

2026 A SHARE OPTION AND RESTRICTED SHARE INCENTIVE SCHEME

SPECIAL NOTES

- I. The 2026 Share Option and Restricted Share Incentive Scheme of CIG Shanghai Co., Ltd. (Draft) is formulated by CIG Shanghai Co., Ltd. (hereinafter referred to as “CIG”, the “Company” or “our Company”) in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures on Equity Incentives of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, administrative regulations and normative documents, as well as the relevant provisions of the Articles of Association.
- II. The 2026 Share Option and Restricted Share Incentive Scheme of CIG (hereinafter referred to as the “Incentive Scheme”) consists of two parts: the Share Option Incentive Scheme and the Restricted Share Incentive Scheme. The source of the Shares is domestically listed RMB ordinary shares (A Shares) of the Company issued to the Incentive Participants through a private placement by the Company.
- III. The total equity to be granted to Incentive Participants under the Incentive Scheme is 15,571,300 units, accounting for approximately 4.42% of the Company’s total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. Among this, the Initial Grant of equity is 14,571,300 units, accounting for approximately 4.13% of the Company’s total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 93.58% of the total equity to be granted under the Incentive Scheme; the Reserved Equity is 1,000,000 units, accounting for approximately 0.28% of the Company’s total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 6.42% of the total equity to be granted under the Incentive Scheme. The details are as follows:
 - (I) Share Option Incentive Scheme: The total number of Share Options to be granted to Incentive Participants under the Incentive Scheme is 13,853,500 units, accounting for approximately 3.93% of the Company’s total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. Among this, the Initial Grant of Share Options is 12,853,500 units, accounting for approximately 3.64% of the Company’s total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 92.78% of the total Share Options to be granted under the Incentive Scheme; the Reserved Share Options are 1,000,000 units, accounting for approximately 0.28% of the Company’s total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 7.22% of the total Share Options to be granted under the Incentive Scheme. Each Share Option granted under the Incentive Scheme, upon

satisfaction of the exercise conditions and exercise schedule, entitles the holder to purchase one (1) domestically listed RMB ordinary share (A Share) of the Company at the Exercise Price during the exercisable period.

- (II) Restricted Share Incentive Scheme: The total number of Restricted Shares to be granted to Incentive Participants under the Incentive Scheme is 1,717,800 shares, accounting for approximately 0.49% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. The grant is a one-off grant with no reserved grant.

The 2024 Share Option Incentive Scheme approved by the Company's first extraordinary general meeting of 2024 is still in effect. The number of underlying Shares involved in the Company's 2024 Share Option Incentive Scheme is 15,593,000 shares, and the number of underlying Shares involved in the A Share Incentive Scheme is 15,571,300 shares. Therefore, the total number of underlying Shares involved in the incentive schemes of the Company is 31,164,300 shares during the Validity Period, accounting for approximately 8.84% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. As of the announcement date of the Incentive Scheme draft, the cumulative total number of underlying Shares involved in Equity Incentive Scheme of the Company during the Validity Period does not exceed 10% of the Company's total share capital. The cumulative number of Company shares granted to any single Incentive Participant through Equity Incentive Scheme under the Incentive Scheme during the Validity Period does not exceed 1% of the Company's total share capital. During the period from the announcement date of the Incentive Scheme draft to the registration date for exercise of the Share Options or the grant registration date of the Restricted Shares granted to Incentive Participants, if the Company undergoes any matter such as capitalisation issue, bonus issue, sub-division of Shares, consolidation of Shares or rights issue, the number of Share Options and Restricted Shares will be adjusted accordingly in accordance with the Incentive Scheme.

- IV. The total number of Incentive Participants for the initial grant under the Incentive Scheme is 1,064 persons, including Directors, senior management, core management and technical (business) personnel of the Company (including its subsidiaries, the same below) holding office in the Company as at the date of the announcement of the Incentive Scheme, excluding independent Directors of CIG, shareholders individually or in aggregate holding more than 5% of the Company's Shares, the *de facto* controllers and their spouses, parents and children.

Reserved Incentive Participants refer to Incentive Participants who are not identified when the Incentive Scheme is approved by the Shareholders' meeting but will be included in the Incentive Scheme during its term of validity, and shall be identified within 12 months after the Incentive Scheme is considered and approved by the Shareholders' meeting. The criteria for determining Reserved Incentive Participants shall follow the same standards used for the initial grant.

- V. The Exercise Price for the Share Options under the initial grant of the Incentive Scheme is RMB113.99 per unit, and the Grant Price for the Restricted Shares granted is RMB57.00 per unit. During the period from the announcement date of the Incentive Scheme draft to the registration date for exercise of the Share Options or the grant registration date of the Restricted Shares granted to Incentive Participants, if the Company undergoes any matter such as capitalisation issue, bonus issue, sub-division of Shares, consolidation of Shares, rights issue or payment of dividends, the Exercise Price of the Share Options and the Grant Price of the Restricted Shares will be adjusted accordingly in accordance with the Incentive Scheme.
- VI. The life of the Incentive Scheme shall commence on the Grant Date of the Share Options and Restricted Shares and end on the date when all Share Options granted to the Incentive Participants are exercised or cancelled and all Restricted Shares are unlocked or repurchased and cancelled, which shall not exceed 48 months.
- VII. The Share Options granted under the initial grant of the Incentive Scheme shall be exercisable in three tranches commencing from 12 months after the Grant Date, with the exercise proportions for each tranche being 30%, 30% and 40%, respectively. The Reserved Share Options shall be exercisable in two tranches commencing from 12 months after the Grant Date of the Reserved Share Options, with the exercise proportions for each tranche being 50% and 50%, respectively.

The Restricted Shares granted under the Incentive Scheme shall be unlocked in three tranches commencing from 12 months after the Grant Date, with the unlocking proportions for each tranche being 30%, 30% and 40%, respectively.

The company-level performance appraisal targets for the Share Options and Restricted Shares granted under the Incentive Scheme are as follows:

Exercise/Unlocking Period		Performance Appraisal Target
Initially Granted Share Options and the grant of Restricted Shares	The First Exercise/Unlocking Period	The operating revenue realized shall not be less than RMB5.811 billion or the net profit shall not be less than RMB335 million in 2026.
	The Second Exercise/Unlocking Period	The accumulated operating revenue realized shall not be less than RMB12.784 billion or the net profit shall not be less than RMB738 million from 2026 to 2027.
	The Third Exercise/Unlocking Period	The accumulated operating revenue realized shall not be less than RMB21.151 billion or the net profit shall not be less than RMB1.221 billion from 2026 to 2028.
Reserved Share Options	The First Exercise Period	The accumulated operating revenue realized shall not be less than RMB12.784 billion or the net profit shall not be less than RMB738 million from 2026 to 2027.
	The Second Exercise Period	The accumulated operating revenue realized shall not be less than RMB21.151 billion or the net profit shall not be less than RMB1.221 billion from 2026 to 2028.

Note: 1. The “operating revenue” above refers to the audited operating revenue of the listed company; 2. The “net profit” above refers to the audited net profit attributable to shareholders of the listed company, calculated on the basis of figures excluding the impact of share-based payment expenses arising from this and other employee incentive schemes.

VIII. The Company does not have the following events which prohibit the Company from implementing an equity incentive pursuant to the Administrative Measures on Equity Incentives of Listed Companies:

- (I) issue of an auditors’ report with adverse opinion or disclaimer of opinion by a certified public accountant with respect to the financial accounting report for its most recent accounting year;
- (II) issue of an auditors’ report with adverse opinion or disclaimer of opinion by a certified public accountant with respect to the internal control of the financial report for its most recent accounting year;
- (III) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
- (IV) prohibition from implementation of an equity incentive by laws and regulations;
- (V) other circumstances determined by the CSRC.

- IX. The Incentive Participants under the Incentive Scheme do not have the following events which prohibit them from becoming Incentive Participants pursuant to the Administrative Measures on Equity Incentives of Listed Companies:
- (I) he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
 - (II) he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;
 - (III) he or she has been imposed by the CSRC and its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material non-compliance of laws or regulations;
 - (IV) he or she is prohibited from acting as a Director or a member of the senior management of the Company as required by the PRC Company Law;
 - (V) he or she is prohibited from participating in Equity Incentives of Listed Companies as required by laws and regulations;
 - (VI) other circumstances determined by the CSRC.
- X. CIG undertakes that: our Company will not provide loans, guarantees for their loans and financial support in any other forms, to any Incentive Participants for acquiring relevant interests under the Equity Incentive Scheme, which would harm the interests of the Company.
- XI. CIG undertakes that: the information disclosure documents relating to the Incentive Scheme do not contain any false statements, misleading statements or material omissions.
- XII. The Incentive Participants under the Incentive Scheme undertake that: where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or arrangements for exercise of the entitlements, the Incentive Participants shall return to the Company all interests gained through the Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents contain false statements or misleading representations or material omissions.
- XIII. The Incentive Scheme is subject to the consideration and approval of the special resolution at the Shareholders' meeting of the Company.
- XIV. After the Incentive Scheme is approved by the Shareholders' meeting of the Company, the Company will, within 60 days (if there are conditions for granting equity, calculated from the date such conditions are fulfilled), convene a Board meeting according to relevant regulations to make the Initial Grant of equity to

the Incentive Participants and complete the relevant procedures such as announcement and registration. If the Company fails to complete the above work within 60 days, it shall promptly disclose the reasons for the failure and announce the termination of the Incentive Scheme. According to the Administrative Measures on Equity Incentives of Listed Companies, the period during which the Company is prohibited from granting equity shall not be counted within the 60 days.

XV. The implementation of the Incentive Scheme will not result in the Company's shareholding distribution not meeting the conditions for listing.

CHAPTER I DEFINITIONS

In this Appendix I, the following expressions have the following meanings unless the context requires otherwise:

Term	Meaning
Our Company, Company, CIG	CIG SHANGHAI CO., LTD. (上海劍橋科技股份有限公司)
Incentive Scheme	2026 Share Option and Restricted Share Incentive Scheme of CIG Shanghai Co., Ltd.
Share Options	the right granted by the Company to the Incentive Participants to purchase a certain number of domestically listed RMB ordinary shares (A Shares) of the Company at predetermined conditions within a certain period of time in the future
Restricted Shares	domestically listed RMB ordinary shares (A Shares) of the Company granted to the Incentive Participants in accordance with the conditions stipulated in the Incentive Scheme, where certain rights, such as transfer, are restricted
Incentive Participants	Directors, senior management, core management and technical (business) personnel of the Company (including its subsidiaries) who have obtained Share Options or Restricted Shares in accordance with the Incentive Scheme
Grant Date	the date on which the Company grants Share Options/ Restricted Shares to the Incentive Participants, which must be an A-share trading day
Exercise Price	the price determined by the Company at the time of granting Share Options to the Incentive Participants, at which the Incentive Participants may purchase the Shares of listed companies
Grant Price	the price determined by the Company at the time of granting Restricted Shares to the Incentive Participants, at which the Incentive Participants may acquire the Shares of the Company

Term	Meaning
Validity Period	the period commencing from the Grant Date of the Share Options and Restricted Shares to the date when all Share Options granted to Incentive Participants are exercised or cancelled, and all the Restricted Shares are unlocked or repurchased and cancelled
Vesting Period	the period commencing from the date of registration of the grant of the Share Options and ending on the Exercisable Date of the Share Options
Exercise	the Incentive Participants' exercise of the Share Options to purchase the Company's Shares according to the arrangements of the Incentive Scheme
Exercisable Date	the date on which the Incentive Participants are entitled to exercise the Share Options, which must be an A-share trading day
Exercise Conditions	the conditions that must be satisfied by the Incentive Participants to exercise the Share Options under the Incentive Scheme
Lock-up Period	the period during which the Restricted Shares are restricted to be transferred or assigned or used as guarantee or for repayment of debts, if the conditions for exercise of entitlements by the Incentive Participants as stipulated in the Incentive Scheme are not satisfied, starting from the date when the Incentive Participant is granted the Restricted Shares
Unlocking Period	the period during which the Restricted Shares held by the Incentive Participants are unlocked and can be transferred upon the fulfillment of the unlocking conditions as stipulated in the Incentive Scheme
Unlocking Conditions	the conditions for unlocking the Restricted Shares granted to the Incentive Participants under the Incentive Scheme
Remuneration and Evaluation Committee	remuneration and evaluation committee of the Board of the Company
CSRC	China Securities Regulatory Commission
Stock Exchange	Shanghai Stock Exchange

Term	Meaning
Securities Depository and Clearing Corporation	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
PRC Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Administrative Measures	the Administrative Measures on Equity Incentives of Listed Companies
Listing Rules	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange
Articles of Association	the articles of association of CIG Shanghai Co., Ltd.
Company's Administrative Measures for Appraisal	Administrative Measures for the Implementation and Appraisal of the 2026 Share Option and Restricted Share Incentive Scheme of CIG Shanghai Co., Ltd.
RMB/RMB0'000/ RMB100 million	Renminbi/Renminbi 10,000/RMB100 million, the lawful currency of the People's Republic of China

CHAPTER II PURPOSE OF THE INCENTIVE SCHEME

The Incentive Scheme of the Company has been formulated to refine the corporate governance structure of the Company, establish and optimise the Company's long-term incentive and restraint mechanism, attract, stabilize and motivate outstanding talents of the Company, fully mobilize their enthusiasm and creativity, stimulate the innovative vitality and professional sense of mission of the core team, enhance core team cohesion and core corporate competitiveness, integrate the interests of Shareholders, the Company and the core team, bind the long-term interests of the three parties through the equity nexus, promote the formation of a business community that shares risks, benefits and development, enable all parties to focus on the Company's long-term development, guide the core team to concentrate on the core objectives of technological innovation, market expansion and operating efficiency improvement, and ensure the realization of the Company's development strategy and operational goals, on the premise of safeguarding Shareholders' interests pursuant to the principle of incentive being in proportion to restraint, matching benefits with contributions, and harmonizing short-term incentives with long-term development and in accordance with provisions of the PRC Company Law, the Securities Law, the Administrative Measures, the Listing Rules and other relevant laws, administrative regulations, normative documents, as well as the Articles of Association.

CHAPTER III ADMINISTRATIVE BODY OF THE INCENTIVE SCHEME

- I. The Shareholders' meeting, as the ultimate authoritative organization of the Company, shall be responsible for considering and approving the implementation, modification and termination of the Incentive Scheme. The Shareholders' meeting may, within its powers and authority, authorise the Board to handle certain matters relating to the Incentive Scheme.
- II. The Board shall act as the executive and administrative body for the Incentive Scheme and be responsible for the implementation of the Incentive Scheme. The Remuneration and Evaluation Committee under the Board shall be responsible for drafting and revising the Incentive Scheme, and submitting the Incentive Scheme to the Board of the Company for consideration. Upon consideration and approval by the Board, the Incentive Scheme shall be submitted to the Shareholders' meeting of the Company for consideration and approval. The Board may handle relevant matters relating to the Incentive Scheme within its scope of authority as delegated by the Shareholders' meeting. The Remuneration and Evaluation Committee shall issue clear opinions on the fulfillment of conditions for granting interests to Incentive Participants and for exercising rights under the Incentive Scheme.
- III. The Remuneration and Evaluation Committee shall act as the supervisory authority for the Incentive Scheme, and shall issue opinions as to whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The Remuneration and Evaluation Committee shall verify the list of Incentive Participants under the Incentive Scheme and supervise the implementation of the Incentive Scheme as to whether it is in compliance with the relevant laws, administrative regulations, normative documents and operational rules of the Stock Exchange.
- IV. Where amendments have been made to the Incentive Scheme before or after the Incentive Scheme is considered and approved at the Shareholders' meeting, the Remuneration and Evaluation Committee shall issue opinions as to whether the amended Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole.
- V. Before the Company grants equity to the Incentive Participants, the Board needs to deliberate on the fulfillment of the conditions for granting equity to the Incentive Participants, and the Remuneration and Evaluation Committee shall issue a clear opinion. If there is any difference between the Company's grant of equity to the Incentive Participants and the arrangements of the Incentive Scheme, the Remuneration and Evaluation Committee shall also issue a clear opinion at the same time.

- VI. Before the Incentive Participants exercise the equity, the Board needs to deliberate on the fulfillment of the conditions for the Incentive Participants to exercise the equity, and the Remuneration and Evaluation Committee shall issue a clear opinion.

CHAPTER IV BASIS AND SCOPE FOR DETERMINING INCENTIVE PARTICIPANTS

I. BASIS FOR DETERMINING INCENTIVE PARTICIPANTS

(I) Legal Basis for Determining Incentive Participants

The Incentive Participants of the Incentive Scheme are determined based on the relevant provisions of the PRC Company Law, the Securities Law, the Administrative Measures, the Listing Rules and other relevant laws, administrative regulations, normative documents, and the Articles of Association, taking into account the actual situation of the Company.

(II) Position Basis for Determining Incentive Participants

The Incentive Participants of the Incentive Scheme are the Directors, senior management, core management and technical (business) personnel working in the Company (including its subsidiaries). For persons who meet the scope of Incentive Participants of the Incentive Scheme, the Remuneration and Evaluation Committee will propose a list and verify and confirm it.

The basis for determining the Incentive Participants is consistent with the purpose of implementing the Incentive Scheme and complies with the requirements of relevant laws, regulations and the relevant provisions of the stock exchange.

II. SCOPE OF GRANTEES

A total of 1,064 Incentive Participants are covered in the Incentive Scheme, accounting for 78.58% of the Company's total number of 1,354 employees as of December 31, 2025, including:

1. Directors, senior management;
2. Core management and technical (business) personnel;

Among the above Incentive Participants, independent Directors of CIG, shareholders or actual controllers individually or collectively holding more than 5% of the Company's shares, and their spouses, parents, and children are not included. Among the Incentive Participants of the Incentive Scheme, the Directors of the Company must be elected by the Shareholders' meeting of the Company, and the senior management must be appointed by the Board of Directors of the Company. All Incentive Participants must sign a labor contract or an employment contract with the Company or a subsidiary of the Company during the assessment period of the Incentive Scheme.

Grantees of the Reserved Equity shall be determined within 12 months after the Incentive Scheme is approved by the Shareholders' meeting. After being proposed by the Board, with the Remuneration and Evaluation Committee issuing a clear opinion, and

lawyers issuing a professional opinion and a legal opinion, the Company will timely and accurately disclose information about the Incentive Participants on the designated website as required. If no Incentive Participants are determined after 12 months, the Reserved Equity shall lapse. The criteria for determining the Reserved Incentive Participants shall be the same as those for the Initial Grant.

III. CIRCUMSTANCES IN WHICH A PERSON CANNOT BECOME AN INCENTIVE PARTICIPANT OF THE INCENTIVE SCHEME

- (I) Identified as an unsuitable candidate by the stock exchange in the last 12 months;
- (II) Identified as an unsuitable candidate by the CSRC or its dispatched offices in the last 12 months;
- (III) Subjected to administrative penalties or market entry bans by the CSRC or its dispatched offices due to material illegal or non-compliant acts in the last 12 months;
- (IV) Having circumstances as stipulated in the PRC Company Law that prohibit a person from serving as a Director or senior management of the Company;
- (V) Prohibited by laws and regulations from participating in equity incentives of listed companies;
- (VI) Other circumstances determined by the CSRC.

If, during the implementation of the Incentive Scheme, an Incentive Participant falls into any of the above circumstances, the Company will terminate their right to participate in the Incentive Scheme, cancel their granted but not yet exercised Share Options, and repurchase and cancel their granted but not yet unlocked Restricted Shares at the Grant Price.

IV. VERIFICATION OF INCENTIVE PARTICIPANTS

- (I) After the Board of Directors deliberates and approves the Incentive Scheme, the Company will internally publicize the names and positions of the Incentive Participants through the company website or other channels, for a publicity period of not less than 10 days.
- (II) The Company's Remuneration and Evaluation Committee will review the list of Incentive Participants, fully considering the opinions raised during the publicity. The Company will disclose the Remuneration and Evaluation Committee's explanation of the review of the Incentive Participants list and the publicity status 5 days before the Shareholders' meeting considers the Incentive Scheme. The list of Incentive Participants adjusted by the Board of Directors of the Company shall also be verified by the Company's Remuneration and Evaluation Committee.

CHAPTER V SPECIFIC CONTENT OF THE INCENTIVE SCHEME

The Incentive Scheme consists of two parts: the Share Option Incentive Scheme and the Restricted Share Incentive Scheme.

The total equity to be granted to Incentive Participants under the Incentive Scheme is 15,571,300 units, accounting for approximately 4.42% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. Among this, the Initial Grant of equity is 14,571,300 units, accounting for approximately 4.13% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 93.58% of the total equity to be granted under the Incentive Scheme; the Reserved Equity is 1,000,000 units, accounting for approximately 0.28% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 6.42% of the total equity to be granted under the Incentive Scheme.

The 2024 Share Option Incentive Scheme approved by the Company's first extraordinary general meeting of 2024 is still in effect. The number of underlying Shares involved in the Company's 2024 Share Option Incentive Scheme is 15,593,000 shares, and the number of underlying Shares involved in the Incentive Scheme is 15,571,300 shares. Therefore, the total number of underlying Shares involved in all effective incentive schemes of the Company is 31,164,300 shares, accounting for approximately 8.84% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. As of the announcement date of the Incentive Scheme draft, the cumulative total number of underlying Shares involved in all effective equity incentive schemes of the Company does not exceed 10% of the Company's total share capital. The cumulative number of Company shares granted to any single Incentive Participant through all effective equity incentive schemes under the Incentive Scheme does not exceed 1% of the Company's total share capital.

I. SHARE OPTION INCENTIVE SCHEME

(I) Source and Type of Underlying Shares for the Proposed Share Option Grant

The source of the Underlying Shares for the Share Option Incentive Scheme is the Company's domestically listed RMB ordinary shares (A Shares) issued to the Incentive Participants through a private placement.

(II) Number of Proposed Share Options to be Granted and Their Proportion to the Company's Total Share Capital

The total number of Share Options to be granted to Incentive Participants under the Incentive Scheme is 13,853,500 units, accounting for approximately 3.93% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. Among this, the Initial Grant of Share Options is 12,853,500 units, accounting for approximately 3.64% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme

draft, and 92.78% of the total Share Options to be granted under the Incentive Scheme; the Reserved Share Options are 1,000,000 units, accounting for approximately 0.28% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft, and 7.22% of the total Share Options to be granted under the Incentive Scheme. Each Share Option granted under the Incentive Scheme, upon satisfaction of the exercise conditions and exercise schedule, entitles the holder to purchase one (1) domestically listed RMB ordinary share (A Share) of the Company at the Exercise Price during the exercisable period.

(III) List of Incentive Participants and Allocation of Proposed Share Options

Name	Nationality	Position	Number of Share Options Granted (10,000 units)	Proportion of Total Equity to be Granted under the Incentive Scheme	Proportion of Total Share Capital as of the Announcement Date of the Incentive Scheme Draft
I. Directors, Senior Management					
Zhang Jie	Chinese	Director	4.85	0.31%	0.01%
Zhao Hongwei	Chinese	Director	4.85	0.31%	0.01%
Cheng Gucheng	Chinese	Deputy General Manager, Financial Controller	4.85	0.31%	0.01%
II. Core Management and Technical (Business) Personnel (Total 1,061 persons)			1,270.80	81.61%	3.60%
Reserved			<u>100.00</u>	<u>6.42%</u>	<u>0.28%</u>
Total			<u><u>1,385.35</u></u>	<u><u>88.97%</u></u>	<u><u>3.93%</u></u>

Note: Some totals in the above table may not sum exactly due to rounding.

(IV) Related Notes

- The cumulative number of Company shares granted to any of the above Incentive Participants through all effective equity incentive schemes does not exceed 1% of the Company's total share capital. The cumulative total number of underlying Shares involved in all effective equity incentive schemes of the Company does not exceed 10% of the Company's total share capital. The proportion of Reserved Share Options does not exceed 20% of the total equity to be granted under the Incentive Scheme. If an Incentive Participant voluntarily waives their right to receive Share Options, the Board will make corresponding adjustments to the granted quantity, either directly

reducing the Share Option units waived by the Incentive Participant, adjusting them to the Reserved part, or allocating them among other Incentive Participants.

2. Grantees for the Reserved part shall be determined within 12 months after the Incentive Scheme is approved by the Shareholders' meeting. After being proposed by the Board, with the Remuneration and Evaluation Committee issuing a clear opinion, and lawyers issuing a professional opinion and a legal opinion, the Company will timely and accurately disclose information about the Incentive Participants on the designated website as required.

(V) Validity Period, Grant Date, Vesting Period, Exercise Arrangements, and Lock-up Period of the Share Option Incentive Scheme

1. *Validity Period of the Share Options*

The validity period of the Share Option Incentive Scheme is from the Grant Date of the Share Options until the date when all Share Options granted to Incentive Participants are exercised or cancelled, but in any case, it shall not exceed 48 months.

2. *Grant Date of Share Options*

After the Incentive Scheme is approved by the Shareholders' meeting of the Company, the Company will, within 60 days (if there are conditions for granting equity, calculated from the date such conditions are fulfilled), convene a Board meeting according to relevant regulations to make the Initial Grant of equity to the Incentive Participants and complete the relevant procedures such as announcement and registration. If the Company fails to complete the above work within 60 days, it shall promptly disclose the reasons for the failure and announce the termination of the Incentive Scheme. According to the Administrative Measures, the period during which the Company is prohibited from granting equity shall not be counted within the 60 days.

The Grant Date for the Reserved Share Options shall be determined by the Board of Directors of the Company within 12 months after the Shareholders' meeting approval.

The Grant Date is determined by the Board of Directors of the Company after the Incentive Scheme is approved by the Shareholders' meeting. The Grant Date must be an A-share trading day. If the date determined according to the above principle is not an A-share trading day, the Grant Date will be postponed to the first subsequent A-share trading day.

3. Vesting Period of Share Options

The Share Options granted to Incentive Participants are subject to different vesting periods, commencing from the date of registration of the Share Options granted to the Incentive Participants. The interval between the Grant Date and the first Exercisable Date shall not be less than 12 months.

4. Exercisable Date of Share Options

Incentive Participants under the Incentive Scheme can only start exercising after the vesting period ends, and must comply with the relevant provisions of the CSRC, the Shanghai Stock Exchange, and The Stock Exchange of Hong Kong Limited. The Exercisable Date must be an A-share trading day within the validity period of the Incentive Scheme, and exercise is not permitted during periods when relevant laws, administrative regulations, departmental rules restrict Directors and senior management of listed companies from trading in the Company's shares.

During the validity period of the Incentive Scheme, if the relevant provisions concerning the above periods in the PRC Company Law, Securities Law, and other relevant laws, administrative regulations, normative documents, and the Articles of Association change, then the exercise by Incentive Participants must comply with the amended PRC Company Law, Securities Law, and other relevant laws, regulations, normative documents, and the Articles of Association.

The exercise arrangements for the Initial Grant of Share Options under the Incentive Scheme are as follows:

Exercise Period	Exercise Time	Exercise Proportion
First Exercise Period	From the first A-share trading day after 12 months following the Grant Date of the Initially Granted Share Options until the last A-share trading day within 24 months following the Grant Date of the Initially Granted Share Options	30%
Second Exercise Period	From the first A-share trading day after 24 months following the Grant Date of the Initially Granted Share Options until the last A-share trading day within 36 months following the Grant Date of the Initially Granted Share Options	30%
Third Exercise Period	From the first A-share trading day after 36 months following the Grant Date of the Initially Granted Share Options until the last A-share trading day within 48 months following the Grant Date of the Initially Granted Share Options	40%

The exercise arrangements for the Reserved Share Options are as follows:

Exercise Period	Exercise Time	Exercise Proportion
First Exercise Period	From the first A-share trading day after 12 months following the Grant Date of the Reserved Share Options until the last A-share trading day within 24 months following the Grant Date of the Reserved Share Options	50%
Second Exercise Period	From the first A-share trading day after 24 months following the Grant Date of the Reserved Share Options until the last A-share trading day within 36 months following the Grant Date of the Reserved Share Options	50%

Share Options for which exercise conditions are not met during the stipulated periods above cannot be exercised or deferred to subsequent periods, and the Company will cancel the corresponding Share Options of the Incentive Participants according to the principles stipulated in the A Share Incentive Scheme. After each Exercise Period ends, any unexercised Share Options of the Incentive Participants for that period shall terminate and be cancelled by the Company.

After the Share Option exercise conditions are met, the Company will handle the exercise of the Share Options for the Incentive Participants that meet the conditions.

5. Lock-up Period for Share Options

The lock-up provisions for Company shares obtained by Incentive Participants through the A Share Incentive Scheme shall comply with the PRC Company Law, Securities Law, relevant laws, administrative regulations, normative documents, and the Articles of Association. The specific details are as follows:

- (1) If the Incentive Participant is a Director or senior management of the Company, during their term of office determined at appointment and within six months after the term expires, the annual transfer of shares shall not exceed 25% of the total shares they hold in the Company. Within six months after leaving office, they shall not transfer the Company shares they hold.

- (2) If the Incentive Participant is a Director or senior management of the Company, or their spouse, parents, or children, and they sell the Company's shares they hold within six months after purchase, or buy them again within six months after sale, any profits derived therefrom shall belong to the Company, and the Board of Directors of the Company shall recover such profits.
- (3) During the validity period of the A Share Incentive Scheme, if the relevant provisions concerning the transfer of shares held by Directors and senior management in the PRC Company Law, Securities Law, relevant laws, regulations, normative documents, and the Articles of Association change, then the transfer of Company shares by these Incentive Participants must comply with the amended PRC Company Law, Securities Law, relevant laws, regulations, normative documents, and the Articles of Association at the time of transfer.

(VI) Exercise Price of Share Options and Method for Determining the Exercise Price

1. Exercise Price of the Initially Granted Share Options

The Exercise Price for the Initially Granted Share Options under the A Share Incentive Scheme is RMB113.99 per unit. That is, upon satisfaction of the exercise conditions, each Share Option granted to an Incentive Participant entitles them to purchase 1 share of the Company at a price of RMB113.99.

2. Method for Determining the Exercise Price of the Initially Granted Share Options

The Exercise Price for the Initially Granted Share Options under the Incentive Scheme shall not be lower than the par value of the shares, and shall not be lower than the higher of the following prices:

- (1) The average trading price of the Company's shares on the A-share market for the 1 trading day before the announcement date of the Incentive Scheme draft, which is RMB104.88 per share;
- (2) The average trading price of the Company's shares on the A-share market for the 20 trading days before the announcement date of the Incentive Scheme draft, which is RMB113.99 per share.

3. Method for Determining the Exercise Price of the Reserved Share Options

The Exercise Price for the Reserved Share Options under the Incentive Scheme is the same as the Exercise Price for the Initially Granted Share Options.

(VII) Grant and Exercise Conditions for Share Options

1. *Grant Conditions for Share Options*

The Company may grant Share Options to Incentive Participants only when the following conditions are met simultaneously; conversely, if any of the following grant conditions are not met, Share Options shall not be granted to Incentive Participants.

(1) *None of the following circumstances occur in the Company:*

- ① The financial accounting report for the latest fiscal year is audited and issued with an adverse opinion or a disclaimer of opinion by a certified public accountant;
- ② The internal control of the financial report for the latest fiscal year is audited and issued with an adverse opinion or a disclaimer of opinion by a certified public accountant;
- ③ Any failure to distribute profits in accordance with laws, regulations, the Articles of Association, or public commitments within the last 36 months after listing;
- ④ Prohibited by laws and regulations from implementing equity incentives;
- ⑤ Other circumstances determined by the CSRC.

(2) *None of the following circumstances occur in the Incentive Participant:*

- ① Identified as an unsuitable candidate by the stock exchange in the last 12 months;
- ② Identified as an unsuitable candidate by the CSRC or its dispatched offices in the last 12 months;
- ③ Subjected to administrative penalties or market entry bans by the CSRC or its dispatched offices due to material illegal or non-compliant acts in the last 12 months;
- ④ Having circumstances as stipulated in the PRC Company Law that prohibit a person from serving as a Director or senior management of the Company;
- ⑤ Prohibited by laws and regulations from participating in equity incentives of listed companies;
- ⑥ Other circumstances determined by the CSRC.

2. *Exercise Conditions for Share Options*

Share Options granted to Incentive Participants may be exercised during the Exercise Period only when the following conditions are met simultaneously:

(1) *None of the following circumstances occur in the Company:*

- ① The financial accounting report for the latest fiscal year is audited and issued with an adverse opinion or a disclaimer of opinion by a certified public accountant;
- ② The internal control of the financial report for the latest fiscal year is audited and issued with an adverse opinion or a disclaimer of opinion by a certified public accountant;
- ③ failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
- ④ prohibition from implementation of a share incentive scheme by laws and regulations;
- ⑤ other circumstances determined by the CSRC.

In case the Company has any of the circumstances specified in the above sub-paragraph (1), the Share Options that have been granted to the Incentive Participants under the Incentive Scheme but have not been exercised shall be cancelled by the Company.

(2) *there is no occurrence of any of the following events on the part of the Incentive Participants:*

- ① he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
- ② he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;
- ③ he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to the material non-compliance of laws or regulations;
- ④ he or she is prohibited from acting as a Director or a member of the senior management as required by the PRC Company Law;
- ⑤ he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;

⑥ he or she is under other circumstances determined by the CSRC.

In case any Incentive Participant has any of the circumstances specified in the above sub-paragraph (2), the Company will terminate his/her right to participate in the Incentive Scheme, and the share options that have been granted to the Incentive Participant under the Incentive Scheme but have not been exercised shall be cancelled by the Company.

(3) Performance appraisal requirements at company level

The Incentive Scheme shall assess the Company's performance metrics annually during fiscal years from 2026 to 2028, subject to the achievement of the performance target of the Company as one of the Conditions of Exercise of the Share Options of the Incentive Participants. The company-level performance appraisal targets for Share Options granted under the Incentive Scheme are as follows:

Exercise Arrangement		Performance Appraisal Target
Initially Granted Share Options	The First Exercise Period	The operating revenue realized shall not be less than RMB5.811 billion or the net profit shall not be less than RMB335 million in 2026.
	The Second Exercise Period	The accumulated operating revenue realized shall not be less than RMB12.784 billion or the net profit shall not be less than RMB738 million from 2026 to 2027.
	The Third Exercise Period	The accumulated operating revenue realized shall not be less than RMB21.151 billion or the net profit shall not be less than RMB1.221 billion from 2026 to 2028.
Reserved Share Options	The First Exercise Period	The accumulated operating revenue realized shall not be less than RMB12.784 billion or the net profit shall not be less than RMB738 million from 2026 to 2027.
	The Second Exercise Period	The accumulated operating revenue realized shall not be less than RMB21.151 billion or the net profit shall not be less than RMB1.221 billion from 2026 to 2028.

Note: 1. The "operating revenue" above refers to the audited operating revenue of the listed company; 2. The "net profit" above refers to the audited net profit attributable to shareholders of the listed company, calculated on the basis of figures excluding the impact of share-based payment expenses arising from this and other employee incentive schemes.

During the Exercise Period, the Company shall process the exercise matters for Incentive Participants who meet the exercise conditions. Should the Company's performance level during each Exercise Period fail to meet the performance appraisal target conditions, all Share Options scheduled for exercise in such appraisal year of all Incentive Participants shall be cancelled by the Company.

(4) Performance appraisal requirements at individual level for the Incentive Participants

Performance appraisal at individual level for the Incentive Participants shall be conducted in accordance with the Company's internal performance appraisal policies. Individual appraisal outcomes are divided into six grades, namely, "A", "B+", "B", "B-", "C", and "D". The corresponding individual-level exercise ratios are as follows:

Appraisal Grade	A	B+	B	B-	C	D
Individual-level exercise ratio	100%	85%	75%		0%	

Subject to the Company achieving its performance targets, the actual exercise amount of Incentive Participants for the year = the Individual's planned exercise amount for the year × the exercise ratio at individual level. Any Share Options that the Incentive Participant fails to exercise shall be cancelled by the Company.

The specific appraisal content for the Incentive Scheme shall be implemented in accordance with the Company's Administrative Measures for Appraisal.

(VIII) Explanation on the Scientific and Reasonableness of the Company's Appraisal Indicators

The Company is a high-tech enterprise in the information and communications sector. Since its inception, the Company has consistently focused on the R&D, design, production and sales of communications connectivity terminal equipment in the fields of telecommunications, data, enterprise networks and home networks (covering telecommunications broadband, wireless networks and small cells), as well as high-speed optical module products. By continuously promoting product iteration and upgrading, the Company has consistently expanded market space. The Company has achieved practical operational results in technology R&D, product line expansion, and global market layout. During its long-term development, the Company has consistently adhered to the core development strategy of "pre-research as the first generation, development as the first generation, and production as the first generation", maintaining the dual-engine growth drivers of advanced R&D and intelligent manufacturing, and persistently pursuing innovation at both the engineering

technology and efficiency-driven levels. The Company has built core competencies in customer resources, innovative R&D, intelligent manufacturing, business models, products and services, management teams and international division of labor and collaboration, enabling it to navigate challenges such as changes in the external environment, supply chain fluctuations, industry technology iterations and geopolitical risks amidst intense market competition, achieve stable operational development, create value for Shareholders, and realize sustainable development of the Company. Facing technological upgrades and generational shifts, the Company has continued to increase R&D investment, promote the development of high-performance optical module products, and optimize production processes to improve product yield and delivery stability. The Telecom Broadband Business Unit has steadily optimized its operating scale and product structure; the Wireless Products Business Unit has actively expanded its customer base, refining its Wi-Fi products, technologies, and integrated small cell product solutions; the Optoelectronics Business Unit has completed the development of next-generation silicon photonics products and advanced the mass production introduction and customer certification of multiple products.

To realize the Company's strategic planning and operational objectives while maintaining comprehensive competitiveness, the Incentive Scheme shall adopt audited listed company revenue and audited net profit attributable to shareholders of the listed company calculated on the basis of figures excluding the impact of share-based payment expenses arising from this and other employee incentive schemes, as company-level performance appraisal indicators, which shall objectively reflect the operational performance and profitability of the Company's principal business.

Pursuant to the performance indicators established under the Incentive Scheme, the Company shall achieve operating revenue of no less than RMB5.811 billion or net profit of no less than RMB335 million in the 2026; cumulative operating revenue of no less than RMB12.784 billion or cumulative net profit of no less than RMB738 million for the two financial years from 2026 to 2027 financial years; cumulative operating revenue of no less than RMB21.151 billion or cumulative net profit of no less than RMB1.221 billion for the three financial years of 2026, 2027 and 2028. These performance indicators have been established through comprehensive consideration of factors including the Company's current status, future strategic planning, and industry development trends. The appraisal indicators present a certain level of challenge for future development, which on the one hand, will help enhance the Company's competitiveness and motivate employees and on the other hand, will focus the Company's future strategic direction and stabilize the achievement of its operational objectives.

In addition to company-level performance appraisal, the Company has established a rigorous performance appraisal system for individuals, enabling a relatively accurate and comprehensive assessment of the work performance of Incentive Participants. The Company shall determine whether an Incentive

Participant meets the conditions for exercising its rights based on the performance appraisal results corresponding to the appraisal year in which the rights to be exercised.

In summary, the appraisal system for the Company's Incentive Scheme is comprehensive, integrated and practicable. The appraisal indicators are scientific and reasonable, while exerting a certain degree of constraint on the Incentive Participant, and are capable of achieving the appraisal objectives of the Incentive Scheme.

(IX) Methods and Procedures for Adjustment of the Share Option Incentive Scheme

1. Methods of adjusting the number of Share Options

In the event of any capitalization issue, bonus issue, sub-division, share consolidation or rights issue of the Company during the period starting from the announcement date of the Incentive Scheme draft to the completion of the exercise registration of granted Share Options by Incentive Participants, the number of Share Options shall be adjusted accordingly. The adjustment method is as follows:

(1) Capitalization issue, bonus issue and sub-division of share capital

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

Where: Q_0 represents the number of Share Options before the adjustment; n represents the ratio of increase per share resulting from capitalization issue, bonus issue or subdivision of share capital (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and sub-division of the share capital); Q represents the adjusted number of Share Options.

(2) Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Share Options before the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of CIG shall be consolidated into n shares); Q represents the adjusted number of Share Options.

(3) Rights issue

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

Where: Q_0 represents the number of Share Options before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights

issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Share Options.

(4) Additional issues

Under the circumstance of the Company's additional issue of new Shares, no adjustment will be made on the number of the Share Options.

2. Method of adjusting the Exercise Price of the Share Options

In the event that any issue of shares by capitalization issue, bonus issue, sub-division, consolidation of shares or rights issue or dividend distribution has been made by the Company during the period starting from the announcement date of the Incentive Scheme draft to the completion of the exercise registration of granted Share Options by Incentive Participants, an adjustment to the Exercise Price of Share Options shall be made by the Company accordingly, provided no adjustment shall render the exercise price below the par value of the Shares. The adjustment method is as follows:

(1) Capitalization issue, bonus issue and sub-division of shares

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

Where: P_0 represents the Exercise Price before the adjustment; n represents the ratio of increase per share resulting from capitalization issue, bonus issue and subdivision of shares (i.e., the number of additional shares issued following capitalization issue, bonus issue, or sub-division of shares); P represents the adjusted Exercise Price.

(2) Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the Exercise Price before the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of CIG shall be consolidated into n shares); P represents the adjusted Exercise Price.

(3) Rights issue

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

Where: P_0 represents the Exercise Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Exercise Price.

(4) Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the Exercise Price before the adjustment; V represents the dividend per share; P represents the adjusted Exercise Price. P shall be greater than the par value of the Company's Shares after the dividend distribution.

(5) Additional issue

Under the circumstance of the Company's additional issue of new Shares, no adjustment will be made on the Exercise Price of the Share Options.

3. Adjustment procedures for the Incentive Scheme of Share Options

The shareholders' meeting of the Company shall authorize the Board to adjust the number granted or the Exercise Price of Share Options for the reasons specified in the Incentive Scheme. After the Board adjusts the number granted or the Exercise Price of Share Options according to the above provisions, it shall promptly make announcement and notify the Incentive Participants. The Company shall engage a law firm to give professional advice on whether such adjustment is in compliance with the Management Measures, the Articles of Association and the Incentive Scheme.

(X) Accounting Treatment of Share Options

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11-Share-based Payments (《企業會計準則第11號 — 股份支付》) and the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments (《企業會計準則第22號 — 金融工具確認和計量》) by the Ministry of Finance, the Company shall, on each balance sheet date within the Vesting Period, modify the number of Share Options expected to be exercisable according to the latest changes in the number of persons entitled to exercise and the completion of performance indicators and other follow-up information, and recognize the relevant costs or expenses and capital reserves for the services acquired during the particular period at the fair value of the Share Options on the Date of Grant.

1. Accounting treatment of Share Options

(1) On the Grant Date

Accounting treatment on the Grant Date: Since the Share Options cannot be exercised on the Grant Date, no related accounting treatment is required. The Company will use the Black-Scholes Model to determine the fair value of the Share Options on the Grant Date.

(2) Vesting Period

The Company includes the services for current period in costs or expense on each balance sheet date during the Vesting Period based on the best estimate of the number of exercisable Share Options and the fair value of the Share Options on the Grant Date and recognize in “Capital reserve — other capital reserve”, and will not recognize its subsequent fair value change.

(3) Accounting Treatment Subsequent to Exercisable Date

No adjustment shall be made to the relevant costs or expense, and the total amount of the owner’s equities, which have been recognized.

(4) On the Exercise Date

On the Exercise Date, if the Exercise Conditions are met, the Share Options can be exercised and the “capital reserve — other capital reserve” recognized on each balance sheet date before the Exercise Date will be carried forward; if all or part of the Share Options are not exercised and become invalid or void, they will be cancelled by the Company and handled in accordance with accounting standards and relevant regulations based on the specific circumstances.

(5) Basis of Determination of the Fair Value of the Share Options

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11-Share-Based Payments (《企業會計準則第 11 號 — 股份支付》) and the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments (《企業會計準則第 22 號 — 金融工具確認和計量》), the Company selects the Black-Scholes model (B-S model) as its pricing model. Using this model, the Company performed a projected calculation of the fair value of the initial grant of Share Options, with March 30, 2026 as the base date for calculation (formal calculation will be performed at the time of grant), and the specific parameters are selected as follows:

- ① Underlying share price: RMB105.29 per Share (the closing price on March 30, 2026);
- ② Validity periods: 1 year, 2 years and 3 years, respectively (i.e., the period from Grant Date to each of the first Exercise Date);
- ③ Historical volatility: 13.86%, 16.40% and 15.43% (i.e., annualized volatility of the Shanghai Composite Index for the corresponding periods);

- ④ Risk-free interest rates: 1.2518%, 1.2964% and 1.3228% (using the yields of 1-year, 2-year and 3-year China National Bonds, respectively)

2. *Estimated impact of Share Option implementation on operating results for each period*

The Company granted 13,853,500 Share Options to Incentive Participants, with an initial grant of 12,853,500 Share Options. According to the estimated fair value of the Share Options on the Grant Date based on the closing price of the A-shares on the last trading day preceding the publication of the Incentive Scheme draft, the total fair value of the equity instruments initially granted is expected to be RMB88,566,000. Such total expense shall be recognised as the Company's incentive costs under the Incentive Scheme, and shall be recognized over time in proportion to the exercise rate during its implementation, and charged to operating profit or loss. Pursuant to the requirements of the accounting standards, the specific amount shall be determined based on the fair value of Shares calculated on the "actual grant date". Assuming the Company grants the Options in April 2026, and all Incentive Participants meet the Exercise Conditions stipulated in the Incentive Scheme and exercise all options within their respective exercise periods, the amortization of Share Option costs from 2026 to 2029 is as follows:

Unit: RMB'000

Amortization Costs of Share Options	2026	2027	2028	2029
88,566.0	28,082.0	34,251.9	20,856.6	5,375.6

Note: (1) The above costs are projected costs, and the actual costs are related to the Grant Price, Grant Date, closing price on Grant Date, number of grants and the best estimate of the number of exercisable equity instruments;

(2) Shareholders are reminded to be aware of the possible dilutive effect of the above share-based payments costs;

(3) The final impact of the above amortization costs projections on the Company's operating results is subject to the audit report issued by the accountant;

(4) Any difference in the mantissa of the sum of the totals and the breakdown in the table above, if any, is due to rounding.

The costs of the Incentive Scheme shall be charged to the costs and expenses. Based on the current information, the Company estimates that without considering the positive effect of the Incentive Scheme on the Company's performance, the amortization of the costs of the Incentive Scheme will have an impact on the net profit each year within the validity period. Taking into account the positive effect of the Incentive Scheme on the operation and development of

the Company, which stimulates the enthusiasm of the core employees, improves operating efficiency, and reduces operating costs, the Incentive Scheme is expected to play a positive role in improving the Company's performance.

II. RESTRICTED SHARE INCENTIVE SCHEME

(I) Source and Type of Underlying Shares for the Proposed Restricted Share Grant

The source of the Underlying Shares for the Restricted Share Incentive Scheme is the Company's domestically listed RMB ordinary shares (A Shares) issued to the Incentive Participants through a private placement.

(II) Number of Proposed Restricted Shares to be Granted and Their Proportion to the Company's Total Share Capital

Restricted Share Incentive Scheme: The total number of Restricted Shares to be granted to Incentive Participants under the Incentive Scheme is 1,717,800 shares, accounting for approximately 0.49% of the Company's total share capital of 352,650,373 shares as of the announcement date of the Incentive Scheme draft. The grant is a one-off grant with no reserved grant.

(III) List of Incentive Participants and Allocation of Proposed Restricted Shares

Name	Nationality	Position	Number of Restricted Shares granted (10,000 Shares)	Proportion of the total equity to be granted under the Incentive Scheme	Proportion of the total share capital as of the announcement date of the Incentive Scheme draft
I. Directors, Senior Management					
Zhang Jie	Chinese	Director	2.68	0.17%	0.01%
Zhao Hongwei	Chinese	Director	2.68	0.17%	0.01%
Cheng Gucheng	Chinese	Deputy general manager, financial officer	2.68	0.17%	0.01%
II. Core Management and Technical (Business) Personnel (Total 141 persons)			163.74	10.52%	0.46%
Total			<u>171.78</u>	<u>11.03%</u>	<u>0.49%</u>

Note: Some totals in the above table may not sum exactly due to rounding.

(IV) Related Notes

The cumulative number of Company shares granted to any of the above Incentive Participants through all effective equity incentive schemes does not exceed 1% of the Company's total share capital. The cumulative total number of underlying Shares involved in all effective equity incentive schemes of the Company does not exceed 10%

of the Company's total share capital. If an Incentive Participant voluntarily waives their right to receive Restrictive Shares, the Board will make corresponding adjustments to the granted quantity, either directly reducing the Restrictive Shares units waived by the Incentive Participant, or allocating them among other Incentive Participants. If an Incentive Participant lacks sufficient funds to subscribe for restricted shares, he/she may reduce the number of Restricted Shares subscribed for accordingly.

(V) Validity Period, Grant Date, Lock-Up Period, Unlocking Arrangement and Lock-Up Period of the Restricted Shares

1. Validity Period of Restricted Share Incentive Scheme

The validity period of the Restricted Share Incentive Scheme is from the Grant Date of the Restricted Shares until the date when all Restricted Shares granted to Incentive Participants are unlocked or repurchased and canceled, but in any case, it shall not exceed 48 months.

2. Grant Date of the Restricted Share Incentive Scheme

After the Incentive Scheme is approved by the Shareholders' meeting of the Company, the Company will, within 60 days (if there are conditions for granting equity, calculated from the date such conditions are fulfilled), convene a Board meeting according to relevant regulations to make the grant of equity to the Incentive Participants and complete the relevant procedures such as announcement and registration. If the Company fails to complete the above work within 60 days, it shall promptly disclose the reasons for the failure and announce the termination of the Incentive Scheme. According to the Administrative Measures, the period during which the Company is prohibited from granting equity shall not be counted within the 60 days.

The Grant Date shall be determined by the Board of the Company after the Incentive Scheme is approved by the Shareholders' meeting according to the relevant provisions of the CSRC, the Shanghai Stock Exchange, and The Stock Exchange of Hong Kong Limited. The Grant Date must be an A-share trading day. If the date determined according to the above principles is not an A-share trading day, the Grant Date shall be postponed to the first subsequent A-share trading day. The Company shall not grant the Restricted Shares to the Incentive Participants during any period when the relevant laws, administrative regulations, and departmental rules impose trading restrictions on the Shares of Company by the Directors and senior management of the Company.

During the Validity Period of the Incentive Scheme, in case there is any amendment to the requirements regarding transfer of Shares by a Director or a member of the senior management of the Company under the PRC Company Law, the Securities Law and other relevant laws, regulations, regulatory

documents and the Articles of Association, such amended requirements thereunder shall apply to the Shares transferred by the Incentive Participants during the relevant times.

3. Lock-up Period of the Restricted Share Incentive Scheme

The Restricted Shares granted to the Incentive Participants are subject to different Lock-up Periods, all of which shall be calculated from the date of completion of registration of the grant of Restricted Shares to the Incentive Participants. The interval between the Grant Date and the first tradable date shall not be less than 12 months.

The Restricted Shares which are granted to the Incentive Participants under the Incentive Scheme shall not be transferred, pledged for guarantees, or used for repayment of debt during the Lock-up Period. Upon completion of registration by the Securities Depository and Clearing Corporation, the Restricted Shares granted to the Incentive Participants shall have the same rights as Shares, including but not limited to the rights to dividend, the rights to rights issue, and the rights to vote. During the Lock-up Period, any shares obtained by the Incentive Participants as a result of capitalization issue, bonus issue, rights issue shares, or shares allocated to existing shareholders in additional issues in relation to the Restricted Shares granted shall be subject to the same lock-up restrictions, and shall not be sold in the secondary market or otherwise transferred. The expiry date of the lock-up period for such shares shall be the same as that for the Restricted Shares.

When the Company distributes cash dividends, the cash dividends that the Incentive Participants are entitled to in respect of the Restricted Shares granted to them, after deduction of individual income tax, shall be enjoyed by the Incentive Participants. In principle, the cash dividends will be collected by the Company on behalf of the Incentive Participants and will be returned to them upon the removal of trading restrictions on the relevant Restricted Shares. If the relevant Restricted Shares fails to have its trading restrictions removed, the corresponding cash dividends shall be recovered by the Company, and appropriate accounting treatment shall be applied.

4. Unlocking Arrangement for the Restricted Share Incentive Scheme

The unlocking arrangement for the Restricted Shares are as follows:

Unlocking arrangement	Unlocking schedule	Unlocking proportion
First Unlocking Period	Commencing from the first trading day of the A Share upon the expiry of 12 months from the Grant Date of the Restricted Share to the last trading day of the A Share upon the expiry of 24 months from the Grant Date of the Restricted Share	30%
Second Unlocking Period	Commencing from the first trading day of the A Share upon the expiry of 24 months from the Grant Date of the Restricted Share to the last trading day of the A Share upon the expiry of 36 months from the Grant Date of the Restricted Share	30%
Third Unlocking Period	Commencing from the first trading day of the A Share upon the expiry of 36 months from the Grant Date of the Restricted Share to the last trading day of the A Share upon the expiry of 48 months from the Grant Date of the Restricted Share	40%

The Restricted Shares that fail to meet the unlocking conditions during the aforesaid Unlocking Periods shall not be unlocked or carried forward to the next period for unlocking, and shall be repurchased and cancelled by the Company in accordance with the principles stipulated in the Incentive Scheme.

Upon satisfaction of the unlocking conditions for the Restricted Shares, the Company will handle the unlocking at its discretion for the Restricted Shares that meet the unlocking conditions.

5. Lock-up Period for the Restricted Shares

The lock-up arrangement for the Shares of the Company granted to the Incentive Participants under the Incentive Scheme shall be implemented in accordance with the PRC Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Specific contents are as follows:

- (1) Where an Incentive Participant is a Director or a member of the senior management of the Company, the number of the Shares of the Company which may be transferred by the Incentive Participant each year during his/her term of office as determined upon his/her appointment and within six months after the expiry of his/her term of office shall not exceed 25% of the total number of the Shares of the Company held by him/her. No Shares of the Company held by him/her shall be transferred within six months after his/her termination of office.
- (2) Where an Incentive Participant is a Director or a member of the senior management of the Company, or his/her spouse, parents, or children, and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.
- (3) During the Validity Period of the Incentive Scheme, in case there is any amendment to the requirements regarding transfer of Shares by a Director or a member of the senior management of the Company under the PRC Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, such amended requirements thereunder shall apply to the Shares transferred by the Incentive Participants during the relevant times.

(VI) Grant Price of the Restricted Shares and the Basis of Its Determination

1. Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares shall be RMB57.00 per Share.

2. Basis of Determination for the Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares shall not be lower than the nominal value of the Shares, and not lower than the higher of the followings:

- (1) 50% of the average trading price of the A Share of the Company (i.e. RMB52.44 per share) on the trading day preceding the announcement date of the Incentive Scheme draft;

- (2) 50% of the average trading price of the A Share of the Company (i.e. RMB57.00 per share) for 20 trading days preceding the announcement date of the Incentive Scheme draft.

(VII) Conditions on Grant and Unlocking of the Restricted Shares

1. Conditions on the Grant of the Restricted Shares

Restricted Shares may be granted to the Incentive Participants by the Company only upon satisfaction of all of the following conditions. In other words, Restricted Shares cannot be granted to the Incentive Participants if any of the following conditions of grant is not satisfied.

(1) There is no occurrence of any of the following events on the part of the Company:

- ① issue of an auditors' report with adverse opinions or which indicates an inability to give opinions by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;
- ② issue of an auditors' report with adverse opinions or which indicates an inability to give opinions by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
- ③ failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
- ④ prohibition from implementation of a share incentive scheme by laws and regulations;
- ⑤ other circumstances determined by the CSRC.

(2) There is no occurrence of any of the following events on the part of the Incentive Participants:

- ① he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
- ② he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;
- ③ he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to the material non-compliance of laws or regulations;

- ④ he or she is prohibited from acting as a Director or a member of the senior management as required by the PRC Company Law;
- ⑤ he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;
- ⑥ he or she is under other circumstances determined by the CSRC.

2. *Conditions on the Unlocking of the Restricted Shares*

During the Unlocking Period, the following conditions must be fulfilled before the Restricted Shares granted to the Incentive Participants can be unlocked:

(1) There is no occurrence of any of the following events on the part of the Company:

- ① issue of an auditors' report with adverse opinions or which indicates an inability to give opinions by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;
- ② issue of an auditors' report with adverse opinions or which indicates an inability to give opinions by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
- ③ failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
- ④ prohibition from implementation of a share incentive scheme by laws and regulations;
- ⑤ other circumstances determined by the CSRC.

In case the Company has any of the circumstances specified in the above sub-paragraph (1), the Restricted Shares that have been granted to the Incentive Participants under the Incentive Scheme but have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price plus the interest of time deposits of the People's Bank of China for the corresponding period. In case any Incentive Participant bears personal responsibility for the occurrence of the above circumstance, the Restricted Shares that have been granted to the Incentive Participant but have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price.

(2) *There is no occurrence of any of the following events on the part of the Incentive Participants:*

- ① he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
- ② he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;
- ③ he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to the material non-compliance of laws or regulations;
- ④ he or she is prohibited from acting as a Director or a member of the senior management as required by the PRC Company Law;
- ⑤ he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;
- ⑥ he or she is under other circumstances determined by the CSRC.

In case any Incentive Participant has any of the circumstances specified in the above sub-paragraph (2), the Company will terminate such Incentive Participant's right to participate in the Incentive Scheme, and the Restricted Shares that have been granted to the Incentive Participant under the Incentive Scheme but have not been unlocked shall be repurchased and cancelled by the Company at the Grant Price.

(3) *Performance appraisal at company level*

The Incentive Scheme shall assess the Company's performance indicators annually during accounting years from 2026 to 2028, subject to the achievement of the performance target of the Company as one of the conditions for the Incentive Participants to unlock the Restricted Shares in the relevant year. The performance appraisal targets at company level for the Restricted Shares granted under the Incentive Scheme are as follows:

Unlocking arrangement	Performance appraisal targets
First Unlocking Period	The operating revenue realized shall not be less than RMB5.811 billion or the net profit shall not be less than RMB335 million in 2026.

Unlocking arrangement	Performance appraisal targets
Second Unlocking Period	The accumulated operating revenue realized shall not be less than RMB12.784 billion or the net profit shall not be less than RMB738 million from 2026 to 2027.
Third Unlocking Period	The accumulated operating revenue realized shall not be less than RMB21.151 billion or the net profit shall not be less than RMB1.221 billion from 2026 to 2028.

Note: 1. The “operating revenue” above refers to the audited operating revenue of the listed company; 2. The “net profit” above refers to the audited net profit attributable to shareholders of the listed company, calculated on the basis of figures excluding the impact of share-based payment expenses arising from this and other employee incentive schemes.

During the Unlocking Period, the Company shall process the unlocking matters for Incentive Participant who meet the unlocking conditions. Should the Company’s performance level during each Unlocking Period fail to meet the performance appraisal target conditions, all Restricted Shares scheduled to be unlocked in such appraisal year of all Incentive Participants shall not be unlocked, and shall be repurchased and cancelled by the Company at the Grant Price plus the interest of time deposits of the People’s Bank of China for the corresponding period.

(4) Performance appraisal requirements at individual level for the Incentive Participants

The performance appraisal at individual level for the Incentive Participants shall be implemented in accordance with the relevant internal performance appraisal regulations of the Company. The performance appraisal results of the Incentive Participants at individual level are classified into six grades, i.e., “A”, “B+”, “B”, “B-”, “C”, and “D”. The corresponding unlocking proportion at individual level are as follows:

Appraisal Grade	A	B+	B	B-	C	D
Unlocking proportion at individual level	100%	85%	75%	0%		

Subject to the Company achieving its performance targets, the actual amount of the Restricted Shares that an Incentive Participant can unlock for the year = the number of Restricted Shares scheduled to be unlocked by the individual for the year × unlocking proportion at individual level. Any

Restricted Shares that cannot be unlocked by an Incentive Participant in the appraisal year due to performance appraisal at individual level shall be repurchased and cancelled by the Company at the Grant Price.

The specific appraisal indicators for the Incentive Scheme shall be implemented in accordance with the Company's Administrative Measures for Appraisal.

(VIII) Explanation on the Scientific and Reasonableness of the Performance Appraisal Indicators

The Company is a high-tech enterprise in the information and communications sector. Since its inception, the Company has consistently focused on the R&D, design, production and sales of communications connectivity terminal equipment in the fields of telecommunications, data, enterprise networks and home networks (covering telecommunications broadband, wireless networks and small cells), as well as high-speed optical module products. By continuously promoting product iteration and upgrading, the Company has consistently expanded market space. The Company has achieved practical operational results in technology R&D, product line expansion, and global market layout. During its long-term development, the Company has consistently adhered to the core development strategy of “pre-research as the first generation, development as the first generation, and production as the first generation”, maintaining the dual-engine growth drivers of advanced R&D and intelligent manufacturing, and persistently pursuing innovation at both the engineering technology and efficiency-driven levels. The Company has built core competencies in customer resources, innovative R&D, intelligent manufacturing, business models, products and services, management teams and international division of labor and collaboration, enabling it to navigate challenges such as changes in the external environment, supply chain fluctuations, industry technology iterations and geopolitical risks amidst intense market competition, achieve stable operational development, create value for Shareholders, and realize sustainable development of the Company. Facing technological upgrades and generational shifts, the Company has continued to increase R&D investment, promote the development of high-performance optical module products, and optimize production processes to improve product yield and delivery stability. The Telecom Broadband Business Unit has steadily optimized its operating scale and product structure; the Wireless Products Business Unit has actively expanded its customer base, refining its Wi-Fi products, technologies, and integrated small cell product solutions; the Optoelectronics Business Unit has completed the development of next-generation silicon photonics products and advanced the mass production introduction and customer certification of multiple products.

To realize the Company's strategic planning and operational objectives while maintaining comprehensive competitiveness, the Incentive Scheme shall adopt audited listed company revenue and audited net profit attributable to shareholders of the listed company calculated on the basis of figures excluding the impact of share-based

payment expenses arising from this and other employee incentive schemes, as company-level performance appraisal indicators, which shall objectively reflect the operational performance and profitability of the Company's principal business.

Pursuant to the performance indicators established under the Incentive Scheme, the Company shall achieve operating revenue of no less than RMB5.811 billion or net profit of no less than RMB335 million in the 2026; cumulative operating revenue of no less than RMB12.784 billion or cumulative net profit of no less than RMB738 million for the two financial years from 2026 to 2027 financial years; cumulative operating revenue of no less than RMB21.151 billion or cumulative net profit of no less than RMB1.221 billion for the three financial years of 2026, 2027 and 2028. These performance indicators have been established through comprehensive consideration of factors including the Company's current status, future strategic planning, and industry development trends. The appraisal indicators present a certain level of challenge for future development, which on the one hand, will help enhance the Company's competitiveness and motivate employees and on the other hand, will focus the Company's future strategic direction and stabilize the achievement of its operational objectives.

In addition to the performance appraisal at company level, the Company has established a strict performance appraisal system for individuals, which evaluates the performance of the Incentive Participants in an accurate and all-round manner. The Company will determine whether the Incentive Participants meet the unlocking conditions based on their performance appraisal results for the appraisal year corresponding to the unlocking.

Given the above, the appraisal system for the Incentive Scheme of the Company is all-round, comprehensive and operable, and the appraisal indicators are scientific and reasonable, which are binding on the Incentive Participants and can serve the appraisal goal of the Incentive Scheme.

(IX) Methods and Procedures for Adjustment of the Restricted Share Incentive Scheme

1. Methods of Adjusting the Number of Restricted Shares

In the event that any capitalization issue, bonus issue and sub-division of shares, consolidation of Shares or rights issue has been made by the Company during the period from the announcement date of the Incentive Scheme draft to the date of the completion of registration of the grant of Restricted Shares to the Incentive Participants, the number of Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

(1) Capitalization issue, bonus issue and sub-division of Shares

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

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from capitalization issue, bonus issue or subdivision of share capital (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and sub-division of Shares); Q represents the adjusted number of Restricted Shares.

(2) Consolidation of Shares

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of consolidation of shares (i.e. one Share of CIG shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares.

(3) Rights issue

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

Where: Q_0 represents the number of Restricted Shares before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares.

(4) Additional issues

Under the circumstance of additional issue of new shares, no adjustment will be made on the number of the Restricted Shares.

2. Method of Adjusting the Grant Price of the Restricted Shares

In the event that any capitalization issue, bonus issue and sub-division of shares, consolidation of Shares, rights issue or dividend distribution has been made by the Company during the period from the announcement date of the Incentive Scheme draft to the date of the completion of registration of the grant of Restricted Shares to the Incentive Participants, an adjustment to the Grant Price of Restricted Shares shall be made accordingly. The adjustment method is as follows:

(1) Capitalization issue, bonus issue and sub-division of shares

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

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from capitalization issue, bonus issue and sub-division of shares (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and sub-division of shares); P represents the adjusted Grant Price.

(2) *Consolidation of Shares*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of consolidation of shares (i.e. one share of the CIG shall be consolidated into n share); P represents the adjusted Grant Price.

(3) *Rights issue*

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

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant Price.

(4) *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the adjusted Grant Price. P shall be greater than the nominal value of the Company's shares after the dividend distribution.

(5) *Additional issues*

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant Price of the Restricted Shares.

3. *Adjustment Procedures for the Restricted Share Incentive Scheme*

The Company's Shareholders' Meeting authorizes the Board to adjust the number of grant and Grant Price of Restricted Shares based on the reasons specified in the Incentive Scheme. After the Board adjusts the number of grant and Grant Price of Restricted Shares in accordance with the above provisions, it shall promptly make an announcement and notify the Incentive Participants. The

Company shall engage a law firm to issue a professional opinion on whether the aforementioned adjustments comply with the provisions of the Administrative Measures, the Articles of Association and the Incentive Scheme.

(X) Repurchase and Cancellation of Restricted Shares

1. Principles of Repurchase and Cancellation of Restricted Share

Upon completion of registration of the Restricted Shares granted to the Incentive Participants, in case of any capitalisation issue, bonus issue, sub-division of shares, rights issue, consolidation of shares or dividend distribution and other matters of the Company, the Company shall repurchase the Restricted Shares granted to the Incentive Participants that have not yet unlocked, as well as any Company shares obtained based on these Restricted Shares, at the adjusted quantity. If adjustments to the repurchase price and repurchase quantity are required under the Incentive Scheme, corresponding adjustments shall be made in accordance with the following methods.

2. Method for Adjustment of Repurchase Quantity

(1) Capitalisation issue, bonus issue and sub-division of shares

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

Where: Q_0 represents the number of Restricted Shares prior to adjustment; n represents the ratio of increase per share resulting from capitalisation issue, bonus issue and sub-division of shares (i.e. the increase in number of shares per share upon capitalisation issue, bonus issue and sub-division of shares); Q represents the number of Restricted Shares after adjustment.

(2) Consolidation of Shares

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares prior to adjustment; n represents the ratio of consolidation of shares (i.e. one share of the CIG shall be consolidated into n share); Q represents the number of Restricted Shares after adjustment.

(3) Rights issue

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

Where: Q_0 represents the number of Restricted Shares prior to adjustment; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company prior to the rights issue); Q represents the number of Restricted Shares after adjustment.

3. *Method for Adjustment of Repurchase Price*

(1) *Capitalisation issue, bonus issue and sub-division of shares*

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

Where: P_0 represents the Grant Price prior to adjustment; n represents the ratio of increase per share resulting from capitalisation issue, bonus issue and sub-division of shares (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and sub-division of shares); P represents the repurchase price after adjustment.

(2) *Consolidation of Shares*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price prior to adjustment; n represents the ratio of consolidation of shares; P represents the repurchase price after adjustment.

(3) *Rights issue*

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

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the repurchase price after adjustment.

(4) *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the repurchase price after adjustment. If the cash dividends obtained by the Incentive Participants due to the Restricted Shares granted to them are collected by the Company on their behalf, such dividends shall be treated as dividends payable and paid to the Incentive Participants when the Restricted Shares are released from the lock-up period. In such case, the repurchase price of the Restricted Shares that have not yet been released from the lock-up period shall not be adjusted.

4. Procedures for Adjustment of Repurchase Quantity or Price

The Board, based on the authorization from the Company's Shareholders' Meeting, shall promptly convene a Board meeting to formulate a repurchase adjustment plan in accordance with the reasons specified above. After the Board adjusts the repurchase quantity or repurchase price pursuant to the above provisions, it shall promptly make an announcement. If adjustments to the repurchase quantity or repurchase price of Restricted Shares are required for other reasons, a resolution shall be made by the Board and submitted to the Shareholders' Meeting for review and approval.

5. Procedures of Repurchase and Cancellation

When the Company repurchases Shares in accordance with the provisions of the Incentive Scheme, it shall apply to the Stock Exchange for the repurchase of such Restricted Shares. Upon confirmation by the Stock Exchange, the Securities Depository and Clearing Corporation shall handle the relevant registration and clearing matters. The Company shall pay the repurchase consideration to the Incentive Participants and complete the transfer procedures for the corresponding Shares with the Securities Depository and Clearing Corporation. Within a reasonable time after the completion of the transfer, the Company shall cancel such Shares.

(XI) Accounting Treatment of Restricted Shares

In accordance with the relevant requirements of the MOF's Accounting Standards for Business Enterprises No. 11-Share-Based Payments and the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

1. Accounting Treatment of Restricted Shares

(1) Grant Date

The "Share Capital" and "capital reserve-share capital premium" shall be recognised according to the status of the grant of Restricted Shares to the Incentive Participants by the Company. At the same time, a liability is recognised for repurchase obligations (treated as acquisition of treasury shares).

(2) Every balance sheet date during the Lock-up Period

Pursuant to the requirements of the accounting standards, based on the best estimate of the number of vested equity instruments, the services provided by the staff will be recognised as costs and the owners' equity "capital reserve — other capital reserve" will be recognised on every balance sheet date during the Lock-up Period according to the fair value of equity instruments on the grant date and the proportion of the Restricted Shares to be released in each period, without recognizing subsequent changes in the fair value thereof.

(3) Unlocking Date

On the Unlocking Date, if the Unlocking Conditions are fulfilled, the Restricted Shares shall be unlocked, and the "capital reserve-other capital reserve" recognised on each balance sheet date before the Unlocking Period shall be carried forward. If all or part of the Shares are lapsed or canceled since the same have not been unlocked, such Shares shall be repurchased and canceled by the Company, and the matter shall be handled in accordance with the Accounting Standards and relevant provisions based on the specific circumstances.

(4) Method for Determination of Fair Value of the Restricted Shares

In accordance with the relevant requirements of the Accounting Standards for Enterprises No. 11-Payment of Shares and the Accounting Standards for Enterprises No. 22 Recognition and Measurement of Financial Instruments, the unit cost of the Restricted Shares equals to the fair value of the Restricted Shares less the Grant Price, where the fair value of the Restricted Shares is the closing price on the Grant Date.

2. Estimated Impact on the Operating Performance of Each of the Period due to Implementation of the Restricted Shares

The Company granted 1,717,800 Restricted Shares to the Incentive Participants. According to the projected fair value of the Restricted Shares which is based on the closing data of the trading day of A shares prior to the publication of the draft, it is expected that the total equity expense for this grant will be RMB82,952,600, which will be recognised as the incentive cost of the Incentive Scheme of the Company in installments in accordance with the unlocking percentage during the implementation of the Incentive Scheme, and will be charged to operating profit or loss. According to the provisions of the Accounting Standards, the specific amount shall be based on the fair value of the shares calculated on the “actual grant date”. Assuming the grant is made in April 2026, and that all granted Incentive Participants meet the unlocking conditions stipulated in the Incentive Scheme and fully unlock in each respective Unlocking Period, the amortization of the Restricted Share costs from 2026 to 2029 is as follows:

Unit: RMB'000

Amortization Costs of the Restricted Shares	2026	2027	2028	2029
82,952.6	32,259.3	31,798.5	15,208.0	3,686.8

- Note:* (1) The above fees are estimated costs. The actual costs will be related to the Grant Price, the Grant Date, the closing price on the Grant Date, the number of Shares granted, and best estimate of the number of unlockable equity instruments;
- (2) Shareholders are reminded of the potential dilutive effect of the above-mentioned share-based payment expenses;
- (3) The final impact of the above amortization expenses projections on the Company’s operating results is subject to the audit report issued by the accountant;
- (4) Any difference in the mantissa of the sum of the totals and the breakdown in the table above, if any, is due to rounding.

The cost of the Incentive Scheme will be charged to the costs and expenses. Based on the current information, the Company estimates that the amortization of the cost and expense of the Incentive Scheme has an impact on the net profit of each year within the validity period, without considering the positive effect of the Incentive Scheme on the Company’s results. Considering the positive effect of the Incentive Scheme on the Company’s operation and development, which will stimulate the core employees to improve operational efficiency and reduce operating costs, the improvement of the Company’s performance brought by the Incentive Scheme will be higher than the increase of expenses incurred as a result thereof.

**CHAPTER VI PROCEDURES FOR IMPLEMENTATION, GRANT OF THE
INCENTIVE SCHEME, EXERCISE/UNLOCKING, AMENDMENT AND
TERMINATION BY INCENTIVE PARTICIPANTS**

I. IMPLEMENTATION PROCEDURES OF THE INCENTIVE SCHEME

- (I) The Remuneration and Evaluation Committee is responsible for formulating the Incentive Scheme draft and the Company's Administrative Measures for Appraisal.
- (II) The Board shall resolve on the Incentive Scheme draft and the Company's Administrative Measures for Appraisal formulated by the Remuneration and Evaluation Committee. When the Board resolves on the Incentive Scheme, related Directors shall abstain from voting.
- (III) The Remuneration and Evaluation Committee should express opinions as to whether the Incentive Scheme is conducive to the sustainable development of the Company and whether there are any circumstances apparently harmful to the interests of the Company and all Shareholders.
- (IV) The law firm engaged by the Company shall issue a legal opinion on the Incentive Scheme.
- (V) Within two A-share trading days after the Board considered and approved the Incentive Scheme draft, the Company shall announce the Board resolution announcement, the Incentive Scheme draft and its summary, and the opinion of the Remuneration and Evaluation Committee.
- (VI) The Company shall conduct a self-inspection of the trading of the Company's shares by insiders with knowledge of inside information within the 6 months prior to the announcement of the Incentive Scheme draft.
- (VII) Prior to convening the Shareholders' meeting, the Company shall, through its website or other channels, publicly display the names and positions of the Incentive Participants internally within the Company for a period of not less than 10 days. The Remuneration and Evaluation Committee will review the list of Incentive Participants and fully consider comments received during the public display period. The Company shall, 5 days before the Shareholders' meeting considers the Incentive Scheme, disclose the Remuneration and Evaluation Committee's explanation regarding its review of the list of Incentive Participants and the public display situation.
- (VIII) The Shareholders' meeting of the Company shall consider and approve the Incentive Scheme and related proposals by way of special resolution, and related Shareholders shall abstain from voting.

- (IX) The Company shall disclose the Shareholders' meeting resolution announcement, the equity incentive plan approved at the Shareholders' meeting, the self-inspection report on the trading of the Company's shares by insiders with knowledge of inside information, and the legal opinion for the Shareholders' meeting.
- (X) After the Incentive Scheme is considered and approved at the Company's Shareholders' meeting, the Board of the Company, pursuant to the authorization of the Shareholders' meeting, shall make the initial grant of interest and complete the relevant procedures such as announcement and registration within 60 days from the date the Shareholders' meeting considered and approved the Incentive Scheme (if there are conditions to the grant, then counting from the fulfilment of the granting conditions). The Board, pursuant to the authorization of the Shareholders' meeting, shall handle specific matters such as the exercise and cancellation of Share Options, and the unlocking, repurchase and cancellation of Restricted Shares.

II. PROCEDURE FOR GRANT OF SHARE OPTIONS AND RESTRICTED SHARES

- (I) Within 60 days from the date of the Company's shareholders' meeting passing and approving the Incentive Scheme, the Company shall convene a Board meeting to make the initial grant to the Incentive Participants.
- (II) Before granting equity instruments to the Incentive Participants, the Board shall deliberate and announce whether the conditions for the grant of equity to the Incentive Participants as set out in the Incentive Scheme have been met. The Remuneration and Evaluation Committee shall issue a clear opinion, and a law firm shall issue a legal opinion on whether such conditions have been met. The Company's Remuneration and Evaluation Committee shall verify the list of Incentive Participants as of the Grant Date for Share Options and the Grant Date for Restricted Shares and issue an opinion.

Where there are any differences between the grant of equity to the Incentive Participants by the Company and the arrangements under the Incentive Scheme, the Remuneration and Evaluation Committee and the law firm shall issue a clear opinion simultaneously.

- (III) The Company shall issue a notice of equity incentive grant (if any) to the Incentive Participants on the Grant Date.
- (IV) The Company shall enter into an Equity Incentive Grant Agreement with the Incentive Participants, stipulating the rights and obligations of both parties.
- (V) Within the time limit prescribed by the Company, the Incentive Participants shall pay the subscription funds for the Restricted Shares into the account designated by the Company according to the Company's requirements, subject to

confirmation by a registered accountant through capital verification. Failure to pay the funds within the time limit shall be deemed as the Incentive Participants abandoning the subscription for the granted Restricted Shares.

- (VI) Based on the agreements signed by the Incentive Participants and the subscription status, the Company shall prepare a register for the management of the Incentive Scheme, recording details such as the Incentive Participants' names, the number of grant, Grant Date, amount paid, and the Equity Incentive Grant Agreement number.
- (VII) After the Incentive Scheme is approved by the Shareholders' meeting, the Company shall grant the equity initially and complete the announcement and registration within 60 days (if there are conditions for granting equity, calculated from the date such conditions are fulfilled). If the Company fails to complete the above procedures within 60 days, it shall promptly disclose the reasons for the failure and announce the termination of the implementation of the Incentive Scheme. No equity incentive plan shall be considered again within three months from the date of such announcement (according to the Administrative Measures, the period during which the Company is prohibited from granting equity shall not be counted within the 60 days).
- (VIII) Grantees of the Reserved Equity shall be determined within 12 months after the Incentive Scheme is approved by the Shareholders' meeting. If the Incentive Participants are not identified within 12 months, the Reserved Equity shall lapse.

III. PROCEDURE FOR EXERCISE OF SHARE OPTIONS

- (I) Within the Exercisable Date, Incentive Participants shall submit a Share Option Exercise Application to the Board, applying for exercise. The Share Option Exercise Application shall state the number of options to be exercised, the exercise price, and the transaction information of the option holder.
- (II) Before the exercise by the Incentive Participants, the Board shall review and confirm the applicant's eligibility to exercise and the number of options exercisable, and deliberate on whether the conditions for the exercise of options by the Incentive Participants as set out in the equity incentive plan have been met. The Remuneration and Evaluation Committee shall issue a clear opinion. A law firm shall issue a legal opinion on whether the conditions for the Incentive Participants to exercise the options have been met.
- (III) After the Incentive Participants' exercise applications have been approved by the Board and the corresponding payments for the exercise of Share Options (for purchased Share) have been made, the Company shall apply to the stock exchange for exercise application, and issue the Shares to the Incentive Participants directly based on the number of Share Options to be exercised as set out in the application.

- (IV) After approval by the stock exchange, the Securities Depository and Clearing Corporation shall handle the matters in relation to registration and clearing.
- (V) Incentive Participants can transfer the Shares after the exercise of Share Options, however, the transfer of Shares held by Directors and senior management of the Company shall comply with the requirements under relevant laws, regulations and normative documents.

The Company can provide a unified or autonomous exercise method to the Incentive Participants based on the actual circumstances.

IV. PROCEDURE FOR UNLOCKING OF RESTRICTED SHARES

- (I) Before unlocking, the Company shall confirm whether the Incentive Participants have met the unlocking conditions. The Board shall deliberate on whether unlocking conditions as set out in the Incentive Scheme have been met. The Remuneration and Evaluation Committee shall issue a clear opinion, and a law firm shall issue a legal opinion on whether the conditions for unlocking by the Incentive Participants have been met.
- (II) For Incentive Participants who have met the unlocking conditions, the Company shall uniformly submit an unlocking application to the stock exchange. After confirmation by the stock exchange, the Company shall apply to the Securities Depository and Clearing Corporation to handle the registration and clearing procedures. For Incentive Participants who have not met the unlocking conditions, the Company shall repurchase and cancel the Restricted Shares corresponding to that unlocking tranche held by them. The Company shall promptly disclose an announcement regarding the relevant implementation details.
- (III) Incentive Participants may transfer the Restricted Shares that have been unlocked, provided that the transfer of Shares held by Directors and senior management of the Company shall comply with relevant laws, administrative regulations, and normative documents.

V. PROCEDURES FOR AMENDMENT AND TERMINATION OF THE INCENTIVE SCHEME

(I) Procedures for Amendment of the Incentive Scheme

- 1. If the Company amends the Incentive Scheme before it is considered and approved by the Shareholders' Meeting, the amendment must be considered and approved by the Board. If the Company amends the Incentive Scheme that has already been approved by the Shareholders' meeting, the amendment proposal shall be submitted to the Shareholders' Meeting for consideration,

and shall not include any circumstances that would lead to accelerated exercise/accelerated unlocking or a reduction in the exercise price/grant price.

2. The Company shall promptly disclose the reasons for and details of the amendment. The Remuneration and Evaluation Committee shall issue an independent opinion on whether the amended scheme is conducive to the Company's sustainable development and whether there exists any circumstance that would materially damage the interests of the Company and all shareholders. A law firm shall issue a professional opinion on whether the amended scheme complies with the provisions of the Administrative Measures and relevant laws and regulations, and whether there exists any circumstance that would materially damage the interests of the Company and all Shareholders.

(II) Procedures for Termination of the Incentive Scheme

1. If the Company proposes to terminate the Incentive Scheme before it is considered by the Shareholders' Meeting, the termination must be considered and approved by the Board and disclosed. If the Company terminates the implementation of the Incentive Scheme after it has been considered and approved by the Shareholders' Meeting, such termination shall be submitted to the Board and the Shareholders' Meeting for consideration and disclosed.
2. The Company shall promptly disclose the announcement of the resolution of the Shareholders' Meeting or the resolution of the Board. A law firm shall issue a professional opinion on whether the Company's termination of the implementation of the Incentive Scheme complies with the provisions of the Administrative Measures and relevant laws and regulations, and whether there exists any circumstance that would materially damage the interests of the Company and all Shareholders.
3. If the implementation of the Incentive Scheme is terminated, the Company shall, after fulfilling the corresponding review procedures, promptly apply to the Securities Depository and Clearing Corporation to handle the procedures for the cancellation of granted Share Options or the repurchase and cancellation of Restricted Shares.

CHAPTER VII RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY/INCENTIVE PARTICIPANTS

I. RIGHTS AND OBLIGATIONS OF THE COMPANY

- (I) The Company has the right to interpret and implement the Incentive Scheme, to conduct performance appraisal on the Incentive Participants, and to supervise and examine whether the Incentive Participants are eligible for the exercise/unlocking. If the Incentive Participants fail to meet the Exercise/Unlocking Conditions as determined in the Incentive Scheme, the Share Options granted to the Incentive Participants but not yet exercised may be cancelled with the approval of the Board of the Company; the Restricted Shares that have been granted to the Incentive Participants but have not yet been unlocked shall not be unlocked, and shall be repurchased and canceled by the Company.
- (II) The Company has the right to require the Incentive Participants to work for the Company according to the requirements of the positions it employs. If the Incentive Participant is not qualified for the positions or fails the examination, or if the Incentive Participant violates the law, violates professional ethics, divulges company secrets, violates company rules and regulations, neglects his/her duty or malfeasance and has other acts that seriously damage the Company's interests or reputation, the Share Options granted to the Incentive Participants but not yet exercised may be cancelled with the approval of the Board of the Company; the Restricted Shares that have been granted to the Incentive Participants but have not yet been unlocked shall not be unlocked, and shall be repurchased and canceled by the Company.
- (III) The Company promises not to provide loans, guarantee for their loans and any other forms of financial assistance to the Incentive Participants to obtain relevant equity according to the Incentive Scheme, which could harm the interests of the Company.
- (IV) The Company shall withhold and pay the personal income tax and other taxes and fees payable by the Incentive Participants according to the relevant provisions of the national tax regulations.
- (V) The Company shall timely, truly, accurately and completely disclose the information disclosure documents related to the Incentive Scheme in accordance with the relevant laws, regulations and normative documents, ensuring that there are no false records, misleading statements or major omissions, and timely fulfill the relevant reporting obligations of the Incentive Scheme.
- (VI) In accordance with the Incentive Scheme and the relevant requirements of the CSRC, the SSE and the registration and clearing companies, the Company shall handle the exercise/unlocking of shares for the Incentive Participants that meet the Exercise/Unlocking Conditions. However, the Company shall not be held liable if the Incentive Participants fail to complete exercise of the Share Options or

unlocking of the Restricted Shares and losses are caused to the Incentive Participants due to the reasons on the part of the CSRC, the SSE and the registration and clearing companies.

(VII) Other relevant rights and obligations stipulated in laws, administrative regulations and normative documents.

II. RIGHTS AND OBLIGATIONS OF THE INCENTIVE PARTICIPANTS

(I) The Incentive Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions employed by the Company.

(II) The Incentive Participants have the right to and shall exercise the Share Options/unlock the Restricted Share in accordance with the Incentive Scheme.

(III) The source of funds for the Incentive Participants is their self-financing.

(IV) The Share Options/Restricted Shares granted to the Incentive Participants shall not be transferred, used to guarantee or repay debts during the Waiting/Lock-up Period. Share Options carry no voting rights until exercised, and do not participate in the distribution of stock bonus and dividends.

(V) The Restricted Shares granted to the Incentive Participants in accordance with the Incentive Scheme shall carry the rights of such shares after due registration of the transfer with the registration and clearing companies, such rights include but not limited to the rights to dividend, the rights of offerings, etc. However, during the Lock-up Period, the stock dividends, capitalization issue, rights issue and shares placed to original shareholders during the additional issue shall not be sold in the secondary market or transferred by other means. The deadline for the Lock-up Period of such shares is the same as that of the Restricted Shares.

(VI) When the Company pays cash dividends, the Incentive Participant shall enjoy the cash dividends to be obtained for the Restricted Shares granted to the Incentive Participant after withholding personal income tax, which shall be collected by the Company in principle and returned to the Incentive Participants if the Restricted Shares are unlocked; if the Restricted Shares are not unlocked, corresponding cash dividend shall be recovered by the Company and corresponding accounting treatment shall be carried out.

(VII) The income received by the Incentive Participants as a result of the Incentive Scheme shall be subject to personal income tax and other taxes and fees in accordance with national tax regulations.

(VIII) The Incentive Participants promise that if there are false records, misleading statements or major omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting or

exercising equity, the Incentive Participants shall fulfill their promises and return all the benefits obtained from the Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.

- (IX) When the Incentive Participant is not eligible to be an Incentive Participant any more as stipulated in the Administrative Measures during the implementation of the Incentive Scheme, any exercised Share Options held by them shall not be handled, while any granted but unexercised Share Options shall not be exercised and shall be cancelled by the Company; any released Restricted Shares held by them shall not be handled, while any granted but unlocked Tranche One Restricted Shares shall not be unlocked and shall be repurchased and cancelled by the Company.
- (X) If the Incentive Participant leaves the Company after exercising equity, he/she shall not engage in the same or similar related work as the Company's business within two years. If the Incentive Participant leaves the Company after exercising equity and engages in the same or similar work as the Company's business within two years, the Incentive Participant shall return all the income he/she receives from the Incentive Scheme to the Company and bears the liquidated damages equivalent to the income he/she receives. If losses are caused to the Company, the Incentive Participants shall also bear the compensation responsibility to the Company.
- (XI) Other relevant rights and obligations stipulated in laws, administrative regulations, normative documents and the Incentive Scheme.

III. OTHERS

After the Incentive Scheme is considered and approved by Shareholders' meeting of the Company, the Company shall sign an Equity Incentive Grant Agreement with each of the Incentive Participants. This agreement shall clearly stipulate their rights and obligations under the Incentive Scheme and other related matters.

Disputes between the Company and the Incentive Participants shall be settled in accordance with the Incentive Scheme and the Equity Incentive Grant Agreement. If the provisions are unclear, both parties shall settle the disputes through negotiation in accordance with national laws and based on the principle of fairness and reasonableness. If the negotiation fails, it shall be submitted to the people's court with jurisdiction over the Company's premise for settlement.

The Company's determination of the Incentive Participants of the Incentive Scheme does not constitute a commitment to the employee's employment. The Company still determines the labor or employment relationship with the employees according to the labor contract or the employment contract signed with the Incentive Participants.

CHAPTER VIII HANDLING OF THE INCENTIVE SCHEME IN THE EVENT OF CHANGE OF THE COMPANY/THE INCENTIVE PARTICIPANTS

I. IN THE EVENT OF THE COMPANY CHANGES

(I) In the event of any of the circumstances below, the Incentive Scheme shall be terminated, and the Share Options granted to the Incentive Participants under the Incentive Scheme but not exercised shall be canceled by the Company; the Restricted Shares granted but not unlocked shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period. If the Incentive Participant is personally responsible for the above situation, the Restricted Shares granted to him/her that have not been unlocked shall be repurchased and canceled by the Company at the Grant Price.

1. An audit report on the financial and accounting report for the most recent fiscal year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
2. An audit report on internal control over financial reporting for the most recent fiscal year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
3. In the last 36 months after listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
4. Circumstances in which equity incentives are not allowed under laws and regulations;
5. Other circumstances that the CSRC deems necessary to terminate the Incentive Scheme.

(II) Merger or division of the Company, etc.;

In case of merger or division of the Company, the Board shall decide whether to terminate the Incentive Scheme after the date of merger or division.

(III) Change of Control of the Company

In the event of a change of control of the Company, the Board shall decide whether to terminate the Incentive Scheme after the date of the change of the control.

(IV) If the Company fails to meet the conditions for granting Share Options/Restricted Shares or the exercise/unlocking arrangement due to false records, misleading statements or major omissions in the information disclosure documents, the Share

Options granted to the Incentive Participants but not exercised shall be canceled by the Company; the Restricted Shares granted but not unlocked shall be repurchased and canceled by the Company at the Grant Price.

If the Share Options/Restricted Shares granted to the Incentive Participants have been exercised/unlocked, all the Incentive Participants shall return the granted equity. If the Incentive Participants not being responsible for the above matters suffer from losses due to the return of equity, they can recover such losses from the Company or the responsible targets in accordance with the relevant arrangements under the Incentive Scheme. The Board shall recover the proceeds from the Incentive Participants in accordance with the preceding paragraph and the relevant arrangements under the Incentive Scheme.

II. IN THE EVENT OF CHANGES IN THE PERSONAL CIRCUMSTANCES OF THE INCENTIVE PARTICIPANTS

(I) Change in Position of the Incentive Participants

1. If the Incentive Participant changes his/her position but still works in the Company or its subsidiaries, the equity granted to him/her shall still be carried out in accordance with the procedures stipulated in the Incentive Scheme.

In the event of demotion or removal, the exercised Share Options shall remain unaffected, and the Board of the Company shall have the right to decide that the Share Options granted but not yet exercised shall be adjusted according to the corresponding amount after demotion or removal, and the difference between the original number of Share Options granted and the adjusted Share Options shall be cancelled by the Company; the Restricted Shares that have been unlocked shall not be handled, and the Board of the Company has the right to decide that the Restricted Shares that have been granted but have not yet been unlocked shall be adjusted according to the corresponding amount after demotion or removal. The difference between the number of Restricted Shares originally granted and the adjusted Restricted Shares shall not be unlocked, and shall be repurchased and canceled by the Company at the Grant Price.

2. If the Incentive Participant is an independent Director or other person who cannot hold the Share Options or Restricted Shares of the Company due to organizational transfer, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any unlocked Restricted Shares held by them shall not be handled, while any granted but unreleased Restricted Shares shall not be unlocked and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period.

3. If the Incentive Participant violates the law, violates professional ethics or competitive restriction, divulges company secrets, damages the interests or reputation of the Company due to dereliction of duty or malfeasance, or causes the Company to terminate the labor or employment relationship with the Incentive Participant due to the above-mentioned reasons, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any released Restricted Shares held by them shall not be handled, while any granted but unreleased Restricted Shares shall not be unlocked and shall be repurchased and canceled by the Company at the Grant Price. The Incentive Participant shall return all gains derived from the Restricted Shares/Share Options that have been unlocked/exercised. In addition, in serious circumstances, the Company may also recover the losses suffered by the Company in accordance with the provisions of relevant laws and regulations.

(II) Resignation of the Incentive Participants

1. If the contract of the Incentive Participant expires and he/she no longer renew the contract or resign voluntarily, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any unlocked Restricted Shares held by them shall not be handled, while any granted but unreleased Restricted Shares shall not be unlocked and shall be repurchased and canceled by the Company at the Grant Price.
2. If the Incentive Participant leaves the Company passively due to layoffs and other reasons and there are no behaviors such as failure to pass performance evaluation, negligence or violation of laws and disciplines, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any unlocked Restricted Shares held by them shall not be handled, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period.
3. If the Incentive Participant fails to comply with the Company's normal work location, position adjustment, or other arrangements and causes the Company to terminate the labor or employment relationship with the Incentive Participant, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any released Restricted Shares held by them shall not be handled, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the Grant Price.

(III) Retirement of the Incentive Participants

If the Incentive Participants that have retired are re-hired, the equity granted to them will be carried out in full accordance with the procedures stipulated in the Incentive Scheme before the retirement. If the Company requests to continue employment but the Incentive Participants refuses or the Incentive Participants retires and resigns, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any released Restricted Shares held by them shall remain unaffected, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period.

(IV) Incapacity of the Incentive Participants

1. If the Incentive Participants are incapacitated and leave the Company due to work injury, the Remuneration and Evaluation Committee shall decide that the equity granted to the Incentive Participants shall be carried out in full accordance with the procedures stipulated in the Incentive Scheme before the occurrence thereof, and the personal performance evaluation results will no longer be included in the exercise/Unlocking Conditions; the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company; any released Restricted Shares held by them shall remain unaffected, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period.
2. If the Incentive Participants leave the Company, which is not due to the incapability arising from work injury, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company; any released Restricted Shares held by them shall remain unaffected, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period.

(V) Death of the Incentive Participants

1. If the Incentive Participants die due to their duty or under other similar circumstances as determined by the Company, the Remuneration and Evaluation Committee shall decide that the equity granted to them shall be enjoyed by the designated property heir or legal heir on their behalf, and shall be carried out in accordance with the procedures stipulated in the Incentive Scheme which takes effect before their death, and the results of their personal performance evaluation shall not be included in the Unlocking/Exercise Conditions; or the exercised Share Options and

Restricted Shares that have been unlocked shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company; any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period, and the proceeds from the repurchase shall be received by their designated property heir or legal heir.

2. If the Incentive Participant passed away for other reasons, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company; any released Restricted Shares held by them shall remain unaffected, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period, and the proceeds from the repurchase shall be received by their designated property heir or legal heir.

(VI) Change of Control of the Subsidiary where the Incentive Participants Work

If the Incentive Participants work in a subsidiary of the Company, and if the Company loses control of the subsidiary and the Incentive Participants still work in the subsidiary, the exercised Share Options shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any released Restricted Shares held by them shall remain unaffected, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the sum of the Grant Price plus the bank deposit interest of the People's Bank of China for the same period.

(VII) Changes in Eligibility of the Incentive Participants

If the Incentive Participant no longer meets the eligibility of the Incentive Participant due to one of the following circumstances, the exercised Share Options of the Incentive Participant shall not be handled, and Share Options granted but not yet exercised shall not be exercised and shall be cancelled by the Company. Any released Restricted Shares held by them shall remain unaffected, while any granted but unreleased Restricted Shares shall not be released and shall be repurchased and canceled by the Company at the Grant Price.

1. The Incentive Participant has been determined as an inappropriate candidate by the SSE within the most recent 12 months;
2. The Incentive Participant has been identified as an inappropriate candidate by the CSRC and its agencies within the most recent 12 months;

3. The Incentive Participant has been subject to administrative punishment or market ban measures by the CSRC and its agencies due to major illegal acts in the most recent 12 months;
4. The Incentive Participant has the circumstances stipulated in the PRC Company Law that he/she shall not act as a Director or senior manager of any company;
5. Circumstances under which the Incentive Participant are disqualified from participating in the equity incentive of a listed company as stipulated by applicable laws and regulations.
6. Other circumstances as determined by the CSRC.

(VIII) Others

The Remuneration and Evaluation Committee shall be responsible for making decisions on other unspecified situations and the methods of handling them.

CHAPTER IX SUPPLEMENTARY PROVISIONS

- I. The Incentive Scheme shall come into effect after being considered and approved by the general meeting of the Company;
- II. The Incentive Scheme shall be formulated and amended by the Remuneration and Evaluation Committee of the Company, and shall be interpreted by the Board of the Company.;
- III. If there is any conflict between the Incentive Scheme and the latest laws and regulations issued by regulatory authorities, the latest laws and regulations shall prevail.

Board of CIG SHANGHAI CO., LTD.
30 March 2026