism for employees and shareholders, further enhance the corporate governance, further improve the Company's performance and maximize the incentives for core employees, enhance the cohesion of employees and the competitiveness of the Company, mobilize the the enthusiasm and creativity of employees, facilitate the achievement of key milestones of the Company, and promote the long-term, sustainable and healthy development of the Company.

### 2. Basic Principles of the ESOP

#### *(1) Principle of Legal Compliance*

For the implementation of the ESOP, the Company shall perform the relevant procedures strictly in accordance with the requirements of laws and administrative regulations and disclose information in a true, accurate, complete and timely manner. No person shall use the ESOP to engage in insider dealing, manipulation of securities market and other fraudulent acts related to securities.

#### *(2) Principle of Voluntary Participation*

The Company's implementation of the ESOP shall be decided by the Company independently with voluntary participation by employees. The Company shall not compel employees to participate in the ESOP by way of apportionment, forced distribution, etc.

**(3) *Principle of Self-assumption of Risks***

The Participants shall be responsible for their own gains and losses, bear risks on their own, and have equal rights and interests with other investors.

**CHAPTER III PARTICIPANTS OF THE ESOP AND CRITERIA**

**1. Legal Basis for Determining Participants**

The Company determines in accordance with the relevant requirements of the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines and other relevant laws and regulations, regulatory documents and the Articles of Association. The employees of the Company participate in the ESOP according to the principles of legal compliance, voluntary participation and self-assumption of risks. All participants must be employed by the Company or have an employment or labor relationship with the Company during the appraisal period of the ESOP.

**2. Scope of Participants**

Participants of the ESOP include directors (excluding independent directors), supervisors, senior management officers and core personnel of the Company (including branches and subsidiaries) as well as other personnel deemed necessary by the board of directors (the “**Board**”) to be motivated.

The above employees who participate in the ESOP abide by the principles of discretionary decision of the Company and voluntary participation of the employees, with no employees being compelled to participate by way of mandatory apportionment and distribution, etc.

**3. List of Holders and Allocation of Shares**

The ESOP adopts “unit” as subscription unit and shall be subscribed for at RMB1 per unit. The ESOP intends to subscribe for not more than 6 million shares, and the total number of units to be subscribed for under the ESOP is no more than 101.82 million units. The total number of shares held by all valid employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the number of Underlying Shares corresponding to the relevant employee stock ownership plans held by any holder shall not exceed 1% of the total share capital of the Company. The specific shareholding of the Holders is determined based on the actual contribution of the employees.

The specific proportion of shares to be subscribed is shown in the below table:

No.	Participants	Position(s)	Maximum number of units to be subscribed for under the proposed 2025 ESOP (million)	Maximum number of underlying Shares to be subscribed for under the proposed 2025 ESOP (million)	Percentage in the proposed 2025 ESOP <sup>(1)</sup> (%)
1	Mr. Zhuang Dan (莊丹) <sup>(2)</sup>	Executive Director/ President	19.3458	1.14	19.0
2	Mr. Peter Johannes Wijinandus Marie Bongaerts (揚幫卡)	Senior Vice President			
3	Ms. Zhou Lijing (周理晶)	Senior Vice President			
4	Mr. Zheng Xin (鄭昕)	Vice President/ Secretary to the Board			
5	Mr. Nie Lei (聶磊)	Vice President			
6	Mr. Wang Ruichun (王瑞春)	Vice President			
7	Mr. Yang Jinpei (楊錦培)	Chief Financial Officer			
8	Mr. Xiong Zhuang (熊壯) <sup>(2)</sup>	Employee Representative Supervisor			
Core personnel and other personnel deemed necessary by the Board to be motivated (no more than 210 personnel)			82.4742	4.86	81.0
<b>TOTAL</b>			<b>101.82</b>	<b>6.00</b>	<b>100.0</b>

*Notes:*

- Participants' final shareholding plan is subject to actual capital contribution. If the Holder fails to pay the subscription funds on time and in full, the corresponding subscription rights will be automatically forfeited.
- After the implementation of the ESOP, the cumulative total number of shares held by all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company, and the underlying shares corresponding to the ESOP portion held by any Holder/held by any Holder under all valid employee stock ownership plans shall not exceed 1% of the total share capital of the Company.
- Any discrepancy between the decimal places of some totals in this draft and the direct addition of the detailed figures is due to rounding.
- The maximum number of units that Mr. Zhuang Dan contemplates to subscribe for is 5.2607 million units, corresponding to an aggregate of 310,000 Underlying Shares, representing 5.17% of total number of Underlying Shares under the ESOP.

If the Holders fail to pay the subscription funds on time and in full, the corresponding subscription rights shall be automatically forfeited. The number of shares to be subscribed for may be declared and subscribed by other qualified participants, and the Board shall authorize the Management Committee to adjust the list of Participants and their subscription units.



**CHAPTER IV SHARE SOURCE, SIZE, SOURCE OF FUNDS AND PURCHASE PRICE OF THE ESOP****1. Sources of Shares**

The source of shares for the ESOP is the ordinary A Shares of the Company repurchased to the Company's designated repurchase account. The Company convened the 12th meeting of the fourth session of the Board on March 28, 2025, at which the Resolution Regarding the Repurchase of A Shares of the Company for Implementation of the ESOP was considered and approved, and the implementation of such A share repurchase plan was proposed.

After the ESOP is considered and approved at the general meeting of the Company, ordinary A shares of the Company repurchased by the Company will be transferred to the designated account for the ESOP in the manner permitted by laws and regulations such as non-trading transfer.

**2. Size of Shares**

The ESOP intends to subscribe for not more than 6 million shares, representing approximately 0.79% of the total share capital of the Company. The specific number of shares held under the ESOP shall be determined according to the actual contribution of employees, and the Company will comply with disclosure obligation in a timely manner according to the requirements. During the period from the announcement date of the resolution of the Board in relation to the proposed adoption of the ESOP to the date on which the repurchased shares are transferred to the designated account of the ESOP, if the Company converts any capital reserve into share capital, distributes shares or cash dividends, subdivides shares or reduces share capital, the number of Underlying Shares shall be adjusted accordingly from the ex-right and ex-dividend date.

After the implementation of the ESOP, the total number of shares held by all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company. The number of the underlying shares (excluding the shares acquired by the Holders prior to the Company's initial public offering, shares purchased through the secondary market and shares acquired through equity incentives) corresponding to the ESOP portion held by any Holder/held under all valid employee stock ownership plans shall not exceed 1% of the total share capital of the Company.

**3. Sources of Funds**

The sources of funds of the ESOP will be employees' legitimate remuneration, self-raised funds, and other sources permitted by laws and regulations.

#### 4. Purchase Price and Pricing Basis of the ESOP

##### (1). *Purchase Price*

The purchase price of the underlying Shares repurchased by the Company is RMB16.97 per Share.

##### (2). *Determination of Purchase Price*

The purchase price shall be determined not less than the par value of the shares and not less than the higher of:

- (1) 50% of RMB33.93 per share, being the average trading price of the Company's shares on the one trading day before the A share announcement of the Draft ESOP (the total amount of stock transactions on the previous trading day/the total volume of trading on the previous trading day), representing RMB16.97 per share;
- (2) 50% of RMB33.77 per share, being the average trading price of the Company's shares on the 120 trading days prior to the A share announcement of the Draft ESOP (the total amount of stock transactions on the previous 120 trading days/the total volume of stock trading for the previous 120 trading days), representing RMB16.89 per share.

##### (3). *Pricing Basis*

The Participants are directors (excluding independent directors), supervisors, senior management officers and core personnel of the Company (including branches and subsidiaries) and other personnel deemed necessary by the Board to be motivated. The above personnel have a direct and important impact on ensuring the implementation of the Company's strategic objectives, enhancing market competitiveness and promoting the Company's future performance growth.

Through the ESOP, the Company hopes to enhance the sense of responsibility and mission of the core talents for the development of the Company, enhance the cohesion of the Company, and effectively align the interests of the core talents with the Company and the Company's shareholders, thereby promoting the realization of the overall goals of the Company. The Holders' income depends on the Company's future performance appraisal and market value growth. The implementation of the Plan is conducive to keeping the interests of employees and shareholders in line and realizing the long-term and in-depth binding of the interests of the two, which is conducive to stabilizing and stimulating the team, thereby promoting the sustained and steady growth of the Company's performance.

The purchase price of the ESOP was determined with reference to relevant policies and the cases of other listed companies and took into account factors such as the industry development trend, the current talent competition, the effectiveness of the ESOP and the impact of the Company's share-based payment. The Group reasonably determined the scope of Participants, the unlocking period and the number of rights granted, and followed the principle of equal incentives and constraints, which would not have a negative impact on the Company's business operation, which reflected the actual incentive needs of the Company and was reasonable.

**(4). Adjustment Method of Purchase Price**

During the period from the date of announcement of the Draft ESOP to the completion of the transfer of shares to the ESOP, if the Company converts capital reserves into share capital, distributes share dividends, splits shares, reduces shares, places shares, distributes dividends, etc. the purchase price of the shares shall be adjusted accordingly. The specific adjustment method is below:

- ① *Conversion of capital reserve into share capital, distribution of share dividends and share split*

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

Where:  $P_0$  is the purchase price before adjustment;  $n$  is the ratio of conversion of capital reserve into share capital, distribution of share dividends and share split per share;  $P$  is the purchase price after adjustment.

- ② *Share placement*

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where:  $P_0$  is the purchase price before adjustment;  $P_1$  is the closing price on the date of share registration;  $P_2$  is the share placement price;  $n$  is the ratio of the share placement (that is, the ratio of the number of shares under the share placement to the total share capital of the Company before the share placement);  $P$  is the purchase price after adjustment.

- ③ *Share reduction*

$$P = P_0 \div n$$

Where:  $P_0$  is the purchase price before adjustment;  $n$  is the share reduction ratio;  $P$  is the purchase price after adjustment.

- ④ *Distribution of dividends*

$$P = P_0 - V$$

Where:  $P_0$  is the purchase price before adjustment;  $V$  is the dividend per share;  $P$  is the purchase price after adjustment. After dividend adjustment,  $P$  shall still be greater than 1.

- ⑤ *Issuance of new shares*

In the event that the Company issues additional new shares, the purchase price will not be adjusted.

**CHAPTER V DURATION, LOCK-UP PERIOD AND PERFORMANCE APPRAISALS OF THE ESOP****1. Duration**

- (1) The duration of the ESOP shall be 60 months commencing from the date on which the Company announces its transfer of the last tranche of the underlying shares to the ESOP. The ESOP will terminate automatically upon the expiration of its duration if it is not extended. The duration of the ESOP may be terminated prior to its expiration or extended with the consent of Holders present at the Holders' Meeting holding more than two-thirds (inclusive) of the total units held by the Holders and submitted to the Board for consideration and approval before the expiration of the duration. During its duration, the ESOP may be terminated early if all the shares under the ESOP are sold or transferred to the Holder(s).
- (2) Before expiration of the duration of the ESOP, if the shares of the Company held thereunder have not been fully sold or transferred to the Holder(s), after consent has been given by the Holders present at the Holders' Meeting holding more than two-thirds (inclusive) of the total units and the same has been submitted to the Board for consideration and approval, the duration of the ESOP may be extended.
- (3) The Company should publish a reminder announcement six months before the expiration of the duration of the ESOP, stating the number of shares held by the ESOP which will expire and its percentage in the total share capital of the Company.
- (4) Upon expiration of the duration of the ESOP, the Company should disclose the number of shares held under the ESOP and its percentage in the total share capital of the Company, the disposal arrangement after expiration, and perform the corresponding review procedures and disclosure obligations as agreed under the ESOP.

**2. Lock-up Period**

- (1) The underlying shares of the ESOP acquired through non-trading transfer and other means permitted by laws and regulations shall be unlocked in 3 batches after 12 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the ESOP, the specific details are as follows:

Time to unlock the first batch: 12 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the ESOP, and the number of unlocked shares represents 40% of the total number of underlying shares held by the ESOP;

Time to unlock the second batch: 24 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the ESOP, and the number of unlocked shares represents 30% of the total number of underlying shares held by the ESOP;

Time to unlock the third batch: 36 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the ESOP, and the number of unlocked shares represents 30% of the total number of underlying shares held by the ESOP.

The underlying shares acquired under the ESOP and the shares derived from distribution of share dividends by the Company and capitalization of reserves, are also subject to the above lock-up arrangement.

(2) Trading Restrictions

The ESOP shall strictly comply with the market trading rules and observe the relevant requirements of the CSRC, the Shanghai Stock Exchange and the Stock Exchange. No Shares under the ESOP shall be traded during the following periods:

1. within 15 days before the announcement of the annual report and interim report of the Company; where the announcement date is delayed due to special reasons, the non-trading period shall be counted 15 days before the original scheduled announcement date to the day immediately prior to such announcement date;
2. within five days before the announcement of the quarterly report, results forecast and results bulletin of the Company;
3. from the date of the occurrence of a significant event that may have a significant impact on the trading prices of the Company's securities and derivatives thereon or during the decision-making process until the date of disclosure; and
4. such other period as stipulated by the CSRC or the stock exchange(s) where the Shares are listed.

In case of any change in the relevant laws, administrative regulations, departmental rules or normative documents relating to trading restrictions set out above, the latest regulations or rules or documents shall prevail.

The lock-up period arrangement of the ESOP reflects the long-term nature of the ESOP, while strict company performance appraisal and individual performance appraisal have been established to prevent short-term interests and bind the interests of shareholders and employees closely together.

### 3. Performance Appraisals of the ESOP

The performance appraisal of the ESOP includes performance appraisal at both the company level and the individual level. The specific appraisal indicators are as follows:

#### (1) Performance appraisal at company level

The appraisal years of the ESOP are the three accounting years from 2025 to 2027. One appraisal will be conducted in each accounting year. The requirements of the appraisal are based on the revenue or net profit in 2024, and the Company will conduct appraisal on the annual growth rate of revenue of the Company (A) or the growth rate of net profit of the Company (B) over the performance benchmark. The shares will be unlocked and allocated to the Holders in batches according to the performance appraisal results of each accounting year, with specific appraisal indicators as follows:

Unlocking arrangement	Appraisal year	Annual growth rate of revenue (A)		Annual growth rate of net profit (B)	
		Target rate (Am)	Trigger rate (An)	Target rate (Bm)	Trigger rate (Bn)
1st unlocking period	2025	10.0%	8.0%	10.0%	8.0%
2nd unlocking period	2026	22.0%	17.6%	22.0%	17.6%
3rd unlocking period	2027	35.0%	28.0%	35.0%	28.0%
Performance appraisal		Appraisal results		Corresponding ratio	
Actual annual growth rate of revenue in a corresponding appraisal year (A)		A≥Am		X1=100%	
		An≤A<Am		X1=80%	
		A<An		X1=0	
Actual annual growth rate of net profit in a corresponding appraisal year (B)		B≥Bm		X2=100%	
		Bn≤B<Bm		X2=80%	
		B<Bn		X2=0	
Unlocking ratio at company level (X)		The higher number of X1 or X2			

Notes:

1. “Net profit” refers to the net profit attributable to shareholders of the Company after deducting non-recurring gains and losses.
2. “Revenue” is calculated based on the numbers contained in the Company’s audited consolidated financial statements.

If the performance appraisal indicators at company level are not satisfied, the underlying Shares held by the Holders under the ESOP corresponding to the unlocking schedule (as set out above) of the relevant appraisal year shall not be unlocked but shall be recovered by the Management Committee in accordance with relevant regulations. Such recovered underlying Shares will be sold at an opportune time during the duration of the ESOP after the unlocking date, and a sum of the original capital contribution made by the relevant Holder corresponding to the portion of unlocking underlying Shares of the relevant appraisal year plus a loan interest of the People’s Bank of China for the same period will be returned to the relevant Holder. Any income derived from such underlying Shares after the original capital contributed by the Holder being returned to the Holder shall belong to the Company.

**(2) Performance appraisal at individual level**

If the performance appraisal at company level has achieved the set standards, performance appraisal at individual level will be conducted under the ESOP. The performance appraisal results at individual level are divided into two grades: qualified (A, B, C) and unqualified (D). The actual portion of unlocked shares for individuals will be realized based on the appraisal results of the corresponding year. The actual unlocked portion for current period = the unlocking ratio at company level (X) × units held by the Holder for the corresponding period × the unlocking ratio at individual level (N). The appraisal evaluation form is applicable to the appraised subject. Until then, the unlocking ratio of the individual (N) will be determined according to the following table:

Appraisal result	A	B	C	D
Unlocking ratio at individual level (N)	100%	100%	100%	0

If the number of actual unlocked underlying shares by the Holder is less than the number of targeted unlocked underlying shares to be unlocked, the portion that has not satisfied the unlocking conditions will be recovered by the Management Committee to decide on their disposal method (including but not limited to allocating the recovered shares to other eligible Participants at an opportune time). If this portion is not disposed of completely during the duration of the ESOP, the undisposed portion, after being unlocked in future, will be sold by the Management Committee at an opportune time during the duration, and the corresponding portion of original capital contribution amount will be returned to the Holder. Any income derived from such Underlying Shares after the original capital contributed by the Holder being returned to the Holder shall belong to the Company.

The performance appraisal indicators of the ESOP take into account the macroeconomic environment, the current situation of the Company and the Company's future strategic planning, industrial development and other factors, thus setting certain challenging performance appraisal indicators to encourage the Holders to maximize their achievement and to maximize the incentive effects of the proposed 2025 ESOP. In addition to the performance appraisal at company level, the Company has also set up strict performance appraisal for individual Holders, which allows the Company to make a more accurate and comprehensive appraisal of the relevant Holders' performance. The Company will determine whether the Holders have met the unlocking conditions based on the corresponding annual performance appraisal results of the Holders.

## **CHAPTER VI PARTICIPATION IN THE ESOP DURING THE TERM WHEN THE COMPANY RAISES FUNDS**

During the period of the ESOP, when the Company raises funds by way of placement, additional issuance, convertible bonds, etc., the Management Committee shall submit to the Holders' Meeting for consideration and specific participation plans.

**CHAPTER VII MANAGEMENT MODEL OF THE ESOP**

The ESOP is self-managed by the Company.

The highest internal management authority for the ESOP is the Holders' Meeting. The Holders' Meeting sets the Management Committee, and the Management Committee is authorized to act as the management authority of the ESOP to supervise its day-to-day management and to exercise shareholders' rights on behalf of the holders. The Management Measures clearly stipulate the responsibilities of the Management Committee and adopt adequate risk prevention and segregation measures. The Board is responsible for formulating and revising the Draft Plan and handling other matters related to the ESOP within the scope of authorization by the general meeting of the Company.

**1. The Holders' Meeting**

- (1) The employees of the Company become Holders after they have subscribed for their portion of shares under the ESOP, the Holders' Meeting is the highest internal management authority for the ESOP. All holders are entitled to attend the Holders' Meeting. Holders may attend and vote at the Holders' Meeting in person or appoint a proxy to attend and vote on their behalf. The travel expenses, catering and lodging expenses of the Holders and their proxies for attending the Holders' Meeting shall be borne by the Holders themselves.
- (2) The Holders' Meeting shall be convened to consider the following matters:
  1. to elect and remove of the members of the Management Committee;
  2. to amend, terminate, and extend the duration of the ESOP;
  3. during the duration of the ESOP, when the Company raises funds by way of placement, additional issuance, convertible bonds, etc., the Management Committee submit the same to the Holders' Meeting for consideration whether to participate and the fund solutions;
  4. to amend to the Management Measures;
  5. to authorize the Management Committee to supervise the day-to-day management of the ESOP;
  6. to authorize the Management Committee to exercise shareholders' rights, such shareholders' rights include but are not limited to the rights of attending, making proposals and voting at the shareholders' general meetings of the Company, as well as the rights to participate in the Company's cash dividends, bond interest payments, bonus shares, capitalization of capital reserves, allotment of shares and bond placements;



7. to authorize the Management Committee to take charge of the liquidation and distribution of the assets of the ESOP;
  8. to authorize the Management Committee to decide, in accordance with the relevant provisions of this Draft Plan, on the disqualification of Holders and the handling of the proportion held by disqualified Holders, including the allocation plan for changes in Holders' proportion and other related matters;
  9. to delegate the Management Committee to exercise the asset management responsibilities of the ESOP, including but not limited to being responsible for the management of assets of the ESOP (including cash assets), realizing the shares of the Company after the expiration of the lock-up period, using the cash assets of the ESOP (including but not limited to cash deposits, bank interest, cash dividends corresponding to shares of the Company and cash assets derived by other investments of the ESOP) to purchase the shares of the Company or investing in fixed income securities, wealth management products, money market funds and other cash management instruments;
  10. other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.
- (3) The first Holders' Meeting shall be convened and presided over by the Secretary to the Board or his/her designated person, and the subsequent Holders' Meetings will be convened by the Management Committee and chaired by the officer of the Management Committee. When the officer of the Management Committee is unable to perform his/her duty, he/she shall appoint a member of the Management Committee to preside over the meeting.
- (4) To convene a Holders' Meeting, the Management Committee shall issue a meeting notice three days in advance, and the meeting notice shall be delivered to all Holders by direct delivery, post, fax, email or other means. The meeting notice shall at least include the following details:
1. time and venue of the meeting;
  2. the method to convene the meeting;
  3. matters to be considered (proposals of the meeting);
  4. the convener and chairman of the meeting, the proposer of the extraordinary meeting and his/her written proposal;
  5. meeting materials necessary for voting at the meeting;

6. the requirement for a Holder to attend the meeting in person or appoint another Holder to attend the meeting on his/her behalf;
7. contact persons and their contact details;
8. date of issuing the notice.

In case of emergency, the Holders' Meeting can be notified orally and exempted from the requirement of notification deadlines. Such an oral notice shall at least include the contents of items 1 and 2 above and an explanation of the need to convene a Holders' Meeting as soon as possible due to urgent circumstances.

The Holders' Meeting, while ensuring that Holders can fully express their opinions, may be conducted through teleconference, video conference, or other communication methods. All Holders participating in the meeting through such methods shall be deemed to be present at the meeting in person.

(5) Voting procedures of the Holders' Meeting

1. After each proposal has been thoroughly discussed, the chairman shall invite Holders present at the meeting to vote in a timely manner. The chairman may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.
2. Holders shall exercise their voting rights in proportion to their units held in the Plan. Each unit of plan shall have one vote, and the Holders' Meeting shall be cast of open ballot.
3. The Holders may vote for or against the resolution, or abstain from voting on any resolutions according to their wish. The Holders present at the meeting shall select one of the voting options, and any vote with no selection or two selections or more will be deemed as abstention. Anyone who leaves the venue in the middle of the meeting and does not return without making a choice will be deemed as abstention. Any vote made after the chairman announces the voting result or after the prescribed voting time shall not be counted.
4. The chairman of the meeting shall announce the voting results on the spot. Each resolution becomes a valid resolution after being passed by the Holders present at the Holders' Meeting holding more than one-half (excluding one-half) of the units (except for resolutions that require the consent of more than two-thirds (inclusive) of the units held by the Holders attending the Holders' Meeting).

5. Resolutions of the Holders' Meeting that shall be submitted to the Board and shareholders' general meeting for consideration shall be submitted to the Board and the shareholders' general meeting for consideration in accordance with the Articles of Association.
6. The chairman of the meeting is responsible for arranging personnel to take minutes of the meeting.
- (6) Holders who individually or jointly hold over 10% of the units under the ESOP may submit a temporary motion to the Holders' Meeting. Such a temporary motion shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
- (7) Holders who individually or jointly hold over 10% of the units under the ESOP may propose to convene a Holders' Meeting.

## **2. Management Committee**

- (1) The Management Committee shall be set up for the ESOP and shall be responsible for the day-to-day management of the ESOP and exercising shareholders' rights on behalf of the Holders.
- (2) The Management Committee comprises three members including one officer. The members of the Management Committee shall be elected by the Holders' Meeting attended by all Holders. The officer of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the duration of the ESOP.
- (3) Members of the Management Committee have the following fiduciary duties to the ESOP in accordance with laws, administrative regulations and the Management Measures:
  1. not to take advantage of their positions and authority to accept bribes or other illegal income, and not to misappropriate any property of the ESOP;
  2. not to misappropriate funds of the ESOP;
  3. without the consent of the Management Committee, not to open account under his or her own name or others' names for depositing the assets or funds of the ESOP;
  4. without the consent of the Holders' Meeting, not to lend funds of the ESOP to others or provide guarantee for others with the properties of the ESOP;
  5. not to take advantage of their positions and authority to jeopardize the interests of the ESOP.

- (4) The Management Committee shall discharge the following functions and duties:
1. to convene the Holders' Meetings;
  2. to take up or supervise the day-to-day management of the ESOP on behalf of all Holders;
  3. to exercise the shareholders' rights on behalf of all Holders;
  4. to sign relevant agreements and contracts on behalf of all Holders;
  5. to manage the allocation of interests of the ESOP;
  6. to determine the disqualification of the Holders and the handling of the units held by the disqualified Holders, including the increase in Holders and change of the Holders' units, etc., in accordance with the provisions of the ESOP;
  7. to decide on the recovery and acceptance of units held under the ESOP, and the arrangements for the realization of the corresponding profit;
  8. to handle unit registration and inheritance registration of the units under the ESOP;
  9. to decide on matters other than the matters that shall be decided at the Holders' Meeting during the duration of the ESOP;
  10. other functions and duties as delegated by the Holders' Meeting;
  11. other functions and duties which shall be performed by the Management Committee under the Draft Plan and as stipulated in the relevant laws and regulations.
- (5) The officer of the Management Committee shall discharge the following functions and authority:
1. to preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
  2. to supervise and monitor the execution of resolutions of the Holders' Meetings and the Management Committee meetings;
  3. other functions and authority as delegated by the Management Committee.

- (6) The Management Committee meetings shall be convened on a non-regular basis and proposed by the officer of the Management Committee. A notice of the meeting shall be sent to all members of the Management Committee at least 1 day prior to the meeting.

As agreed by all members of the Management Committee, the dispatch of notice can be exempted from the above time limit. Where an emergency Management Committee meeting is required to be convened as soon as possible in case of emergency, a notice of meeting can be given via telephone or other verbal means, but explanations shall be given by the convener at the meeting.

- (7) The members of the Management Committee may propose to convene an extraordinary meeting of the Management Committee. The officer of the Management Committee shall convene and preside over the Management Committee meeting within 3 days after receiving the proposal.
- (8) Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. Each member of the Management Committee will have one vote regarding the voting for resolutions of the Management Committee.
- (9) The voting of the Management Committee's resolutions shall be conducted by open ballot. Provided that the members of the Management Committee can fully express their opinions, the Management Committee meetings can be held and resolutions can be made by way of communication which shall be signed by the members of the Management Committee attending the meeting.
- (10) The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meetings, they may appoint other members of the Management Committee in writing to attend the meeting on their behalf. The proxy form shall specify the name of the proxy, matters to be dealt with by proxy, scope of authorization and term of validity, and shall be signed or sealed by the member who has made the authorization. The authorized members of the Management Committee exercise the rights within the scope of authorization. For any member of the Management Committee who neither attend a meeting of the Management Committee nor appoint a proxy to attend, he/she shall be deemed to have given up his/her right to vote at the meeting.
- (11) The Management Committee shall take minutes of the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.

**3. Matters Authorized by the General Meeting to the Board**

The general meeting shall authorize the Board to handle all matters related to the ESOP, including but not limited to the following:

- (1) to authorize the Board to handle the establishment, amendment to and termination of the ESOP, including but not limited to the disqualification of the Participants and early termination of the ESOP based on the terms of the ESOP;
- (2) to authorize the Board to determine the extension of the duration and early termination of the ESOP;
- (3) to authorize the Board to handle all matters relating to the list of Participants and the adjustment of their subscription units, transfer of shares and the locking and unlocking of the purchased shares;
- (4) to authorize the Board to make interpretations of the Draft ESOP;
- (5) to authorize the Board and relevant personnel to sign contracts and relevant agreements relating to the ESOP;
- (6) to authorize the Board to make corresponding adjustments to the ESOP pursuant to any changes in relevant laws, regulations and policies during the implementation of the ESOP upon consideration and approval of the ESOP at the Shareholders' general meeting; and
- (7) to authorize the Board to handle other necessary matters required for the ESOP, except for the rights to be exercised by the general meeting as explicitly stipulated in relevant documents.

The above authorizations are valid from the date of approval at the general meeting of the Company to the date of completion of the implementation of the ESOP.

**4. Management Organization**

Following the approval from the general meeting, the ESOP will be managed by the Company itself. Depending on the implementation of the ESOP, professional institutions with relevant qualifications may be engaged to provide consultation and management services for the ESOP.

**CHAPTER VIII ASSET COMPOSITION AND EQUITY ALLOCATION OF THE ESOP****1. Asset composition of the ESOP**

- (1) The equity corresponding to the Company's shares held by the ESOP.
- (2) Cash deposits and bank interest.
- (3) Assets from other investments in the ESOP.

The assets of the ESOP are independent of the Company's inherent assets, and the Company shall not entrust the assets of the ESOP to its inherent assets. Property and income derived from the management, use or otherwise of the ESOP are included in the ESOP assets.

**2. Equity distribution of the ESOP**

- (1) During the term of the ESOP, unless otherwise provided by laws, regulations, departmental rules or with the consent of the Management Committee, the units held by Holders shall not be transferred, guaranteed or otherwise similarly disposed of.
- (2) During the lock-up period, when the Company converts capital reserve into share capital or distributes share dividends, the shares newly acquired under the ESOP shall also be locked up, and shall not be sold in the secondary market or otherwise transferred. Such share certificates shall be unlocked for the same period as the corresponding shares, and the cash dividends received from holding the shares of the Company shall also comply with the above-mentioned locking and unlocking arrangements.
- (3) Upon the expiration of each lock-up period of the shares under the ESOP, the Management Committee shall determine the treatment of the shares and the allocation of shares in accordance with the requirements of relevant laws and regulations. The specific proposals are as follows:
  1. The Management Committee shall, at an appropriate time, reduce the Underlying Shares within the unlocked quota through centralized bidding transactions or block transactions in the secondary market, and the proceeds will be distributed to the Holders according to the proportion of the Holders' units;
  2. The Management Committee shall apply to the securities registration and settlement institution to transfer the unlocked Underlying Shares to the Holder's personal account in a non-trading manner at his/her own disposal in accordance with the requirements of relevant laws and regulations;

3. After meeting the requirements of the shareholding period of the ESOP, the Management Committee shall propose to the Board to repurchase and cancel the Underlying Shares corresponding to such equity;
  4. A combination of the above methods, or other arrangements permitted by laws and regulations.
- (4) Upon the expiration of the term or early termination of the ESOP, the Management Committee shall complete the liquidation within 30 working days from the date of expiration or termination after deducting relevant taxes and fees as authorized by the Holders' Meeting. If there are any remaining unallocated shares and the corresponding dividends (if any), the Management Committee shall determine the specific way of disposal.

## **CHAPTER IX AMENDMENTS TO AND TERMINATION OF THE ESOP AND DISPOSAL OF EQUITY BY HOLDERS**

### **1. Amendments to the ESOP**

Within the term of the ESOP, any amendment to the ESOP shall be passed by Holders holding more than two-thirds (inclusive) of the units attending the Holders' Meeting and be submitted to the Board for consideration and approval.

In case of any changes in the actual controller of the Company for any reasons, or occurrence merger and division, etc., no amendment shall be made to the ESOP.

### **2. Termination of the ESOP**

- (1) The ESOP will be terminated automatically if its duration has not been effectively extended upon expiration.
- (2) Before the expiration of the ESOP, the ESOP may be terminated early if all the shares under the ESOP are sold or transferred to the Holder(s).
- (3) If a Holders' Meeting is held prior to the expiry of the term of the ESOP and with the consent of Holders holding more than two-thirds (inclusive) of the units present at the meeting and after submission to the Board for consideration and approval, the term of the ESOP can be terminated early or extended.

### **3. Liquidation and distribution of the ESOP**

- (1) The ESOP shall terminate at the expiration of its duration, and the Management Committee shall complete the liquidation within 30 working days from the date of expiration or termination, and distribute property based on the units held by the Holders after deducting relevant taxes and fees in accordance with the law pursuant to the authorization from the Holders' Meeting. If there are remaining undistributed Underlying Shares and their corresponding dividends (if any), the Management Committee shall determine the specific disposal method.



- (2) Within the term of the ESOP, the Management Committee may distribute cash in the capital account of the ESOP to the Holders according to the authorization of the Holders' Meeting.
- (3) Within the term of the ESOP, when the ESOP acquires cash or other distributable income from selling the underlying shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the proportion of units held to the total units of the ESOP held by the Holders after deducting relevant taxes and fees and payables of the plan in accordance with the law.

**4. Rights attached to the shares held by the ESOP and the arrangements on the possession, use, benefit and disposal of the rights of the Holders over the shares**

- (1) The Holders of the ESOP are entitled to the asset income rights of the shares held by the ESOP according to the actual contribution. The corresponding shares obtained by the Holders through the ESOP shall be entitled to shareholders' rights (including dividend rights, rights issue, conversion of shares and other asset income rights).
- (2) Within the duration of the ESOP, unless otherwise stipulated by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units held by the Holders under the ESOP shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debts or other similar disposal without authorization.
- (3) Within the lock-up period, the Holders shall not request the distribution of rights and interests of the ESOP.
- (4) During the lock-up period, when the Company converts capital reserve into share capital and distributes bonus shares, the newly acquired shares under the ESOP due to the holding of shares of the Company shall be locked up together and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such shares is the same as the corresponding shares.
- (5) After the end of lock-up period and during the duration of the ESOP, the Management Committee shall, pursuant to the authorization of the Holders' Meeting, sell the corresponding Underlying Shares at an appropriate time or transfer the Underlying Shares to the Holders' personal accounts by way of non-trading transfer during the term after the unlock date of the ESOP.
- (6) After the end of the lock-up period and during the duration of the ESOP, the Management Committee shall decide whether to distribute the income corresponding to the ESOP according to the authorization from the Holders' Meeting on behalf of the ESOP. Where the distribution is decided, the Management Committee shall distribute the income according to the units held by the Holders after deducting relevant taxes and fees in accordance with the law or the unlocked Underlying Shares held in the share accounts under the ESOP may be transferred to the personal accounts of the relevant Holders through non-trading transfer.

- (7) Within the duration of the ESOP, when the ESOP acquires cash or other distributable income from selling the Underlying Shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the proportion of units held by the Holders to the total units under the ESOP according to the authorization from the Holders' Meeting on behalf of the ESOP, after deducting relevant taxes and fees and payables of the plan in accordance with the law.
  - (8) During the lock-up period, when the Company distributes dividends, the cash dividends obtained under the ESOP, due to the holding of the shares of the Company, shall be included in the monetary assets of the ESOP, and no distribution will be made. It will only be distributed according to the resolution of the Management Committee after the lock-up period and during the duration of the ESOP. After the lock-up period and during the duration of the ESOP, when distribution of dividends by the Company, the cash dividends obtained under the ESOP due to holding the shares of the Company shall be included in the monetary assets of the ESOP.
  - (9) In case of other circumstances not covered herein, the disposal of the units of the ESOP held by the Holders shall be subject to determination by the Management Committee.
  - (10) During the duration of the ESOP, when the Company raises funds by placement of shares, issuance of additional shares, issuance of convertible bonds, etc., the Management Committee will submit it to the Holders' meeting to consider whether to participate in the Company's financing plan and if so, the specific participation plans.
- 5. Measures for the disposal of the rights and interests of the shares held by the Holders of the ESOP when they resign, retire, decease, or are no longer suitable for participating in the ESOP**

*(1) Circumstances in which the rights and interests held by the Holders are cancelled*

Where the following circumstances occur to the Holders, the Management Committee has the right to cancel the Holders' qualifications to participate in the ESOP and handle the cancellation and withdrawal procedures for the underlying Shares held under the ESOP, and has the right to allocate the underlying Shares to other Holders, who shall meet the criteria for the participation in the ESOP. The Management Committee will, at its absolute discretion, decide on the disposal of such underlying Shares according to the actual circumstances and relevant restrictions, such as whether such Shares can be transferred to other qualified employees, the number of Shares to be transferred and transfer price, etc.

No.	Possible scenarios	Disposal method(s)
1	<ol style="list-style-type: none"> <li>1. The Holder leaves the Company due to resignation, corporate layoffs, or expiration of the labor contract;</li> <li>2. The Holder is no longer qualified for the proposed 2025 ESOP after being required to undergo a position adjustment due to changes in the Company's objective circumstances;</li> <li>3. The Holder is not eligible to participate in the 2025 ESOP due to his/her major fault (but not to the extent of terminating the employment relationship with the Company) or that his/her performance appraisal results do not meet the requirements and other reasons;</li> <li>4. The Holder loses work ability due to reasons other than performance of his/her duties.</li> </ol>	<p>The unlocked Shares will be sold at an opportune time by the Company after the unlocking date but during the duration of the 2025 ESOP, and the proceeds from the sale of the corresponding Shares shall be allocated to the relevant Holders, or the corresponding unlocked underlying Shares may be transferred to the personal accounts of the relevant Holder through non-trading transfer for them to dispose on their own. The original capital contribution made by relevant Holders in respect of the remaining Shares that are not unlocked shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.</p>
2	<p>The change in employment status of the Holders due to serious negligence, dereliction of duty, violation of laws and regulations, violation of the Articles of Association and its subsidiaries, bribery, corruption, theft, disclosure of secrets, non-competition and any other act damaging the Company's interests, or change of the Holders' position due to occurrence of circumstances that prohibit them from acting as director or senior management officer as stipulated in the Company Law, or termination of their employment relationship with the Company due to the aforementioned reasons.</p>	<p>The higher of the amount of the original contribution after deduction of the allocated returns gained from the sales of the Holders' unlocked underlying Shares and nil shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.</p>

No.	Possible scenarios	Disposal method(s)
3	The Holder retires from the Company and the Company will not re-hire the Holder.	The unlocked Shares will be sold at an opportune time by the Company after the unlocking date but during the duration of the 2025 ESOP, and the proceeds from the sale of the corresponding Shares shall be allocated to the relevant Holders, or the corresponding unlocked underlying Shares may be transferred to the personal accounts of the relevant Holder through non-trading transfer for them to dispose on their own. The original capital contribution made by relevant Holders in respect of the remaining Shares that are not unlocked plus the interest accrued at the same period deposit rate of the People's Bank of China shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.
4	Other matters not specified in the above.	To be determined by the Company and the Management Committee upon negotiation.

As of the date on which the Management Committee cancels the Holder's qualification to participate in the ESOP, the original Holder shall be entitled to the portion of cash proceeds realized under the ESOP in proportion to the units he/she holds.

*(2) Circumstances in which the units shall be adjusted*

During the duration of the ESOP, the Management Committee shall adjust the units received by the Holders in respect of the underlying Shares held by them under the ESOP in accordance with the Company's relevant assessments of the relevant Holder or changes in his/her positions or seniority levels, including increase, decrease, and cancellation of relevant units. For the treatment of the cancelled units and the realized cash proceeds, please refer to Paragraph 1 of Article 5 of Chapter IX of the Plan.

*(3) Circumstances where there shall be no change in the rights and interests held by the Holders*

1. Loss of work ability due to performance of duties: During the term, the rights and interests of the Holders in the ESOP shall not be affected due to the loss of work ability in the performance of duties, and their personal performance appraisal conditions shall not be included in the Unlocking Conditions.

2. Death: During the term, if a holder dies or is declared dead, his/her rights and interests of in the ESOP shall not be changed, and shall continue to be enjoyed by their legal successors; such successors shall not be subject to the qualification to participate in the ESOP, and their personal performance appraisal conditions shall not be included in the Unlocking Conditions. However, if there are multiple heirs, they must jointly designate one heir to obtain the qualification of the employee stock ownership.
3. Other circumstances as determined by the Management Committee.

#### **CHAPTER X DISPOSAL MEASURES OF SHARES HELD BY EMPLOYEES AFTER THE EXPIRATION OF THE ESOP**

Upon the expiration of the term of the ESOP, the Management Committee shall negotiate and determine the disposal method.

The ESOP may be terminated if all the shares held by the ESOP are sold or transferred to the Holder(s).

Prior to the expiration of the ESOP, with the consent of Holders attending the Holders' Meeting holding two-thirds (inclusive) of the units and submitting it to the Board for consideration and approval, the ESOP may be terminated earlier or extended.

#### **CHAPTER XI ACCOUNTING TREATMENT FOR THE ESOP**

In accordance with the Accounting Standards for Business Enterprises No. 11-Share-based Payments: For equity-settled share-based payments in which the entitlement can only be exercised after the completion of the waiting period or the achievement of the prescribed performance conditions, at each balance sheet date during the vesting period, based on the best estimate of the numbers of equity instruments to be vested, the services acquired in the current period, which are measured at the fair value of the equity instruments at the grant date, are recognised in the relevant costs or expenses and capital reserve.

Assuming that the Company will transfer the purchased 6 million shares to the ESOP in April 2025, upon the expiration of the lock-up period, and the Underlying Shares held under the ESOP will be sold in accordance with the proportion agreed in the previous paragraph. Based on the forecast calculation, assuming that the fair value of the equity instruments is the closing price of the Company's shares of RMB33.81 per share on the trading day prior to the Board's announcement of the Draft ESOP, the total share-based payment expenses of the Company for the transfer of shares shall be RMB101.04 million, which shall be amortized by the Company in proportion to each unlocking period during the lock-up period, representing the estimated amortization of the ESOP from 2025 to 2028 as follows:

Total expected amortization (Ten thousand)	2025 (Ten thousand)	2026 (Ten thousand)	2027 (Ten thousand)	2028 (Ten thousand)
10,104.00	4,925.70	3,536.40	1,389.30	252.60

*Note:* The final results of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

Without considering the impact of the ESOP on the Company's performance, the amortization of the ESOP has an impact on the net profit of each year during the effective period, but the impact is insignificant. Considering the positive effect of the ESOP on the Company's development, the ESOP will effectively stimulate the enthusiasm of the Company's employees and improve operating efficiency.

## CHAPTER XII IMPLEMENTATION PROCEDURES OF THE ESOP

1. The Board is responsible for the drafting of the ESOP.
2. Before implementing the ESOP, the Company shall fully solicit the opinions of employees through employee representative meetings and other organizations.
3. The Board shall consider and approve the Draft Plan, and the board of supervisors of the Company shall express opinions on whether the ESOP is conducive to the sustainable development of the Company, whether the interests of the Company and all shareholders are prejudiced, and whether the employees are compelled to participate in the ESOP through apportionment, forced allocation and other methods.
4. When the Board considers the ESOP, the directors who are connected with the ESOP shall abstain from voting. The Board shall announce the resolutions of the Board, the summary of the Draft Plan and the opinions of the board of supervisors of the Company within two trading days after consideration and approval of the Draft Plan.
5. The Company shall engage a law firm to issue a legal opinion on the ESOP, and to announce the legal opinion before convening the relevant physical general meeting of shareholders.
6. The Company shall engage an independent financial adviser to issue an independent financial adviser report on the ESOP, and to announce the independent financial adviser report before convening the general meeting for considering the ESOP.
7. A general meeting shall be convened to consider the ESOP. Voting at the general meeting will adopt a combination of on-site voting and online voting, and the votes of minority shareholders will be counted separately and publicly disclosed; if related shareholders are involved in the ESOP, such related shareholders shall abstain from voting. The ESOP may be implemented after being passed by more than half of the valid voting rights held by non-related shareholders who present at the general meeting.

8. Within two trading days after completion of the purchase of Underlying Shares or the transfer of Underlying Shares to the ESOP, the Company shall disclose the time, quantity and proportion of acquiring the underlying shares in a timely manner.
9. Procedures as required by the CSRC and stock exchanges where the Company's shares are listed.

### **CHAPTER XIII STATEMENT ON CONNECTED RELATIONSHIPS AND ACTING-IN-CONCERT RELATIONSHIPS**

1. The Holders include directors (excluding independent directors), supervisors and senior management officers, in total 8 personnel. The relevant personnel shall abstain from voting when considering the relevant proposals of the ESOP. Except for the above, there is no related relationship between the ESOP and the Company's other directors, supervisors and senior management officers.
2. The highest internal management authority of the ESOP is the Holders' Meeting. The Holders' Meeting elects a management committee to supervise the day-to-day management of the ESOP, exercise shareholder rights on behalf of the Holders, and the day-to-day operation and decision-making, etc. of the ESOP will operate independently. No concerted action agreement has been signed between the ESOP and the Company's directors, supervisors or senior management officers, nor is there any concerted action arrangement. Therefore, there is no concerted action between the ESOP and the Company's directors, supervisors and senior management officers.
3. As of the date of the announcement of the Draft Plan, the Company has no controlling shareholder or *de facto* controller. Therefore, the ESOP has not entered into a concerted action agreement with the Company's controlling shareholder or *de facto* controller or has concerted action arrangements.

**CHAPTER XIV OTHER IMPORTANT MATTERS**

1. The consideration and approval of the ESOP at the Board meeting and the general meeting of the Company neither implies that the Holders have the right to continue to serve at the Company, nor constitutes an undertaking of the Company regarding the term of employment of the employees. The employment relation between the Company and the Holders shall continue to be governed by the engaging, employment or labor contract entered into between the Company and the Holders.
2. Matters such as finance, accounting treatment and taxation in relation to the implementation of the ESOP by the Company will be dealt with according to the relevant policies of finance, accounting and tax. Personal income tax payable by the employees as a result of the implementation of the ESOP will be borne by the employees themselves.
3. The implementation of the ESOP is subject to the consideration and approval at the general meeting of the Company.
4. The Board reserves the right of interpretation over the ESOP.

**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

**The Board of Directors**

March 28, 2025

\* *For identification purpose only*



**CHAPTER I GENERAL PROVISIONS****Article 1**

In order to regulate the implementation of the 2025 Employee Share Ownership Plan (hereinafter referred to as the “ESOP”, “ESOP” or the “Plan”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (hereinafter referred to as “YOFC” or the “Company”), the Management Measures of the 2025 Employee Share Ownership Plan of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (hereinafter referred to as the “Measures”) are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies of the CSRC (hereinafter referred to as the “the Guiding Opinions”), the Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies – the Standardized Operation (hereinafter referred to as the “Self-regulatory Guidelines”) and other relevant laws, administrative regulations, regulations, normative documents and the requirements under the Articles of Association of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (hereinafter referred to as the “Articles of Association”) and the 2025 Employee Share Ownership Plan (Draft) of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (hereinafter referred to as the “Draft ESOP”).

**CHAPTER II FORMULATION OF THE ESOP****Article 2 Basic principles of the ESOP*****(1) Principle of Legal Compliance***

For the implementation of the ESOP, the Company shall perform the relevant procedures strictly in accordance with the requirements of laws and administrative regulations and disclose information in a true, accurate, complete and timely manner. No person shall use the ESOP to engage in insider dealing, manipulation of securities market and other fraudulent acts related to securities.

***(2) Principle of Voluntary Participation***

The Company’s implementation of the ESOP shall be decided by the Company independently with voluntary participation by employees. The Company shall not compel employees to participate in the ESOP by way of apportionment, forced distribution, etc.

\* For identification purposes only

***(3) Principle of Self-assumption of Risks***

The participants of the ESOP shall be responsible for their own gains and losses, bear risks on their own, and have equal rights and interests with other investors.

**Article 3 Holders of the ESOP*****(1) Legal Basis for Determining Participants***

The Company determines in accordance with the relevant requirements of the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidelines and other relevant laws and regulations, normative documents and the Articles of Association. The employees of the Company participate in the ESOP according to the principles of legal compliance, voluntary participation and self-assumption of risks. All participants must be employed by the Company or have an employment or labor relationship with the Company during the appraisal period of the ESOP.

***(2) Scope of Participants***

Participants of the ESOP include directors (excluding independent directors), supervisors, senior management officers and core personnel of the Company (including branches and holding subsidiaries) as well as other personnel deemed necessary by the board of directors of the Company to be motivated.

The above employees who participate in the ESOP abide by the principles of discretionary decision of the Company and voluntary participation of the employees, with no employees being compelled to participate by way of mandatory apportionment and distribution, etc.

**Article 4 Size of the Underlying Shares of the ESOP**

The ESOP intends to subscribe for not more than 6 million shares, accounting for approximately 0.79% of the total existing share capital of the Company. The specific number of shares held under the ESOP shall be determined by the actual contribution by employees, and the Company will comply with information disclosure obligations in a timely manner as required. During the period from the date of announcement of the Board's resolution to the acceptance of repurchased shares under the ESOP, in the event of any capitalization of capital stock, distribution of stock or cash dividends, stock split, or reduction of shares of the Company, the number of such underlying shares will be adjusted accordingly from the date of ex-rights and ex-dividend of the share price.

After the implementation of the ESOP, the total number of shares held by all valid employee stock ownership plans shall not exceed 10% of the total share capital of the Company. The number of the underlying shares (excluding the shares acquired by the holders prior to the Company's initial public offering, shares purchased through the secondary market and shares acquired through equity incentive schemes of the Company) held by any single participant under all employee stock ownership plans shall not exceed 1% of the total share capital of the Company.

**Article 5 Source of Underlying Shares for the ESOP**

The source of shares for ESOP is the ordinary A Shares of the Company repurchased to the Company's designated repurchase account.

After the ESOP is considered and approved at the general meeting of the Company, Ordinary A Shares of the Company repurchased by the Company will be transferred to the dedicated account for the ESOP in the manner permitted by laws and regulations such as non-trading transfer.

**Article 6 Source of Funds of the ESOP**

The sources of funds of the ESOP will be employees' legitimate remuneration, self-raised funds, and other sources permitted by laws and regulations.

**Article 7 Duration and Lock-up Period of the ESOP*****(1) Duration and lock-up period of the ESOP***

1. The duration of the ESOP shall be 60 months commencing from the date on which the Company announces its transfer of the last tranche of the underlying shares to the designated account for the ESOP. The ESOP will be terminated automatically upon the expiration of its duration if it is not extended. Before its expiration, the duration of the ESOP may be terminated in advance or extended with the consent of more than two-thirds (inclusive) of the units held by the holders present at the Holders' Meeting and submitted to the Board for consideration and approval. During its duration, the ESOP may be terminated early if all the shares under the ESOP are sold or transferred to the holder(s) of the ESOP.
2. Before expiration of the duration of the ESOP, if the shares of the Company held thereunder have not been fully sold or transferred to the holder(s) of the ESOP, after consent has been given by the holders present at the Holders' Meeting holding more than two-thirds (inclusive) of the total units and the same has been submitted to the Board for consideration and approval, the duration of the ESOP may be extended.

3. The Company should publish a reminder announcement six months before the expiration of the duration of the ESOP, stating the number of shares held by the ESOP which will expire and its percentage in the total share capital of the Company.
4. Latest by expiration of the duration of the ESOP, the Company should disclose the number of shares held under the ESOP and its percentage in the total share capital of the Company, the disposal arrangement after expiration, and perform the corresponding review procedures and disclosure obligations as agreed under the ESOP.

***(2) Lock-up period of underlying shares under the ESOP***

1. The underlying shares of the ESOP acquired through non-trading transfer and other means permitted by laws and regulations shall be unlocked in 3 batches after 12 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the designated account for the ESOP, the specific details of which are as follows:

Time to unlock the first batch: the expiry of 12 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the designated account for the ESOP, and the number of shares to be unlocked represents 40% of the total number of underlying shares held under the ESOP;

Time to unlock the second batch: the expiry of 24 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the designated account for the ESOP, and the number of shares to be unlocked represents 30% of the total number of underlying shares held under the ESOP;

Time to unlock the third batch: the expiry of 36 months from the date on which the Company announced the transfer of the last tranche of underlying shares to the designated account for the ESOP, and the number of shares to be unlocked represents 30% of the total number of underlying shares held under the ESOP.

Shares derived from the underlying shares acquired under the ESOP due to the distribution of share dividends or capitalization of capital reserves by listed companies, are also subject to the above lock-up arrangement.

## 2. Performance appraisal at company level

The appraisal years of the ESOP are the three accounting years from 2025 to 2027. One appraisal will be conducted in each accounting year. The requirements of the appraisal are based on the revenue or net profit in 2024, and the Company will conduct appraisal on the annual growth rate of revenue of the Company (A) or the growth rate of net profit of the Company (B) over the performance benchmark. The shares will be unlocked and allocated to the Holders in batches according to the performance appraisal results of each accounting year, with specific appraisal indicators as follows:

Unlocking arrangement	Appraisal year	Annual growth rate of revenue (A)		Annual growth rate of net profit (B)	
		Target rate (Am)	Trigger rate (An)	Target rate (Bm)	Trigger rate (Bn)
1st unlocking period	2025	10.0%	8.0%	10.0%	8.0%
2nd unlocking period	2026	22.0%	17.6%	22.0%	17.6%
3rd unlocking period	2027	35.0%	28.0%	35.0%	28.0%
Performance appraisal		Appraisal results		Corresponding ratio	
Actual annual growth rate of revenue in a corresponding appraisal year (A)		A≥Am		X1=100%	
		An≤A<Am		X1=80%	
		A<An		X1=0	
Actual annual growth rate of net profit in a corresponding appraisal year (B)		B≥Bm		X2=100%	
		Bn≤B<Bm		X2=80%	
		B<Bn		X2=0	
Unlocking ratio at company level (X)		The higher number of X1 or X2			

*Notes:*

1. “Net profit” refers to the net profit attributable to shareholders of the Company after deducting non-recurring gains and losses.
2. The above “operating income” is calculated based on the data set out in the Company’s audited consolidated statements.

If the Company's performance appraisal indicators of the ESOP are not satisfied, the holder's shares corresponding to the unlocking schedule of the current appraisal year shall not be unlocked but shall be recovered by the Management Committee in accordance with relevant regulations, and after the unlocking date, they will be sold at an opportune time during the duration of the ESOP. The sum of original capital contribution amount for the portion corresponding to the unlocking schedule of the current appraisal year plus the loan interest of the People's Bank of China for the same period will be returned to the holder. Any income derived from the underlying shares after the original capital contributed by the holder being returned to the holder shall belong to the Company.

3. Performance appraisal at individual level

If the performance appraisal at company level has achieved the set standard, performance appraisal at individual level will be conducted under the ESOP. The performance appraisal results at individual level are divided into two grades: qualified (A, B, C) and unqualified (D). The actual portion of unlocked shares for individuals will be realized based on the appraisal results of the corresponding year. The actual unlocked portion for current period = the unlocking ratio at the company level (X) × units held by the holder for the corresponding period × the unlocking ratio at the individual level (N). The appraisal evaluation form is applicable to the appraised subject. Until then, the unlocking ratio at the individual level (N) will be determined according to the following table:

Appraisal result	A	B	C	D
Unlocking ratio at the individual level (N)	100%	100%	100%	0

If the number of actual unlocked underlying shares held by the holder is less than the number of targeted underlying shares to be unlocked, the portion that has not satisfied the unlocking conditions will be recovered by the Management Committee who shall decide on the disposal method of such underlying shares (including but not limited to allocating the recovered shares to other eligible participants at an opportune time). If this portion is not disposed of completely during the duration of the ESOP, the undisposed portion, after being unlocked in future, will be sold by the Management Committee at an opportune time during the duration of the ESOP, and the corresponding portion of original capital contribution amount will be returned to the holder. Any income derived from such underlying shares after the original capital contributed by the holder being returned to the holder shall belong to the Company.

The performance appraisal indicators of the ESOP take into account the macroeconomic environment, the current situation of the Company and the Company's future strategic planning, industrial development and other factors, thus setting certain challenging performance appraisal indicators to encourage the Holders to maximize their achievement and to maximize the incentive effects of the ESOP. In addition to the performance appraisal at company level, the Company has also set up strict performance appraisal for individual Holders, which allows the Company to make a more accurate and comprehensive appraisal of the relevant Holders' performance. The Company will determine whether the Holders have met the unlocking conditions based on the corresponding annual performance appraisal results of the Holders.

4. The relevant entities of the ESOP shall strictly abide by the market trading rules and comply with the relevant provisions of the CSRC and the Shanghai Stock Exchange on stock trading. The Company's stocks shall not be traded during the following periods:
  - (1) within 15 days prior to the announcement of the annual report and interim report of the Listed Company. If the announcement date is postponed due to special reasons, it shall be counted from 15 days before the date of the original appointment to the day before the announcement;
  - (2) within five days prior to the announcement of the quarterly report, results forecast and results bulletin of the Listed Company;
  - (3) from the date of the occurrence of a significant event that may have a significant impact on the trading prices of the Company's securities and derivatives thereon or during the decision-making process until the date of legal disclosure;
  - (4) such other periods as stipulated by the CSRC and the stock exchange(s) where the Company's shares are listed.

If there is any change in the relevant laws, administrative regulations, departmental rules or normative documents relating to the above-mentioned trading restrictions, the latest regulations or rules of documents shall prevail.

The lock-up period arrangement of the ESOP reflects the long-term nature of the ESOP, while strict company performance appraisal and individual performance appraisal have been established to prevent short-term interests and bind the interests of shareholders and employees closely together.

**Article 8 Implementation Procedure of the ESOP**

- (1) The Board of the Company is responsible for drafting the ESOP.
- (2) Before implementing the ESOP, the Company shall fully solicit the opinions of employees through employee representative meetings and other organizations.
- (3) The Board shall consider and approve the Draft ESOP, and the board of supervisors shall express opinions on whether the ESOP is conducive to the sustainable development of the Company, whether the interests of the Company and all shareholders are prejudiced, and whether the employees are compelled to participate in the ESOP through apportionment, forced allocation and other methods.
- (4) When the Board considers the ESOP, the directors who are connected with the ESOP shall abstain from voting. The Board shall announce the resolutions of the Board, the summary of the Draft ESOP and the opinions of the board of supervisors within two trading days after consideration and approval of the Draft ESOP.
- (5) The Company shall engage a law firm to issue legal opinion on the ESOP, and to announce the legal opinion before convening the relevant on-site general meeting of shareholders.
- (6) The Company shall engage an independent financial adviser to issue an independent financial adviser report on the ESOP, and to announce the independent financial adviser report before convening the general meeting for considering the ESOP.
- (7) A general meeting shall be convened to consider the ESOP. Voting at the general meeting will adopt a combination of on-site voting and online voting, and the votes of minority shareholders will be counted separately and publicly disclosed; if related shareholders are involved in the ESOP, such related shareholders shall abstain from voting. The ESOP may be implemented after being passed by more than half of the valid voting rights held by non-related shareholders who present at the general meeting.
- (8) Within two trading days after completion of the purchase of underlying shares or the transfer of underlying shares to the designated account for the ESOP, the Company shall disclose the time, quantity and proportion of acquiring the underlying shares in a timely manner.
- (9) Procedures as required by the CSRC and stock exchanges where the Company's shares are listed.



**CHAPTER III MANAGEMENT OF THE ESOP****Article 9 Management model for the ESOP**

The ESOP is self-managed by the Company.

The highest internal management authority for the ESOP is the Holders' Meeting. The Holders' Meeting sets the Management Committee, and the Management Committee is authorized to act as the management authority of the ESOP to supervise its day-to-day management and to exercise shareholders' rights on behalf of the holders. The Measures clearly stipulates the responsibilities of the Management Committee and adopts adequate risk prevention and segregation measures. The Board is responsible for formulating and revising the Draft ESOP and handling other matters related to the ESOP within the scope of authorization by the general meeting.

**Article 10 The Holders' Meeting**

- (1) The employees of the Company become holders of the ESOP after they have subscribed for their portion of units under the ESOP. The Holders' Meeting is the highest internal management authority for the ESOP. All holders are entitled to attend the Holders' Meeting. Holders may attend and vote at the Holders' Meeting in person or appoint a proxy to attend and vote on their behalf. The travel expenses, catering and lodging expenses of the holders and their proxies for attending the Holders' Meeting shall be borne by the holders themselves.
- (2) The Holders' Meeting shall be convened to consider the following matters:
  1. to elect and remove of the members of the Management Committee;
  2. to amend, terminate, and extend the duration of the ESOP;
  3. during the duration of the ESOP, when the Company raises funds by way of placement, additional issuance, convertible bonds, etc., the Management Committee submit the same to the Holders' Meeting for consideration whether to participate and the fund solutions;
  4. to amend to the Management Measures;
  5. to authorize the Management Committee to supervise the day-to-day management of the ESOP;

6. to authorize the Management Committee to exercise shareholders' rights, such shareholders' rights include but are not limited to the rights of attending, making proposals and voting at the shareholders' general meetings of the Company, as well as the rights to participate in the Company's cash dividends, bond interest payments, bonus shares, capitalization of capital reserves, allotment of shares and bond placements;
  7. to authorize the Management Committee to take charge of the liquidation and distribution of the assets of the ESOP;
  8. to authorize the Management Committee to decide, in accordance with the relevant provisions of this Draft Plan, on the disqualification of Holders and the handling of the proportion held by disqualified Holders, including the allocation plan for changes in Holders' proportion and other related matters;
  9. to delegate the Management Committee to exercise the asset management responsibilities of the ESOP, including but not limited to being responsible for the management of assets of the ESOP (including cash assets), realizing the shares of the Company after the expiration of the lock-up period, using the cash assets of the ESOP (including but not limited to cash deposits, bank interest, cash dividends corresponding to shares of the Company and cash assets derived by other investments of the ESOP) to purchase the shares of the Company or investing in fixed income securities, wealth management products, money market funds and other cash management instruments;
  10. other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.
- (3) The first Holders' Meeting shall be convened and presided over by the Secretary to the Board or his/her designated person, and the subsequent Holders' Meetings will be convened by the Management Committee and chaired by the officer of the Management Committee. When the officer of the Management Committee is unable to perform his/her duty, he/she shall appoint a member of the Management Committee to preside over the meeting.
- (4) To convene a Holders' Meeting, the Management Committee shall issue a meeting notice three days in advance, and the meeting notice shall be delivered to all Holders by direct delivery, post, fax, email or other means. The meeting notice shall at least include the following details:
1. time and venue of the meeting;
  2. the method to convene the meeting;

3. matters to be considered (proposals of the meeting);
4. the convener and chairman of the meeting, the proposer of the extraordinary meeting and his/her written proposal(s);
5. meeting materials necessary for voting at the meeting;
6. the requirement for a Holder to attend the meeting in person or appoint another Holder to attend the meeting on his/her behalf;
7. contact persons and their contact details;
8. date of issuing the notice.

In case of emergency, the Holders' meeting can be notified orally and exempted from the requirement of notification deadlines. Such oral notice shall at least include the contents of Items 1 and 2 above and an explanation of the need to convene a Holders' meeting as soon as possible due to urgent circumstances.

The Holders' Meeting, while ensuring that holders can fully express their opinions, may be conducted through teleconference, video conference, or other communication methods. All holders participating in the meeting through such methods shall be deemed to be present at the meeting in person.

(5) Voting procedures of the Holders' Meeting

1. After each proposal has been fully discussed, the chairman shall invite Holders present at the meeting to vote in a timely manner. The chairman may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.
2. Holders shall exercise their voting rights in proportion to their units held in the Plan. Each unit shall have one vote, and the Holders' Meeting shall be cast of open ballot.
3. The Holders may vote for or against the resolution, or abstain from voting on any resolutions according to their wish. The Holders present at the meeting shall select one of the voting options, and any vote with no selection or two selections or more will be deemed as abstention. Anyone who leaves the venue in the middle of the meeting and does not return without making a choice will be deemed as abstention. Any vote made after the chairman announces the voting result or after the prescribed voting time shall not be counted.

4. The chairman of the meeting shall announce the voting results on the spot. Each resolution becomes a valid resolution after being passed by the Holders present at the Holders' Meeting holding more than one-half (exclusive) of the units (except for resolutions that require the consent of more than two-thirds (inclusive) of the units held by the Holders attending the Holders' Meeting).
  5. Resolutions of the Holders' Meeting that shall be submitted to the Board and shareholders' general meeting for consideration shall be submitted to the Board and the shareholders' general meeting for consideration in accordance with the Articles of Association.
  6. The chairman of the meeting is responsible for arranging personnel to take minutes of the meeting.
- (6) Holders who individually or jointly hold more than 10% of the units under the ESOP may submit a temporary motion to the Holders' Meeting. Such a temporary motion shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
- (7) Holders who individually or jointly hold more than 10% of the units under the ESOP may propose to convene a Holders' Meeting.

**Article 11 Management Committee of the ESOP**

- (1) The Management Committee shall be set up for the ESOP and shall be responsible for the daily management of the ESOP and exercising shareholders' rights on behalf of the Holders.
- (2) The Management Committee comprises three members including one officer. The members of the Management Committee shall be elected by the Holders' Meeting attended by all Holders. The officer of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the duration of the ESOP.
- (3) Members of the Management Committee have the following fiduciary duties to the ESOP in accordance with laws, administrative regulations and the Measures:
  1. not to take advantage of their positions and authority to accept bribes or other illegal income; not to misappropriate any property of the ESOP;
  2. not to misappropriate funds of the ESOP;
  3. without the consent of the Management Committee, not to open account under his or her own name or others' names for depositing the assets or funds of the ESOP;

4. without the consent of the Holders' Meeting, not to lend funds of the ESOP to others or provide guarantee for others with the properties of the ESOP;
  5. not to take advantage of their positions and authority to jeopardize the interests of the ESOP.
- (4) The Management Committee shall discharge the following functions and duties:
1. to convene the Holders' Meetings;
  2. to be responsible or supervise the daily management of the ESOP on behalf of all Holders;
  3. to exercise the shareholders' rights on behalf of all Holders;
  4. to sign relevant agreements and contracts on behalf of all Holders;
  5. to manage the allocation of interests of the ESOP;
  6. to determine the disqualification of the Holders and the handling of the units held by the disqualified Holders, including adding additional Holders and change of the Holders' units, etc., in accordance with the provisions of the ESOP;
  7. to decide on the recovery and acceptance of units held under the ESOP, and the arrangements for the realization of the corresponding profit;
  8. to handle unit registration and inheritance registration of the units under the ESOP;
  9. to decide on other matters other than the matters that shall be decided at the Holders' Meeting during the duration of the ESOP;
  10. other functions and duties as delegated by the Holders' Meeting;
  11. other functions and duties which shall be performed by the Management Committee under the Draft ESOP and as stipulated in the relevant laws and regulations.

(5) The officer of the Management Committee shall discharge the following functions and authority:

1. Preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
2. Supervise and monitor the execution of resolutions of the Holders' Meetings and the Management Committee meetings;
3. Other functions and authority as delegated by the Management Committee.

(6) The Management Committee meetings shall be convened on a non-regular basis and proposed by the officer of the Management Committee. A notice of the meeting shall be sent to all members of the Management Committee at least 1 day prior to the meeting.

As agreed by all members of the Management Committee, the dispatch of notice can be exempted from the above time limit. Where an emergency Management Committee meeting is required to be convened as soon as possible in case of emergency, a notice of meeting can be given via telephone or other verbal means, but explanations shall be given by the convener at the meeting.

(7) The members of the Management Committee may propose to convene an extraordinary meeting of the Management Committee. The officer of the Management Committee shall convene and preside over the Management Committee meeting within 3 days after receiving the proposal.

(8) Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. Each member of the Management Committee will have one vote regarding the voting for resolutions of the Management Committee.

(9) The voting of the Management Committee's resolutions shall be conducted by open ballot. Provided that the members of the Management Committee can fully express their opinions, the Management Committee meetings can be held and may adopt communication-based voting to make resolutions, which shall be signed by the members of the Management Committee attending the meeting.

- (10) The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meetings, they may appoint other members of the Management Committee in writing to attend the meeting on their behalf. The proxy form shall specify the name of the proxy, matters to be dealt with by proxy, scope of authorization and term of validity, and shall be signed or sealed by the member who has made the authorization. The authorized members of the Management Committee exercise the rights within the scope of authorization. For any member of the Management Committee who neither attend a meeting of the Management Committee nor appoint a proxy to attend, he/she shall be deemed to have given up his/her right to vote at the meeting.
- (11) The Management Committee shall take minutes of the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.

**Article 12 Authorization from the General Meeting to the Board**

The general meeting authorizes the Board to take full charge of matters relating to the ESOP, including but not limited to:

- (1) authorize the Board to handle the establishment, amendment to and termination of the ESOP, including but not limited to the disqualification of the Participants and the early termination of the ESOP based on the terms of the ESOP;
- (2) authorize the Board to determine the extension of the duration and early termination of the ESOP;
- (3) authorize the Board to handle all matters relating to the list of Participants and the adjustments of individual Holder's Shares held under the ESOP, as well as the lock-up and unlock of underlying Shares purchased under the ESOP;
- (4) authorize the Board to be responsible for interpreting the ESOP;
- (5) authorize the Board and relevant personnel to sign contracts and relevant agreements relating to the ESOP;
- (6) authorize the Board to make corresponding adjustments to the ESOP pursuant to any changes in relevant laws, regulations and policies during the implementation of the ESOP upon consideration and approval of the ESOP at the Shareholders' general meeting; and
- (7) authorize the Board to handle other necessary matters required for the ESOP, except for the rights to be exercised by the Shareholders' general meeting as explicitly stipulated in relevant documents.

The above authorization shall be valid from the date of its approval at the general meeting of the Company to the date of completion of the implementation of the ESOP.

**Article 13 Management Organization**

Following the approval from the general meeting, the ESOP will be managed by the Company itself. Depending on the implementation of the ESOP, professional institutions with relevant qualifications may be engaged to provide consultation and management services for the ESOP.

**CHAPTER IV AMENDMENTS TO AND TERMINATION OF THE ESOP AND  
DISPOSAL OF EQUITY BY HOLDERS****Article 14 Amendments to the ESOP**

Within the duration of the ESOP, any amendment to the ESOP shall be passed by more than two-thirds (inclusive) of the units held by the Holders attending the Holders' Meeting and be submitted to the Board of the Company for consideration and approval.

In case of any changes in the actual controller of the Company for any reasons, or occurrence merger and division, etc., no amendment shall be made to the ESOP.

**Article 15 Termination of the ESOP**

- (1) The ESOP will be terminated automatically if its duration has not been effectively extended upon expiration.
- (2) Before the expiry of the duration of the ESOP, the ESOP may be terminated in advance if the Company's shares are sold or transferred to the holders under the ESOP.
- (3) If a Holders' Meeting is held prior to the expiry of the duration of the ESOP and with the consent of more than two-thirds (inclusive) of the share held by the Holders present at the meeting and after submission to the Board of the Company for consideration and approval, the duration of the ESOP may be terminated in advance or extended.

**Article 16 Liquidation and distribution of the ESOP**

- (1) The Management Committee shall complete the liquidation within 30 working days from the date of expiration or termination of the ESOP, and distribute property based on the shares held by the Holders according to the authorization from the Holders' Meeting on behalf of the ESOP. If there are remaining unallocated underlying shares and corresponding dividends (if any), the specific disposal method shall be determined by the Management Committee.



- (2) Within the duration of the ESOP, the Management Committee may distribute cash in the capital account of the ESOP to the Holders according to the authorization of the Holders' Meeting.
- (3) Within the duration of the ESOP, when the ESOP acquires cash or other distributable income from selling the underlying shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the proportion of units held to the total units of the plan held by the Holders after deducting relevant taxes and fees and payables of the Plan in accordance with the law.

**Article 17 Rights attached to the shares held by the ESOP and the arrangements on the possession, use, benefit and disposal of the rights of the Holders over the shares**

- (1) The Holders of the ESOP are entitled to the asset income rights of the shares held by the ESOP according to the actual contribution. The corresponding shares obtained by the Holders through the ESOP shall be entitled to shareholders' rights (including dividend rights, rights issue, conversion of shares and other asset income rights).
- (2) Within the duration of the ESOP, unless otherwise stipulated by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units held by the Holders under the ESOP shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debts or other similar disposal without authorization.
- (3) Within the lock-up period, the Holders shall not request the distribution of rights and interests of the ESOP.
- (4) During the lock-up period, when the Company converts capital reserve into share capital and distributes bonus shares, the newly acquired shares under the ESOP due to the holding of shares of the Company shall be locked up together and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such shares is the same as the corresponding shares.
- (5) After the expiry of lock-up period and during the duration of the ESOP, the Management Committee shall, pursuant to the authorization of the Holders' Meeting, sell the corresponding underlying shares at an appropriate time during the duration of the ESOP or transfer the underlying shares to the Holders' personal accounts by way of non-trading transfer, during the duration of the ESOP after the unlock date of the ESOP.

- (6) After the expiry of the lock-up period and during the duration of the ESOP, the Management Committee shall decide whether to distribute the income corresponding to the ESOP according to the authorization from the Holders' Meeting on behalf of the ESOP. Where the distribution is decided, the Management Committee shall distribute the income according to the units held by the Holders after deducting relevant taxes and fees in accordance with the law or unlocked underlying Shares held in the designated accounts under the ESOP may be transferred to the personal accounts of the relevant Holders through non-trading transfer.
- (7) Within the duration of the ESOP, when the ESOP acquires cash or other distributable income from selling the underlying shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the proportion of units held by the Holders to the total units under the ESOP according to the authorization from the Holders' Meeting on behalf of the ESOP, after deducting relevant taxes and fees and payables of the Plan in accordance with the law.
- (8) During the lock-up period, when the Company distributes dividends, the cash dividends obtained under the ESOP, due to the holding of the shares of the Company, shall be accounted for as monetary assets of the ESOP, and no distribution will be made. It will only be distributed according to the resolution of the Management Committee after the lock-up period and during the duration of the ESOP. After the lock-up period and during the duration of the ESOP, when distribution of dividends by the Company, the cash dividends obtained under the ESOP due to holding the shares of the Company shall be accounted for as monetary assets of the ESOP.
- (9) In case of other circumstances not covered herein, the disposal of the units of the ESOP held by the Holders shall be subject to determination by the Management Committee.
- (10) During the duration of the ESOP, when the Company raises funds by placement of shares, issuance of additional shares, issuance of convertible bonds, etc., the Management Committee will submit it to the Holders' meeting to consider whether to participate in the Company's financing plan and if so, the specific participation plans.

**Article 18 Measures for the disposal of the rights and interests of the shares held by the Holders of the ESOP when they resign, retire, decease, or are no longer suitable for participating in the ESOP**

***(1) Circumstances in which the rights and interests are cancelled***

Where the following circumstances occur to the Holders, the Management Committee has the right to cancel the Holders' qualifications to participate in the ESOP and handle the cancellation and withdrawal procedures for the underlying Shares held under the ESOP, and has the right to allocate the underlying Shares to other Holders, who shall meet the criteria for the participation in the ESOP. The Management Committee will, at its absolute discretion, decide on the disposal of such underlying Shares according to the actual circumstances and relevant restrictions, such as whether such Shares can be transferred to other qualified employees, the number of Shares to be transferred and transfer price, etc.

No.	Possible scenarios	Disposal method(s)
1	<ol style="list-style-type: none"> <li>The Holder leaves the Company due to resignation, corporate layoffs, or expiration of the labor contract;</li> <li>The Holder is no longer qualified for the proposed ESOP after being required to undergo a position adjustment due to changes in the Company's objective circumstances;</li> <li>The Holder is not eligible to participate in the ESOP due to his/her major fault (but not to the extent of terminating the employment relationship with the Company) or that his/her performance appraisal results do not meet the requirements and other reasons;</li> <li>The Holder loses work ability due to reasons other than performance of his/her duties.</li> </ol>	<p>The unlocked Shares will be sold at an opportune time by the Company after the unlocking date but during the duration of the ESOP, and the proceeds from the sale of the corresponding Shares shall be allocated to the relevant Holders, or the corresponding unlocked underlying Shares may be transferred to the personal accounts of the relevant Holder through non-trading transfer for them to dispose on their own. The original capital contribution made by relevant Holders in respect of the remaining Shares that are not unlocked shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.</p>

No.	Possible scenarios	Disposal method(s)
2	The change in employment status of the Holders due to serious negligence, dereliction of duty, violation of laws and regulations, violation of the Articles of Association and its subsidiaries, bribery, corruption, theft, disclosure of secrets, non-competition and any other act damaging the Company's interests, or change of the Holders' position due to occurrence of circumstances that prohibit them from acting as director or senior management officer as stipulated in the Company Law, or termination of their employment relationship with the Company due to the aforementioned reasons.	The higher of the amount of the original contribution after deduction of the allocated returns gained from the sales of the Holders' unlocked underlying Shares and nil shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.
3	The Holder retires from the Company and the Company will not re-hire the Holder.	The unlocked Shares will be sold at an opportune time by the Company after the unlocking date but during the duration of the ESOP, and the proceeds from the sale of the corresponding Shares shall be allocated to the relevant Holders, or the corresponding unlocked underlying Shares may be transferred to the personal accounts of the relevant Holder through non-trading transfer for them to dispose on their own. The original capital contribution made by relevant Holders in respect of the remaining Shares that are not unlocked plus the interest accrued at the same period deposit rate of the People's Bank of China shall be returned to the Holders, and the remaining returns (if any) shall belong to the Company.
4	Other matters not specified in the above.	To be determined by the Company and the Management Committee upon negotiation.

As of the date on which the Management Committee cancels the Holder's qualification to participate in the ESOP, the original Holder shall be entitled to the portion of cash proceeds realized under the ESOP in proportion to the units he/she holds.

***(2) Circumstances in which units shall be adjusted***

During the duration of the proposed ESOP, the Management Committee shall adjust the units received by the Holders in respect of the underlying Shares held by them under the proposed ESOP in accordance with the Company's relevant assessments of the relevant Holder or changes in his/her positions or seniority levels, including increase, decrease, and cancellation of relevant units. For the treatment of the cancelled units and the realized cash proceeds, please refer to sub-paragraph (1) above.

***(3) Circumstances where there shall be no change in the rights and interests held by the Holders***

During the duration of the proposed ESOP, the rights and interests of the Holders in the ESOP shall not be affected in the following circumstances:

1. due to the loss of work ability in the performance of the Holders' duties, and their personal performance appraisal conditions shall not be included in the unlocking conditions;
2. if a Holder dies or is declared dead, his/her rights and interests of in the ESOP shall continue to be enjoyed by their legal successors; such successors shall not be subject to the qualification to participate in the ESOP, and their personal performance appraisal conditions shall not be included in the unlocking conditions. However, if there are multiple heirs, they must jointly designate one heir to obtain the employee qualification of the ESOP; and
3. other circumstances as determined by the Management Committee.

**CHAPTER V APPENDIX**

**Article 19** The consideration and approval of the ESOP at the Board meeting and the general meeting of the Company neither implies that the Holders have the right to continue to serve at the Company, nor constitutes an undertaking of the Company regarding the term of employment of the employees. The employment relation between the Company and the Holders shall continue to be governed by the engaging, employment or labor contract entered into between the Company and the Holders.

**Article 20** Matters such as finance, accounting treatment and taxation in relation to the implementation of the ESOP by the Company will be dealt with according to the relevant policies of finance, accounting and tax. Personal income tax payable by the employees as a result of the implementation of the ESOP will be borne by the employees themselves.

**Article 21** The Measures shall take effect from the date of approval at the general meeting of shareholders of the Company.

**Article 22** The right to interpret the ESOP belongs to the board of directors of the Company.

**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

**The Board of Directors**

March 28, 2025

\* *For identification purposes only*

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## NOTICE OF ANNUAL GENERAL MEETING

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Smart Link Better Life.

**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***

**長飛光纖光纜股份有限公司**

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

**(Stock Code: 6869)**

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**AGM**” or the “**Meeting**”) of Yangtze Optical Fibre and Cable Joint Stock Limited Company\* (the “**Company**”) will be held on Monday, June 30, 2025 at 2:00 p.m. at Multi-functional Meeting Room, 2/F, YOFC Headquarters Building, No. 65 Guanggu Chuangye Street, East Lake High-tech Development Zone, Wuhan, Hubei Province, PRC, for the purpose of considering and if thought fit, passing the following resolutions. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated June 4, 2025 (the “**Circular**”).

#### ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company for the year 2024;
2. To consider and approve the report of the board of supervisors of the Company for the year 2024;
3. To consider and approve the 2024 annual report of the Company;
4. To consider and approve the final financial report for the year 2024;
5. To consider and approve the proposed profit distribution plan for the year 2024;
6. To consider and approve the re-appointment of KPMG Huazhen LLP as independent auditors of the Company for the year 2025;
7. To consider and approve the purchase of liability insurance for Directors, Supervisors and senior management of the Company;

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## NOTICE OF ANNUAL GENERAL MEETING

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8. To consider and approve the 2025 annual external guarantee amount as set out in Appendix I to the Circular, and that the board of directors of the Company or such person as authorized by the board of directors of the Company, be authorized to handle the specific matters in relation to the external guarantee, including adjusting specific guarantee amount and signing relevant legal documents in accordance with actual business needs within the limit of the 2025 annual external guarantee amount contemplated under this proposal;
9. To consider and approve the 2025 asset pool business to be carried out by the Company as set out in Appendix II to the Circular;
10. To consider and approve the proposed adoption of the 2025 employee share ownership plan of the Company as set out in Appendix III to the Circular;
11. To consider and approve the proposed adoption of the management measures of the 2025 employee share ownership plan of the Company as set out in Appendix IV to the Circular;
12. To consider and approve the proposed authorization to the Board to handle matters pertaining to the 2025 employee share ownership plan of the Company; and
13. To consider and approve the proposed appointment of Mr. Hamavand Rayomand Shroff as non-executive director of the Company.

By Order of the Board  
**Yangtze Optical Fibre and Cable Joint Stock Limited Company\***  
長飛光纖光纜股份有限公司  
**Ma Jie**  
*Chairman*

Wuhan, PRC, June 4, 2025



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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

**(1) Circular**

Details of the above proposals and resolutions to be considered at the AGM are set out in the Circular. Unless otherwise defined in this notice, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

**(2) Closure of register of members and eligibility for attending the AGM**

Holders of H shares of the Company (“H Shares”) are advised that the register of members of the Company will be closed from Wednesday, June 25, 2025 to Monday, June 30, 2025 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at close of business on Monday, June 30, 2025 are entitled to attend the AGM. Holders of H Shares who wish to attend the AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, June 24, 2025.

**(3) Closure of register of members and entitlement to the proposed dividend**

To ascertain the entitlement to the proposed dividend, holders of H Shares are advised that the register of members of the Company will be closed from Monday, July 7, 2025 to Wednesday, July 9, 2025 (both days inclusive). Holders of H Shares whose names appear on the register of members of the Company maintained in Hong Kong at close of business on Wednesday, July 9, 2025 are entitled to the proposed dividend of the Company (subject to approval of the Shareholders). In order to qualify for the proposed dividend, holders of H Shares who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, July 4, 2025.

**(4) Proxy**

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarised. To be valid, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the H Share registrar of the Company by the holder of H Shares by hand or by post not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 2:00 p.m. on Sunday, June 29, 2025) or any adjournment thereof (as the case may be).

Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the AGM if he so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked. The H Share registrar of the Company is Tricor Investor Services Limited, whose address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

**(5) Joint holder of shares**

In the case of joint holders of any shares of the Company, any one of such joint holders may vote at the above Meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the Meeting, either personally or by proxy, the vote of the joint holder whose name stands first in the register of members of the Company and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).

**(6) Voting by poll**

On a poll, every member present in person or by proxy shall be entitled to one vote for each share of the Company registered in his name. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was so taken.

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## NOTICE OF ANNUAL GENERAL MEETING

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**(7) Other issues**

The AGM is expected to last for half a day. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation, catering and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identification documents.

The AGM starts at 2:00 p.m.

Registration for admission to the AGM will take place from 1:30 p.m. to 2:00 p.m.. References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the Board comprises Mr. Zhuang Dan as executive director; Mr. Ma Jie, Mr. Philippe Claude Vanhille, Mr. Guo Tao, Mr. Pier Francesco Facchini, Mr. Lars Frederick Persson, Mr. Xiong Xiangfeng and Mr. Mei Yong as non-executive directors; Mr. Bingsheng Teng, Mr. Song Wei, Ms. Li Chang'ai and Mr. TSANG Hin Fun Anthony as independent non-executive directors.*

\* *For identification purpose only*