THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Phancy Group Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Phancy Group Co., Ltd.
範式智能技術集團股份有限公司

(formerly known as "Beijing Fourth Paradigm Technology Co., Ltd.北京第四範式智能技術股份有限公司")

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

(Stock code: 6682)

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME
PROPOSED REFRESHMENT OF THE SCHEME LIMIT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the
Independent Board Committee and Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

The Company will convene the Extraordinary General Meeting of the Company at Conference Room, Level 42, Block A, Longhua Digital Innovation Center, Longhua District, Shenzhen, Guangdong, PRC on Thursday, September 10, 2026 at 2:00 p.m.. The notice of the Extraordinary General Meeting of the Company is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 24 hours before the scheduled time for the Extraordinary General Meeting (i.e. not later than 2:00 p.m. on Wednesday, September 9, 2026 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish.

Non-registered Shareholders whose H Shares are held in the CCASS through banks, brokers, custodians or HKSCC may also be able to vote and attend the meeting. In this regard, they shall consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.

This circular together with the form of proxy are also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.4paradigm.com). Holders of treasury shares, if any, have no voting rights at the shareholders' meeting of the Company.

August 20, 2026

CONTENTS

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

"Adoption Date"	September 19, 2024, being the date on which the Scheme was approved by the Shareholders
"Amended Scheme"	the Scheme as amended by the Proposed Amendments, being the share option and RSU scheme of the Company
"Applicable Laws"	all applicable laws, regulations, ordinances or requirements of the relevant regulatory authorities including without limitation the Company Law of the PRC, the Securities Law of the PRC, the SFO, the Listing Rules or the relevant provisions of the Articles of Association
"Articles of Association"	the articles of association of the Company
"Award(s)"	Option(s) or RSU(s) granted or to be granted under the Amended Scheme
"Award Share(s)"	H Share(s) underlying an Award, comprising new H Shares to be allotted and issued by the Company and/or treasury H Shares to be transferred out of treasury by the Company
"Beijing Xinzhi"	Beijing Xinzhi Linghang Management Consulting Co., Ltd., 99% of the equity interest in which was held by Dr. Dai Wenyuan as at the Latest Practicable Date
"Board" or "Board of Directors"	the board of Directors of the Company
"CCASS"	The Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system established and operated by HKSCC
"China" or "PRC"	the People's Republic of China which, for the purpose of this circular and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Company", "our Company" or "the Company"	Phancy Group Co., Ltd. (範式智能技術集團股份有限公司), a joint stock limited liability company incorporated in the PRC with its H Shares listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 6682)
"Director(s)" or "our Director(s)"	the director(s) of the Company
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at Conference Room, Level 42, Block A, Longhua Digital Innovation Center, Longhua District, Shenzhen, Guangdong, PRC on Thursday, September 10, 2026 at 2:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages EGM-1 to EGM-2 of this circular, or any adjournment thereof
"Eligible Person(s)"	an Employee Participant or a Related Entity Participant, whom the Board or the Scheme Administrator consider(s), in their sole discretion, to have contributed or will contribute to the Group
"Employee Participant(s)"	any PRC or non-PRC director (including executive, non-executive and independent non-executive director) and employee (whether full-time or part-time) of the Company or any of its subsidiaries, and including any person who is granted Awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries; however, no individual who is resident in a place where the grant, acceptance, vesting, or exercise of an Award pursuant to the Scheme is not permitted under the laws and regulations in such place or makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded therefrom
"Exercise Price"	the price per H Share, determined by the Board or the Scheme Administrator, at which a Participant may subscribe for H Shares on the exercise of an Option as described in the Scheme Rules
"Existing Scheme" or "Scheme"	the share option scheme adopted by the Company on September 19, 2024 and amended on March 31, 2025

"Grant Date"	the date on which the grant of an Award is made to a Participant, being the date of an Offer Letter in respect of such Award
"Grantee"	any Eligible Person who accepts an Offer in accordance with the terms of the Scheme
"Group" or "we"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange
"H Share RSU Scheme"	the H share restricted share unit scheme adopted by the Company on September 19, 2024
"H Share RSU Scheme Trustee"	the trustee of the H Share RSU Scheme
"HKSCC"	The Hong Kong Securities Clearing Company Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Li Jianbin, Mr. Liu Chijin, Ms. Ke Yele and Mr. Pan Jialin, established to advise the Independent Shareholders in respect of the Proposed Refreshment
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment

"Independent Shareholders"	Shareholders other than Dr. Dai Wenyuan, Phancy Investment, Phancy Yinyuan, Nanjing Phancy and any other Shareholders who are required under the Listing Rules to abstain from voting in favour of the resolution approving the Proposed Refreshment at the EGM
"Latest Practicable Date"	August 20, 2026, being the latest practicable date prior to the publication of this circular for ascertaining certain information in this circular
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Nanjing Phancy"	Nanjing Phancy Enterprise Management Consulting Partnership (Limited Partnership), an employee incentive platform of the Company, and Beijing Phancy Xinzhi Enterprise Management Co., Ltd. (Beijing Xinzhi's wholly owned subsidiary) is the general partner of Nanjing Phancy
"Offer"	the offer of each Award
"Offer Letter"	a letter issued by the Company on the grant date in respect of the offer of each Award
"Option Period"	the period within which a Participant may exercise an Option, to be determined and notified by the Board (or the Scheme Administrator) to a Participant
"Option(s)"	a right to subscribe for H Share(s) pursuant to the Scheme or the Amended Scheme
"Participant"	any Eligible Person who is approved for participation in the Scheme and who has been granted any Award under the Scheme or the Amended Scheme
"Phancy Investment"	Phancy (Tianjin) Management Consulting Partnership (Limited Partnership), an employee incentive platform of the Company, and Beijing Xinzhi is the sole general partner of Phancy Investment

"Phancy Yinyuan"	Tianjin Phancy Yinyuan Management Consulting Partnership (Limited Partnership), and Beijing Xinzhi is the sole general partner of Phancy Yinyuan
"Proposed Amendments"	the proposed amendments to the Existing Scheme, details of which are set out in the section headed "Proposed Amendments to the Share Option Scheme" in this circular
"Proposed Refreshment"	the proposed refreshment of the Scheme Limit to 5% of the total number of Shares in issue (excluding treasury shares) as at the date on which the Shareholders approve such refreshment
"Refreshed Scheme Limit"	the refreshed Scheme Limit proposed to be approved by the Shareholders at the EGM
"Related Entity Participant(s)"	directors and employees of associated companies of the Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s), each representing one underlying H Share and a conditional right granted to a grantee to be vested with the underlying H Share (or the net sale proceeds thereof) pursuant to the Amended Scheme
"Scheme Administrator"	the committee of the Board or person(s) to which the Board has delegated its authority, as applicable, to administer the Amended Scheme
"Scheme Limit"	the maximum number of H Shares which may be issued upon exercise of Options and/or vesting of RSUs under the Scheme and all other share scheme(s) of the Company, as refreshed or renewed from time to time in accordance with the Scheme Rules
"Scheme Period"	a period of ten (10) years commencing from the date on which the Scheme is approved by the Shareholders at the Adoption Date, unless terminated earlier in accordance with the Scheme Rules
"Scheme Rules"	the rules relating to the Scheme, as amended from time to time

"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Share(s)
"Trustee"	any trustee or other third party appointed by the Company to hold H Shares and other trust property for the purposes of the Amended Scheme. As at the Latest Practicable Date, Changwan Smart Limited was appointed as the trustee of the Scheme
"treasury shares"	has the meaning ascribed thereto under the Listing Rules. For the purposes of the Scheme and the Amended Scheme, references to the new H Shares include treasury shares, and references to the issue of shares or securities include the transfer of treasury shares
"Unlisted Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"%"	per cent

Phancy Group Co., Ltd.
範式智能技術集團股份有限公司
(formerly known as "Beijing Fourth Paradigm Technology Co., Ltd.北京第四範式智能技術股份有限公司")
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6682)

Executive Directors:
Dr. Dai Wenyuan *(Chairman)*
Mr. Chen Yuqiang

Non-executive Directors:
Dr. Yang Qiang
Mr. Dou Shuai
Mr. Zhang Jing

Independent Non-executive Directors:
Mr. Li Jianbin
Mr. Liu Chijin
Ms. Ke Yele
Mr. Pan Jialin

Employee Representative Director:
Mr. Chai Yifei

Registered Address:
Room 303, 3/F, Block A
Heying Center, Building 1
No. 10 Xiaoying West Road
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the PRC

Headquarters and Principal Place of Business in PRC:
Block A, Hongyuan New Era
Shangdi West Road
Haidian District, Beijing
the PRC

Principal Place of Business in Hong Kong:
Room 1910, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

August 20, 2026

To the Shareholders

Dear Sir/Madam,

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME
PROPOSED REFRESHMENT OF THE SCHEME LIMIT

I. INTRODUCTION

The Extraordinary General Meeting will be held at Conference Room, Level 42, Block A, Longhua Digital Innovation Center, Longhua District, Shenzhen, Guangdong, PRC on Thursday, September 10, 2026 at 2:00 p.m., the notice of which is set out on pages EGM-1 to EGM-2 of this circular.

The purpose of this circular is, among other things, to provide you with information on the Proposed Amendments and the Proposed Refreshment, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the notice of the Extraordinary General Meeting, so as to enable you to make an informed decision on whether to vote for or against the resolutions at the above meeting.

II. MATTERS TO BE RESOLVED AT THE EGM

The resolutions to be proposed at the EGM for the Shareholders' consideration and approval by way of special resolutions include (1) the Proposed Amendments; and (2) the Proposed Refreshment, which will be separately approved by the Shareholders as a separate resolution at the EGM.

Details of the matters to be resolved at the EGM are set out in the notice of the EGM on pages EGM-1 to EGM-2 of this circular. To enable you to get a better understanding of the resolutions to be proposed at the EGM and make informed decisions with sufficient and necessary information, we have provided particulars thereon in this circular.

SPECIAL RESOLUTIONS

1. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Existing Scheme was adopted by the Shareholders on September 19, 2024 and remains valid and effective for a period of 10 years commencing from the Adoption Date, unless terminated earlier pursuant to the terms thereof. The Existing Scheme was subsequently amended on March 31, 2025 by the Board under the authorization granted by the general meeting to add a provision providing that the Company may appoint trustee(s) from time to time for the Scheme and enter into trust deed(s) with the relevant trustee(s), and that the relevant Grantee(s) shall bear the costs and expenses of establishing and administering the trust(s). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are third parties independent of the Company and its connected persons. None of the Directors is, or will be, a trustee of the Amended Scheme or has, or will have, any direct or indirect interest in the Trustee.

The Existing Scheme currently provides for the grant of Options to Eligible Persons who are Employee Participants. The Board proposes to amend the Existing Scheme to, among other things, permit the grant of RSUs in addition to Options, expand the scope of Eligible Persons to include Employee Participants and Related Entity Participants, refresh the Scheme Limit to 5% of the total number of Shares in issue (excluding treasury shares) as at the date of approval of the Proposed Refreshment and update the Scheme Rules to better align with the current Chapter 17 of the Listing Rules.

The Board considers that expanding the forms of Awards from Options only to both Options and RSUs will provide the Company with greater flexibility to structure share-based incentives having regard to the roles, contributions and circumstances of different Eligible Persons. Options provide Participants with an opportunity to benefit from future appreciation in the value of the H Shares by subscribing for H Shares at the Exercise Price, while RSUs provide a more direct equity-based incentive and may be granted on terms determined in accordance with the Scheme Rules. The Board further considers that expanding the scope of Eligible Persons to include Related Entity Participants is appropriate because such persons, although not directors or employees of the Group, may contribute to the Group's development and long-term growth through their roles in associated companies, including by facilitating business collaboration, operational synergies, market development, project implementation and by providing other support beneficial to the Group. The proposed changes will enable the Company to tailor Awards more effectively, recognise the actual or potential contributions of Related Entity Participants, strengthen long-term collaborative relationships with the relevant associated companies and align the interests of Participants with those of the Group and the Shareholders.

As the Proposed Amendments are considered to be material in nature and/or include amendments relating to matters set out in Rule 17.03 of the Listing Rules to the advantage of Participants, the Proposed Amendments will be subject to approval by the Shareholders at the EGM.

The major changes entailed by the Proposed Amendments are summarized below:

(a) to rename the Share Option Scheme as the "Share Option and RSU Scheme" and to expand the forms of Awards that may be granted under the Scheme from Options only to Options and RSUs, with each Option or RSU representing one underlying H Share;

(b) to expand the scope of Eligible Persons from Employee Participants only to include Related Entity Participants, being directors and employees of associated companies of the Company, and to make corresponding amendments to the purposes of the Scheme to recognise and incentivise the contributions of such additional participants;

(c) to refresh the Scheme Limit to 27,851,871 H Shares, representing 5% of the total number of Shares in issue (excluding treasury shares) as at the date on which the Shareholders approve the refreshment of the Scheme Limit, and to extend the application of the Scheme Limit, the 1% Individual Limit and the relevant approval requirements for grants exceeding such limits to all Awards to be granted under the Scheme;

(d) to introduce the concepts of "Award" and "Award Shares" to accommodate the inclusion of RSUs under the Scheme, and to extend the existing arrangements under which new H Shares may be allotted and issued and/or treasury H Shares may be transferred out of treasury from Options to Awards generally;

(e) to set out the grant, acceptance, vesting and settlement arrangements applicable to RSUs, including the determination of any consideration payable for the H Shares underlying the RSUs, the allotment and issue of new H Shares and/or transfer of treasury H Shares upon vesting and, in the circumstances specified in the Scheme Rules, the sale of the underlying H Shares on the market and payment of the Actual Selling Price to the relevant Grantee;

(f) to extend the approval requirements applicable to grants to Directors, chief executives, substantial Shareholders and their respective associates to Awards generally, and to incorporate the Shareholders' approval requirement applicable to grants of RSUs or other awards (excluding Options) to a Director (other than an independent non-executive Director) or chief executive of the Company exceeding the applicable 0.1% threshold;

(g) to apply the existing minimum vesting period of twelve months, the specified circumstances in which a shorter vesting period may be granted to Employee Participants and the performance target provisions to Awards generally, and to update the wording of such provisions;

(h) to revise the lapse provisions to cover RSUs and Related Entity Participants, including the treatment of Awards upon cessation of employment, office or engagement, death, disability and other specified events;

(i) to separate the cancellation mechanism from the clawback mechanism, to revise the conditions upon which outstanding Awards may be cancelled and to expand the clawback mechanism, including by extending the relevant clawback events and permitting the Company to recover H Shares, their market value, cash proceeds or other benefits already received by a Participant following the exercise, vesting or settlement of an Award;

(j) to extend the provisions relating to transferability, adjustments upon alterations to the capital structure of the Company, voluntary winding-up, general offers, schemes of arrangement and other corporate events, and the alteration and termination of the Scheme, from Options to Awards generally and, in relation to voluntary winding-up, general offers, schemes of arrangement and other corporate events, from Employee Participants to all Grantees;

(k) to refine and supplement the existing trust arrangement, including the restrictions applicable to H Shares held or to be held by the Trustee; and

(l) to make other consequential and house-keeping amendments in connection with the introduction of RSUs and Related Entity Participants, and to update the terminology and cross-references of the Scheme Rules.

The Board considers that the Proposed Amendments align with the purposes of the Scheme and will provide the Company with greater flexibility in structuring share-based incentives for Eligible Persons (including Employee Participants and Related Entity Participants), while continuing to align the interests of the Participants with those of the Shareholders and the Group as a whole.

A summary of the principal terms of the Amended Scheme incorporating the Proposed Amendments is set out in Appendix I to this circular. The full terms of the Amended Scheme will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.4paradigm.com) for a period of not less than 14 days before the date of the EGM (including the date of the EGM).

The Proposed Amendments are conditional upon the passing of a special resolution by the Shareholders to approve the Proposed Amendments and the Amended Scheme at the EGM. The resolution was considered and approved at the Board meeting on August 20, 2026, and is hereby submitted to the EGM as a special resolution for consideration and approval.

In addition to the Existing Scheme, the Company maintains an equity incentive scheme adopted on September 19, 2024 (the "**Equity Incentive Scheme**"), which comprises the H Share RSU Scheme and a partnership employee stock ownership plan (the "**Partnership Plan**"). The Equity Incentive Scheme constitutes a scheme under Chapter 17 of the Listing Rules involving existing Shares and is subject to an aggregate limit of 5% of the total issued ordinary share capital of the Company (excluding treasury shares) as at its adoption date. Under the H Share RSU Scheme, RSUs are satisfied using existing H Shares acquired or received by the trustee, while the Partnership Plan provides eligible participants with indirect interests in existing Shares through employee shareholding platforms. Neither component involves the issue of new Shares or the transfer of treasury Shares. During 2025 and 2026 and as at the Latest Practicable Date, a total of 235,607 and 80,256 RSUs were granted and vested immediately under the H Share RSU Scheme, respectively, and no incentive shares were granted under the Partnership Plan. In addition, prior to the Listing, the Company adopted an employee incentive scheme on April 25, 2021 (the "**Pre-IPO Employee Incentive Scheme**"), under which Phancy Investment and Nanjing Phancy were established as the two employee incentive platforms. All awards under the Pre-IPO Employee Incentive Scheme had been granted and vested before the Listing, and no further award may be granted thereunder after the Listing. Accordingly, the Pre-IPO Employee Incentive Scheme is not subject to Chapter 17 of the Listing Rules.

2. PROPOSED REFRESHMENT OF THE SCHEME LIMIT

Refreshment of the Scheme Limit

Pursuant to the Existing Scheme, the maximum limit on the number of H Shares which may be issued upon exercise of options under the Existing Scheme and upon exercise or vesting of options or awards, if any, under all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall not exceed 5% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date.

As at the Latest Practicable Date, 23,248,145 Options had been granted under the Existing Scheme, involving an aggregate of 23,248,145 H Shares, representing approximately 4.17% of the total number of Shares in issue (excluding treasury shares). As at the Latest Practicable Date, 25,821 H Shares were available for future grant under the existing Scheme Limit. As at the Latest Practicable Date, (i) 21,689,045 Options, representing approximately 3.89% of the total number of Shares in issue (excluding treasury shares), were granted to employees of the Group; (ii) 1,559,100 Options, representing approximately 0.28% of the total number of Shares in issue (excluding treasury shares), were granted to Mr. Chai Yifei, the employee representative director pursuant to the Scheme.

Status of Options under the Existing Scheme as at the Latest Practicable Date	**Number of Options**	**Number of underlying H Shares**
Granted since the Adoption Date	23,248,145	23,248,145
Exercised	0	0
Lapsed	0	0
Cancelled	0	0
Outstanding	23,248,145	23,248,145
Remaining available under the existing Scheme Limit	25,821	25,821

Note: At the Adoption Date, the Company had 465,858,733 issued Shares, comprising 465,665,433 Shares (including 186,100 H shares repurchased but pending cancellation) and 193,300 treasury shares. Accordingly, 5% of the total number of Shares in issue (excluding treasury shares) amounted to 23,283,271 H Shares, rounded down to the nearest whole Share. For the purpose of the application to the Listing Committee for approval of the listing of, and permission to deal in, the H Shares which may be allotted and issued upon exercise of Options under the Existing Scheme, the Company further excluded the 186,100 H Shares repurchased but pending cancellation. As a result, the Company applied for, and obtained, listing approval in respect of 23,273,966 H Shares, and this number has since been applied as the existing Scheme Limit for grant purposes. The Company wishes to clarify that the Share Option Scheme limit referred to as 23,283,271 H Shares in the 2024 annual report and the 2025 annual report should have been 23,273,966 H Shares. The numbers of H Shares disclosed as available for future grant in those annual reports, being 18,149,521 H Shares as at December 31, 2024 and 8,345,821 H Shares as at December 31, 2025, respectively, were calculated by reference to the existing Scheme Limit of 23,273,966 H Shares and therefore remain unchanged. Following the grants of 5,124,445 Options on November 19, 2024, 9,803,700 Options on November 25, 2025, 4,120,000 Options on April 1, 2026 and 4,200,000 Options on May 26, 2026, an aggregate of 23,248,145 Options had been granted and 25,821 H Shares remained available for future grant under the existing Scheme Limit as at the Latest Practicable Date. The number of H Shares remaining available for future grant after the grant on May 26, 2026 was 25,821 H Shares, superseding the figure of 55,821 H Shares stated in the Company's announcement of the same date.

The Board proposes to refresh the Scheme Limit to 5% of the total number of Shares in issue (excluding treasury shares) as at the date on which the Shareholders approve the Proposed Refreshment. The proposed 5% Refreshed Scheme Limit is within the maximum limit permitted under Rule 17.03C(2) of the Listing Rules.

For illustrative purposes only, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the date of the EGM, the maximum number of H Shares which may be issued upon exercise of all Options and/or vesting of all RSUs to be granted under the Amended Scheme and all other share scheme(s) of the Company under the Refreshed Scheme Limit will be 27,851,871 H Shares, representing 5% of the total number of Shares in issue (excluding treasury shares) as at the Latest Practicable Date.

The resolution was considered and approved at the Board meeting on August 20, 2026, and is hereby submitted to the EGM as a special resolution for consideration and approval.

Reasons for the proposed refreshment of Scheme Limit

As at the Latest Practicable Date, 23,248,145 Options had been granted and only 25,821 H Shares remained available for future grant, representing approximately 99.89% utilisation of the existing Scheme Limit. Although the Company had no concrete plan to make any grant immediately following the Proposed Refreshment as at the Latest Practicable Date, the remaining capacity under the existing Scheme Limit is very limited, particularly in view of the Group's continuing need to attract, retain and motivate key talent.

The Board considers that the Proposed Refreshment will provide the Company with flexibility to continue to grant share-based incentives to Eligible Persons as and when appropriate, thereby recognizing their contributions and encouraging them to contribute to the long-term growth and development of the Group.

The proposed 5% Refreshed Scheme Limit is the same as the original Scheme Limit and is below the maximum of 10% permitted under Rule 17.03C(2) of the Listing Rules. Having considered the utilisation of the existing Scheme Limit, the Company's future incentive needs and the potential dilution effect on existing Shareholders, the Board considers that 5% would provide sufficient capacity for future grants without causing undue dilution to existing Shareholders. Accordingly, the Board considers that the Proposed Refreshment and the 5% Refreshed Scheme Limit are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The EGM is expected to be completed before the proposed initial public offering of A shares of the Company and listing on the ChiNext Market of the Shenzhen Stock Exchange ("**A Shares Offering and Listing**") and therefore the A Shares Offering and Listing will have no impact on the calculation of the Refreshed Scheme Limit.

Conditions of the proposed Refreshment of Scheme Limit

The Proposed Refreshment is sought within three years from the Adoption Date. Accordingly, pursuant to Rule 17.03C(1)(b) of the Listing Rules, the Proposed Refreshment must be approved by the Shareholders subject to the additional requirements under the Listing Rules, including the applicable abstention requirements and the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The Proposed Refreshment is conditional upon:

– the passing of a special resolution by the Independent Shareholders to approve the Proposed Refreshment at the EGM; and

– the Listing Committee granting the approval of the listing of, and permission to deal in, such number of H Shares representing 5% of the total number of Shares in issue (excluding treasury shares) as at the date of the EGM, which may fall to be allotted and issued pursuant to the exercise or vesting of the Awards that may be granted under the Refreshed Scheme Limit.

Application will be made to the Listing Committee for the listing of, and permission to deal in, the H Shares which may be allotted and issued pursuant to the exercise or vesting of the Awards that may be granted under the Refreshed Scheme Limit.

Listing Rules Implications

Pursuant to Rule 17.03C(2) of the Listing Rules, the total number of shares which may be issued in respect of all Awards to be granted under all of the schemes of the listed issuer under the scheme mandate as ''refreshed'' must not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the Refreshed Scheme Limit.

Pursuant to Rule 17.03C(1)(b)(ii) of the Listing Rules, the Company shall also establish an independent board committee and appoint an independent financial adviser to advise the Independent Shareholders. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Li Jianbin, Mr. Liu Chijin, Ms. Ke Yele and Mr. Pan Jialin, has been established to advise the Independent Shareholders in respect of the Proposed Refreshment.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment.

The letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular and the letter from the Independent Financial Adviser is set out on pages IFA-1 to IFA-10 of this circular.

As at the Latest Practicable Date, the Company has no concrete plan or intention to grant any Awards under the Scheme after the Latest Practicable Date and up to the date of the EGM. However, the Board does not rule out the possibility that the Company will grant Share Options under the Scheme in the future when such need arises in order to incentivise the selected Eligible Persons. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

3. PROPOSED AUTHORIZATION TO THE BOARD AND/OR THE SCHEME ADMINISTRATOR

In order to ensure the successful implementation of the Amended Scheme, the Board proposed that, subject to the approval of the Proposed Amendments and the Proposed Refreshment by the Shareholders at the EGM, the Shareholders grant an authorization to the Board and/or the Scheme Administrator to deal with matters in relation to the Amended Scheme with full authority, including but not limited to:

(a) construe and interpret the Scheme Rules and the terms of the Awards granted under the Amended Scheme;

(b) make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Amended Scheme, provided that they are not inconsistent with the Scheme Rules;

(c) grant Awards to those Eligible Persons whom it shall select from time to time;

(d) determine the number and type of Awards to be granted;

(e) determine the terms and conditions of the Awards, including, in respect of Options, the Exercise Price and the vesting conditions, and, in respect of RSUs, the vesting conditions and any consideration payable for the underlying Award Shares, and make any such appropriate adjustments to the terms of the Awards granted as it deems necessary or appropriate;

(f) determine, in accordance with the Scheme Rules, whether and to what extent an Award has lapsed, been cancelled, forfeited and/or surrendered;

(g) determine the commencement and/or termination date of an Eligible Person's employment, office or engagement with any member of the Group or any associated company of the Company;

(h) where applicable, establish and administer performance targets in respect of the Amended Scheme;

(i) approve the form of an Offer Letter (which does not need to be identical for every participant);

(j) decide any other matters that need to be determined in connection with an offer and make any other determination and take any other actions as it deems necessary or desirable for the administration of the Amended Scheme;

(k) take such other steps or actions to give effect to the terms and intent of the Scheme Rules and/or the Awards; and

(l) on behalf of the Company, approve, execute, refine, deliver, negotiate, agree on and agree to all such agreements, contracts, documents, regulations, matters and things (as the case may be) as it deems reasonable, necessary, desirable, appropriate or expedient, in order to implement all transactions conducted accordingly, and make any reasonable alterations, amendments, changes, modifications and/or supplements as it deems necessary, desirable, appropriate or expedient. If there is a requirement to affix a company seal on any such agreement, contract or document, it has the right to sign the agreement, contract or document and affix the company seal in accordance with the Articles of Association in that case.

The aforementioned authorization to the Board and/or the Scheme Administrator shall be valid for the Scheme Period.

The resolution was considered and approved at the Board meeting on August 20, 2026, and is hereby submitted to the EGM as a special resolution for consideration and approval.

III. CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend the EGM, the register of members of H Shares will be closed from Monday, September 7, 2026 to Thursday, September 10, 2026 (both days inclusive), during which period no transfer of H Shares will be effected. In order for the holders of H Shares to be eligible to attend and vote at the EGM, all transfer of shares, accompanied by the relevant share certificates and the share transfer documents, must be lodged with the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong at or before 4:30 p.m. on Friday, September 4, 2026. Shareholders whose names appear on the Company's register of members on Thursday, September 10, 2026 are entitled to attend and vote at the EGM.

IV. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The Company will convene the EGM at Conference Room, Level 42, Block A, Longhua Digital Innovation Center, Longhua District, Shenzhen, Guangdong, PRC at 2:00 p.m. on Thursday, September 10, 2026. The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

Pursuant to Rule 17.03C(1)(b) of the Listing Rules, any refreshment of the existing Scheme Limit within any three-year period from the date of adoption of the scheme is subject to the independent shareholders' approval at the general meeting, at which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour of the resolution to approve the proposed refreshment of the Scheme Limit.

As at the Latest Practicable Date, Dr. Dai Wenyuan, Phancy Investment, Phancy Yinyuan and Nanjing Phancy held in aggregate 177,207,550 Shares, representing 31.74% of the issued capital of the Company (i.e. 558,292,633 Shares). Accordingly, they are required to abstain from voting in favour of the resolution to approve the Proposed Refreshment of the Scheme Limit. To the best of the Company's knowledge, information and belief, Dr. Dai Wenyuan, Phancy Investment, Phancy Yinyuan and Nanjing Phancy have no intention to vote against the resolution to approve the Proposed Refreshment.

In addition, pursuant to Rule 17.05A of the Listing Rules, the H Share RSU Scheme Trustee is required to abstain from voting on matters that require Shareholders' approval under the Listing Rules. As at the Latest Practicable Date, the H Share RSU Scheme Trustee held 1,119,837 H Shares. Also, as at the Latest Practicable Date, the Company held 1,255,200 treasury shares. Holders of treasury shares (if any) have no voting rights at the shareholders' meeting of the Company.

Save as disclosed above, no other Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

The proxy form for use at the EGM is enclosed with this circular and is available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.4paradigm.com). Shareholders who intend to appoint a proxy to attend the EGM shall complete the proxy form and return it to the H Share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 24 hours before the scheduled time of the EGM (i.e. not later than 2:00 p.m. on Wednesday, September 9, 2026 (Hong Kong time)) or the adjourned meeting thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or at any adjournment thereof should Shareholders so wish at that time.

V. RECOMMENDATION

The Directors consider that the resolutions approving (i) the Proposed Amendments and the adoption of the Amended Scheme; (ii) the Proposed Refreshment; and (iii) the proposed authorization to the Board and/or the Scheme Administrator to handle matters in relation to the Amended Scheme, are in the best interests of the Company and the Shareholders as a whole. As such, the Directors recommend the Shareholders to vote for the relevant resolutions as set out in the notice of the EGM.

VI. RESPONSIBILITY STATEMENT

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

VII. ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Phancy Group Co., Ltd.
範式智能技術集團股份有限公司
Dr. Dai Wenyuan
Chairman and Executive Director

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.

Phancy Group Co., Ltd.
範式智能技術集團股份有限公司

(formerly known as "Beijing Fourth Paradigm Technology Co., Ltd.北京第四範式智能技術股份有限公司")

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

(Stock code: 6682)

August 20, 2026

To the Independent Shareholders

Dear Sir/Madam,

PROPOSED REFRESHMENT OF THE SCHEME LIMIT

We refer to the circular dated August 20, 2026 (the "**Circular**") issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The details of the Proposed Refreshment are set out in the Letter from the Board contained in the Circular.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Proposed Refreshment as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Proposed Refreshment as set out in the Circular. Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of Gram Capital, together with the principal factors and reasons Gram Capital has taken into consideration, are set out on pages IFA-1 to IFA-10 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser which contains its advice to us in respect of the Proposed Refreshment.

Having considered the terms of the Proposed Refreshment, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider the Proposed Refreshment is fair and reasonable so far as the Independent Shareholders are concerned and the Proposed Refreshment is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Proposed Refreshment to be proposed at the EGM.

Yours faithfully,
Independent Board Committee

Mr. LI Jianbin	**Mr. LIU Chijin**	**Ms. KE Yele**	**Mr. PAN Jialin**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*	*Independent Non-executive Director*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

20 August 2026

To: The independent board committee and the independent shareholders of Phancy Group Co., Ltd.

Dear Sir/Madam,

PROPOSED REFRESHMENT OF THE SCHEME LIMIT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Refreshment, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 20 August 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Pursuant to the Existing Scheme, the maximum limit on the number of H Shares which may be issued upon exercise of options under the Existing Scheme and upon exercise or vesting of options or awards, if any, under all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall not exceed 5% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date.

As at the Latest Practicable Date, 23,248,145 Options had been granted under the Existing Scheme, involving an aggregate of 23,248,145 H Shares, representing approximately 4.17% of the total number of Shares in issue (excluding treasury shares). As at the Latest Practicable Date, 25,821 H Shares were available for future grant under the existing Scheme Limit. The Board proposes to refresh the Scheme Limit to 5% of the total number of Shares in issue (excluding treasury shares) as at the date on which the Shareholders approve the Proposed Refreshment.

Pursuant to Rule 17.03C(1)(b) of the Listing Rules, any refreshment of the Scheme Limit within any three-year period from the date of adoption of the scheme is subject to the Independent Shareholders' approval by way of a special resolution at the EGM. Any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates must abstain from voting in favour of the respective resolution to approve the Proposed Refreshment.

The Independent Board Committee comprising Mr. Li Jianbin, Mr. Liu Chijin, Ms. Ke Yele and Mr. Pan Jialin (all being independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the Proposed Refreshment. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Proposed Refreshment. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Refreshment. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Refreshment, we have taken into consideration the following principal factors and reasons:

Information of the Group

As advised by the Directors, the Company is primarily engaged in operation of AI platform, and provision of API and Agentic AI Services.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2025 as extracted from the Company's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**"):

	For the year ended 31 December 2025 ("FY2025") *RMB'000*	**For the year ended 31 December 2024 ("FY2024")** *RMB'000*	**Change** %
Revenue	7,135,286	5,260,650	35.64
– AI Platform	*6,552,191*	*4,965,352*	*31.96*
– API and Agentic AI business	*583,095*	*295,298*	*97.46*
Gross profit	2,483,436	2,244,829	10.63
Loss for the year	(37,778)	(296,267)	(87.25)
Adjusted net profit/(loss) attributable to the owners of the Company *(Note)*	17,842	(264,991)	N/A

Note: The Company defined adjusted net profit/(loss) attributable to the owners of the Company (a non-IFRS measure) as the annual loss for the year attributable to the owners of the Company adding back share-based compensation.

As depicted in the above table, the Group's revenue increased from approximately RMB5,260.7 million for FY2024 to approximately RMB7,135.3 million for FY2025, which was mainly due to substantial revenue growth from AI platform. Revenue generated from AI platform segment was approximately RMB6,552.2 million for FY2025, accounting for approximately 91.83% of the Group's total revenue for FY2025 and representing an increase of approximately 31.96% for FY2025 as compared to that for FY2024. With reference to the 2025 Annual Report, the aforesaid increase was mainly due to the increasing demand in the overall AI market and the empowerment of the products through the Company's large model and generative AI capabilities.

Along with the increase in revenue for FY2025, the Group's gross profit increased by approximately 10.63%. The Group recorded a significant decrease of approximately 87.25% in the loss for the year for FY2025 as compared to that for FY2024, which was mainly due to the increase in the Group's gross profit of approximately RMB238.6 million and the decrease in the provision for credit loss allowance (net) of approximately RMB182.6 million for FY2025, but partially offset by the increase in research and development expenses of approximately RMB167.6 million for FY2025. The Group recorded adjusted net profit attributable to the owners of the Company of approximately RMB17.8 million for FY2025 as compared to the adjusted net loss attributable to the owners of the Company of approximately RMB265.0 million for FY2024.

With reference to the 2025 Annual Report, the Company's business will continue to be driven by the "three engines" of AI platform business, API business, and Agentic AI business. The AI platform business serves as the cornerstone and driver for the Company's growth. Building on this foundation, the API and Agentic AI businesses are poised for even more robust development. The API business is an explosively growing traffic hub — youngest yet most resilient segment. With surging demand for computing power and models driven by phenomenal applications, the API business is experiencing exponential growth. The Agentic AI business acts as the Company's "value multiplier" for empowering a wide range of industries. If the AI platform is the foundation and the API is the reach, then Agentic AI is the "spearhead" for deeply addressing industry pain points. By building AI Agents with autonomous capabilities, the Company delivers business outcomes directly to clients, rather than merely providing tools. This year, this business will further penetrate clients' core business areas, helping the Company evolve into an indispensable "digital productivity partner" for its enterprise clients. A closed loop featuring "stable growth + resilient explosive growth + deep empowerment" will be further established and enhanced. With this new framework, the Company will continue to create long-term value for its Shareholders.

With reference to the Company's announcement dated 22 July 2026, during the six months ended 30 June 2026, the Group is expected to record (i) revenue of approximately RMB3.2 billion to RMB4.0 billion, representing an increase of approximately 22% to 52% as compared with the corresponding period in 2025; and (ii) profit attributable to owners of the Company of approximately RMB90 million to RMB130 million, representing a substantial improvement from the loss recorded in the corresponding period in 2025. The anticipated robust growth in revenue is mainly attributable to the continuous upgrading of the shared underlying technology platform across all business lines. Amid rising customer recognition and growing demand, the token throughput efficiency of the Company's self-owned and leased computing power resources has increased significantly, accelerating the release of token productivity and thereby driving accelerated growth in business revenue. The expected turnaround from loss to profit in profit attributable to owners of the Company is mainly attributable to: (i) rapid growth in main business; (ii) further material optimisation of the ratio of selling expenses to revenue compared with the corresponding period last year; and (iii) a substantial year-on-year increase in net other income, mainly due to the increase in fair value of the Company's investment projects.

Reasons for and benefits of the Proposed Refreshment

With reference to the Board Letter, the Existing Scheme was adopted by the Shareholders on 19 September 2024 and remains valid and effective for a period of 10 years commencing from the Adoption Date, unless terminated earlier pursuant to the terms thereof. The Existing Scheme currently provides for the grant of Options to Eligible Persons who are Employee Participants. Pursuant to the Existing Scheme, the maximum limit on the number of H Shares which may be issued upon exercise of options under the Existing Scheme and upon exercise or vesting of options or awards, if any, under all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall not exceed 5% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date. Upon the Proposed Amendments takes effect, the Existing Scheme will be expanded from a share option scheme into a share option and RSU scheme so that Awards may be granted in the form of Option or RSUs. Having considered that (i) the Scheme Limit of 5% is in compliance with the requirement of Rule 17.03C of the Listing Rules (i.e. not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate); and (ii) the underlying Shares of the Awards pursuant to the Scheme Limit of 5% of the total number of Shares in issue (excluding treasury shares) as at the date on which the Shareholders approve the Proposed Refreshment will have a less dilution effect as compared to a higher percentage, we are of the view that the Refreshed Scheme Limit is reasonable.

Pursuant to the Scheme, the Scheme aims to (i) attract, motivate and retain skilled and experienced personnel who are Eligible Persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company; (ii) deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management and other Eligible Persons; and (iii) (a) recognize the contributions of Eligible Persons, including the Employee Participants and the Related Entity Participants; (b) encourage, motivate and retain Eligible Persons whose contributions are beneficial, or are expected to be beneficial, to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for such Eligible Persons by aligning their interests with those of the Shareholders and the Group as a whole (the "**Purposes of the Scheme**").

Set out below are the grant of Options under the existing Scheme Limit since the Adoption Date to the Latest Practicable Date:

Date of announcement	Subject matter		Number of underlying Shares
The Adoption Date	Approval of the existing Scheme Limit (A)		23,273,966
19 November 2024	Grant of Options	5,124,445	
25 November 2025	Grant of Options	9,803,700	
1 April 2026	Grant of Options	4,120,000	
26 May 2026	Grant of Options	4,200,000	
	Total number of Options granted under the Existing Scheme as at the Latest Practicable Date (B)		**23,248,145** *(Note)*
	Exercised/Lapsed/Cancelled Options under the Existing Scheme as at the Latest Practicable Date (C)		**Nil**
	Remaining Scheme Limit as at the Latest Practicable Date (A) - (B) - (C)		**25,821**

Note: Each Option shall entitle the holder of Option to subscribe for one H Share.

Based on the above table, as at the Latest Practicable Date, after taking into account the aggregate of 23,248,145 Options granted, the existing Scheme Limit of 23,273,966 H Shares was almost fully utilised, with a utilisation rate of 99.89%. As advised by the Directors, the period since the adoption of the Scheme has coincided with a critical stage of the Group's strategic upgrade and its transformation into a full-stack AI cloud platform, during which the Group's competitiveness depends to a significant extent on its ability to attract, retain and motivate core AI research and development, engineering and commercialisation talent. Share-based incentives therefore constituted an essential component of the Group's remuneration structure during the transformation, and the grant of equity incentives also served to align the interests of the employees with the long-term growth of the Company. The aforesaid strategic upgrade is still ongoing. As also stated in the Company's prospectus dated 18 September 2023, the Group's future success depends heavily on continuing efforts of its senior management, as well as its ability to attract, recruit and train a large number of qualified employees and retain existing key employees. Although the existing Scheme Limit was almost fully utilised during a less-than-two-year period, the grant of Options could better align the interests and benefits of the Company and its employees, not to mention that such period is a critical stage of the Group's strategic upgrade and its transformation into a full-stack AI cloud platform. We understood from the Directors that the grantees of 23,248,145 included, among other things, (A) an employee representative Director (who, according to Articles of Association of the Company, has an employment relationship with the Company, is able to represent and reflect the reasonable demands of employees, is familiar with the Company's operation and management or possess relevant work experience, etc.); and (B) staffs who are responsible for AI research and development, engineering and commercialisation.

In the event that the Refreshed Scheme Limit is not approved and the Company refreshes the existing Scheme Limit after the 3-year period pursuant to the Rule 17.03C(1) of the Listing Rules, the Company can only conduct such refreshment on or after 18 September 2027, being approximately one year away from the Latest Practicable Date. It may severely limit the effectiveness and the Company's discretion in utilizing the Scheme during the aforesaid period. Although the Company does not have any plans to grant Awards immediately upon the Scheme Limit being refreshed as at the Latest Practicable Date, the refreshment of Scheme Limit provides the Company with the capability to make further grants of Awards (which would constitute a better incentive mechanism for the Company, as analysed below) effectively, when the Directors consider fit.

Despite that there may be other means of incentive, such as cash bonus and/or gifts, we are of the view that the possible grant of Awards would be a better means of incentive in the aspect of the Company, having considered the following:

- the Awards will better align the interests and benefits of the Company and its employees as compared to cash bonus and/or gifts as (a) their economic value is directly tied to the share price of the Company; (b) the Awards would transfer employees into "owners" with vested interest in company growth; and (c) the conditional vesting requirements (e.g. time-based and performance milestones) further reinforce this alignment by ensuring rewards are earned through sustained contributions to the Company's long-term success; and

- the Awards do not require immediate cash expenditure and will preserve cash resources for the Group's operations as compared to cash bonus and/or gifts.

Having considered (i) that the existing Scheme Limit has almost been fully utilized; (ii) the Purposes of the Scheme; and (iii) the advantages of grant of Awards as mentioned above, we are of the view that the Proposed Refreshment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Potential dilution to shareholding of the Existing Other Shareholders

As per our enquiry from the Company, set out below is the shareholding table of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the fully utilization of Refreshed Scheme Limit (assuming (a) all Awards are vested or exercised; (b) no additional Shares will be issued after the Latest Practicable Date other than the fully utilization of refreshed Scheme Limit; and (c) there will be no shares/options to be granted to the Existing Other Shareholders pursuant to the Scheme):

	As at the Latest Practicable Date		Immediately after the fully utilization of Refreshed Scheme Limit	
	Number of Shares	Approximate % of the issued Shares (excluding treasury shares)	Number of Shares	Approximate % of the issued Shares (excluding treasury shares)
The Connected Shareholders	177,207,550	31.81	177,207,550	30.30
The Existing Other Shareholders	379,829,883	68.19	379,829,883	64.94
Underlying shares pursuant to the Refreshed Scheme Limit	–	–	27,851,871	4.76
Total issued Shares (excluding Treasury Shares)	557,037,433	100.00	584,889,304	100.00

As at the Latest Practicable Date, Dr. Dai Wenyuan, Phancy Investment, Phancy Yinyuan and Nanjing Phancy (collectively, the "**Connected Shareholders**") held in aggregate 177,207,550 Shares, representing approximately 31.81% of the total issued shares of the Company (excluding treasury shares). The shareholding interests of the Shareholders other than the Connected Shareholders (the "**Existing Other Shareholders**") in the Company (i.e. approximately 68.19% of the total issued shares of the Company (excluding treasury shares) as at the Latest Practicable Date) would be diluted by approximately 3.25 percentage points, assuming (i) no additional Shares will be issued after the Latest Practicable Date other than the fully utilization of refreshed Scheme Limit; and (ii) there will be no shares/options to be granted to the Existing Other Shareholders pursuant to the Scheme. Nonetheless, in view of reasons for and benefits of the Proposed Refreshment as analysed above, we are of the opinion that the potential dilution to the shareholdings of the Existing Other Shareholders is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the Proposed Refreshment is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Refreshment and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

PRINCIPAL TERMS OF THE SHARE OPTION AND RSU SCHEME (THE "AMENDED SCHEME")

The following is a summary of the principal terms of the Amended Scheme after incorporating the Proposed Amendments. It does not form part of, nor is it intended to be part of the rules of the Amended Scheme and it should not be taken as affecting the interpretation of the rules of the Amended Scheme. Unless otherwise provided hereunder, for the purposes of the Scheme Rules, references to new shares or new securities include treasury shares, and references to the issue of shares or securities include the transfer of treasury shares.

1. Purpose of the Scheme

The purposes of the Scheme are:

(a) to attract, motivate and retain skilled and experienced personnel who are Eligible Persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

(b) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management and other Eligible Persons; and

(c) to (i) recognize the contributions of Eligible Persons, including the Employee Participants and the Related Entity Participants; (ii) encourage, motivate and retain Eligible Persons whose contributions are beneficial, or are expected to be beneficial, to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for such Eligible Persons by aligning their interests with those of the Shareholders and the Group as a whole.

2. Participants and the Basis of Determining the Participants

A. Participants who may participate in the Scheme include Employee Participants and Related Entity Participants, whom the Board or the Scheme Administrator consider(s), in their sole discretion, to have contributed or will contribute to the Group.

(a) **Employee Participant:** any PRC or non-PRC director (including executive, non-executive and independent non-executive director) and employee (whether full-time or part-time) of the Company or any of its subsidiaries, and including any person who is granted Awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries; however, no individual who is resident in a place where the grant, acceptance, vesting, or exercise of an Award pursuant to the Scheme is not permitted under the laws and regulations in such place or makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme and such individual shall therefore be excluded therefrom.

(b) **Related Entity Participant:** directors and employees of associated companies of the Company

The Board (or the Scheme Administrator) may, from time to time, select any Eligible Person to be a Participant and, subject to the Scheme Rules, grant such Awards (which may take the form of Options or RSUs) to such Participant during the Scheme Period. The nature, amount, terms and conditions of any such Awards so granted shall be determined by the Board (or the Scheme Administrator) in its sole and absolute discretion, subject to these Scheme Rules.

B. Notwithstanding the provision of the foregoing rules, no grant of any Awards to or for the benefit of any Participant may be made:

(a) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted, provided that to the extent permissible under Applicable Laws, an Award may be made conditional upon such approval being obtained;

(b) in any circumstances where any member of the Group will be required under Applicable Laws to issue a prospectus or other offer documents in respect of such grant or the Scheme;

(c) where such Offer would result in a breach by any member of the Group or its directors of any Applicable Laws in any jurisdiction;

(d) (save where relevant waiver(s) from the Stock Exchange and/or the required approval of the Shareholders have been obtained) where such grant of Award would result in a breach of the Scheme Limit, the 1% Individual Limit or the 0.1% Limit as set out in the Scheme Rules, or the minimum public float requirement as required under the Listing Rules (or the minimum percentage of public float as prescribed by the Stock Exchange), or would otherwise cause the Company to issue or transfer H Shares in excess of the permitted amount in the mandate approved by the Shareholders; and/or

(e) where an Award is granted to, or for the benefit of, a connected person of the Company and will require specific approval of the Shareholders under the Listing Rules, until such Shareholders' approval is obtained, provided that to the extent permissible under Applicable Laws, such Offer may be made conditional upon such Shareholders' approval being obtained, and any such grant so made (or made without the necessary conditions as contemplated above) shall be null and void to the extent (and only to the extent) that it falls within any of the circumstances described above.

C. Employee Participants are directors and employees of the Company or any of its subsidiaries, including persons who are granted Awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries. The Board considers that the grant of Awards to Employee Participants will enable the Group to attract, motivate and retain skilled and experienced personnel, reward their contribution to the Group and align their interests with those of the Company and the Shareholders through ownership of equity interests in the Company.

Related Entity Participants are directors and employees of associated companies of the Company. Although Related Entity Participants are not directors or employees of the Group, they may contribute to the development and long-term growth of the Group through the relevant associated companies, including by facilitating business collaboration, operational synergies, market development, project implementation or other support beneficial to the Group. The grant of Awards to Related Entity Participants will enable the Company to recognise their contribution or potential contribution, strengthen the long-term collaborative relationship between the Group and the relevant associated companies and align their interests with those of the Group and the Shareholders.

In determining the eligibility of Related Entity Participants, the Board will consider: (a) the positive impact brought by, or expected from, the Related Entity Participant on the Group's business in terms of, amongst other things, an increase in revenue or profits and/or an addition of expertise to the Group; (b) the period of engagement or employment of the Related Entity Participant by the relevant associated company and the extent of his or her involvement with the Group; (c) the number, scale and nature of the projects in which the Related Entity Participant is involved; (d) whether the Related Entity Participant has referred, or is expected to refer or introduce, opportunities to the Group which have materialised, or are likely to materialise, into further business relationships; and (e) the materiality and nature of the business relationship between the relevant associated company and the Group, and the Related Entity Participant's contribution to that associated company which may benefit the core business of the Group through a collaborative relationship.

The independent non-executive Directors consider that Related Entity Participants may contribute to the Group through business collaboration and the sharing of industry knowledge, expertise and resources. Permitting grants to such persons would recognise and incentivise their contributions, strengthen long-term cooperation with associated companies and align their interests with those of the Group and the Shareholders.

Based on the foregoing, the Board (including the independent non-executive Directors) considers that (i) the inclusion of Related Entity Participants as Eligible Persons aligns with the purpose of the Amended Scheme and the long-term interests of the Company and the Shareholders; (ii) the proposed category of Related Entity Participants is in line with the business needs of the Group and the industry norm; and (iii) the selection criteria and the terms of the grants align with the purpose of the Amended Scheme.

3. Scheme Limit

The maximum limit on the number of H Shares which may be issued in respect of all Awards to be granted under the Scheme and all options or awards to be granted under all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant Scheme Rules), shall not exceed 27,851,871 H Shares, representing 5% of the total number of Shares in issue (excluding treasury shares) as at the date on which the Shareholders approve the refreshment of the Scheme Limit (the "**Scheme Limit**").

For the avoidance of doubt, any H Shares which would have been issued pursuant to any exercise or vesting of Awards which have lapsed in accordance with the terms of the Scheme Rules will not be regarded as utilized for the purpose of calculating the Scheme Limit. The Scheme Limit may be subject to further refreshment in accordance with Scheme Rules.

The Company may refresh the Scheme Limit:

(a) after three years from the date of the previous approval of the Scheme Limit (including the approval of the refreshment of the Scheme Limit); or

(b) within any of the aforementioned three-year period by obtaining Shareholders' approval and subject to compliance with any additional requirements set out in the Listing Rules, provided that the total number of new H Shares which may be issued in respect of all Awards to be granted under the Scheme and all options or awards to be granted under all other share scheme(s) of the Company under the Scheme Limit as refreshed must not exceed the limit permitted under the Listing Rules as at the date of such Shareholders' approval, and subject further to compliance with other requirements prescribed under the Listing Rules from time to time.

4. Individual Limit

The total number of Shares issued and to be issued in respect of all Awards granted and to be granted under the Scheme and all options or awards granted and to be granted under all other share scheme(s) of the Company to each Participant (excluding options or awards lapsed in accordance with the relevant Scheme Rules) in any 12-month period up to (and including) the date of the latest grant shall not exceed 1% of the total number of Shares in issue (excluding any treasury shares) (the "**1% Individual Limit**"). Any further grant of Awards to a Participant which would exceed the 1% Individual Limit must be separately approved by the Shareholders in general meeting, with such Participant and his or her close associates (or associates if the Participant is a connected person) abstaining from voting, in accordance with the Listing Rules. In respect of any Options to be granted in such circumstances, the date of the meeting of the Board proposing any such further grant shall be taken as the Grant Date for the purpose of calculating the Exercise Price of such Options.

Any grant of Awards to any director, chief executive or substantial shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Awards). Where any grant of RSUs or other awards (excluding Options) to a director (other than an independent non-executive director) or chief executive of the Company, or any of their associates, would result in all awards granted (excluding awards lapsed in accordance with the relevant Scheme Rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue (excluding any treasury shares), such further grant of RSUs or other awards must be approved by the Shareholders in general meeting in the manner set out in the Listing Rules, with the Grantee, his or her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting. Furthermore, where any grant of Awards to an independent non-executive director or substantial shareholder of the Company, or any of their respective associates, would result in all options and awards granted (excluding options or awards lapsed in accordance with the relevant Scheme Rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue (excluding any treasury shares) (the "**0.1% Limit**"), such further grant of Awards must be approved by the Shareholders in general meeting in the manner set out in the

Listing Rules, with the Grantee, his or her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

5. Administration of the Amended Scheme

The Scheme shall be subject to the administration of the Board or the Scheme Administrator in accordance with the Scheme Rules. A decision of the Board or the Scheme Administrator shall be final and binding on all persons affected thereby.

The Company may appoint trustee(s) under the Scheme from time to time in relation to the administration of the Scheme, in which case the Company will enter into trust deed(s) with the relevant trustee(s). For the avoidance of doubt, the Grantee(s) shall bear the costs and expenses of establishing and administering the trust(s) established under the Scheme.

If and to the extent that the Trustee holds any unvested H Shares under the Scheme, whether directly or indirectly, the Trustee shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such direction is given.

6. Offer, Exercise Price, Amount Payable on Application or Acceptance and Purchase Price

A. Offer Letter

The Company shall, in respect of the offer of each Award (the "**Offer**"), on the grant date issue a letter to each Participant in such form as the Board (or the Scheme Administrator) may from time to time determine, which may specify the type of Award, the number of Awards and corresponding Award Shares, the vesting period, any vesting criteria and conditions (where applicable), the date by which the grant must be accepted and such other details as the Board (or the Scheme Administrator) may consider necessary, and requiring the Participant to undertake to be bound by the terms and provisions of the Scheme Rules (an "**Offer Letter**").

Save as otherwise set out in the Offer Letter:

(a) a Participant shall have 14 business days from the Grant Date to accept the Offer. A Participant may accept an Offer by giving a written notice of acceptance to the Company, together with remittance in favor of the Company of the consideration payable (if any) upon the grant of the Awards;

(b) an Offer may be accepted in respect of any number of Awards up to the number in respect of which the Offer is offered; and

(c) to the extent that the offer of an Award is not accepted within the time and in the manner as set out in aforementioned paragraphs, the Offer will be deemed to have been irrevocably declined and shall lapse, unless the Board in its sole and absolute discretion determines otherwise.

B. *Exercise Price of Options, Amount Payable on Application or Acceptance and Purchase Price*

In respect of Options, the Board (or the Scheme Administrator) shall determine and notify the Participant in the Offer Letter:

(a) the Exercise Price in respect of such Options, provided that such Exercise Price must be at least the higher of:

(i) the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the Grant Date;

(ii) the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the five (5) Business Days immediately preceding the Grant Date; and

(iii) the nominal value of an H Share,

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent; and

(b) the Option Period for such Options, provided that the Option Period shall in any event be not longer than 10 years from the Grant Date. An Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the Option Period.

The Board considers that this basis preserves the value of the Company while providing the Board with flexibility to grant meaningful equity incentives to attract, motivate and retain Eligible Persons and encourage them to acquire proprietary interests in the Company.

The Board (or the Scheme Administrator) may determine the amount payable (if any) on an application or acceptance of an Award and the period(s) within which any such payments must be made.

Subject to Applicable Laws, the consideration to be paid (if any) for the H Shares underlying the Awards (being the purchase price for the purposes of Rule 17.03(9) of the Listing Rules), including the method of payment, shall also be determined by the Board (or the Scheme Administrator) as it deems appropriate. Where new H Shares are to be allotted and issued pursuant to the vesting of an RSU, the consideration payable for such H Shares shall not be less than the nominal value of the relevant H Shares unless otherwise permitted by Applicable Laws. Such consideration may, to the extent permitted by Applicable Laws, be satisfied by deduction from any amount payable by the Company or any member of the Group to the Grantee.

The Board considers that the above discretion enables the Company to determine an appropriate purchase price and payment arrangement having regard to the circumstances of each grant and to tailor the Award to the role and contribution of the relevant Grantee. Such flexibility facilitates the grant of meaningful Awards as part of the Company's remuneration and incentive arrangements and therefore aligns with the purpose of the Amended Scheme.

C. Timing of Offer

No Awards shall be granted to a Participant under the Scheme:

(a) where the Company has come to knowledge of any inside information (as defined in the SFO), until (and including) the trading day after the Company has announced the information;

(b) in circumstances prohibited by the Listing Rules or where dealings by the Participant will be prohibited under any code or requirement of the Listing Rules or any Applicable Laws;

(c) during the period commencing 30 days immediately before the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, provided that such period will also cover any period of delay in the publication of any results announcement.

In addition to the restrictions set out above, no Awards shall be granted to any director of the Company under the Scheme on any day on which the financial results of the Company are published and:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional (for example, where a pressing financial commitment has to be met) and otherwise in accordance with the Listing Rules.

7. Exercise of Options and Vesting of RSUs

Subject to the Listing Rules, Applicable Laws and the provisions of the Scheme Rules, upon the exercise of Options or the vesting of RSUs, the Company may satisfy the relevant Award by one or a combination of the following ways:

(a) allot and issue new H Shares and/or transfer treasury H Shares out of treasury to the Grantee or to the order of the Grantee, including to the Trustee where the Trustee is to hold such H Shares on behalf of the relevant Grantee in accordance with the Scheme Rules and the trust deed;

(b) if (i) the Grantee elects in the manner permitted by the Board (or the Scheme Administrator), or (ii) where, at the determination of the Board (or the Scheme Administrator), it may not be practicable for a Grantee to receive H Shares due to any legal and/or regulatory restrictions, arrange for such H Shares underlying the Awards to be sold on-market at prevailing market prices and remit the Actual Selling Price to the Grantee; or

(c) a combination thereof.

An Option may be exercised in whole or in part by the Grantee (or his or her personal representatives) giving notice to the Company stating that the Option is thereby exercised and the number of H Shares in respect of which it is exercised. Each such notice must be accompanied by a payment for the full amount of the Exercise Price multiplied by the number of Options in respect of which the notice is given to the Company. After the Company's receipt of such notice and the related payment, the Company may satisfy the exercise of the Options in accordance with the provision above.

In respect of RSUs, after the relevant vesting conditions have been satisfied and payment in full of any consideration payable for the H Shares underlying the RSUs has been received by the Company, or arrangement for deduction of such consideration has been made to the satisfaction of the Board (or the Scheme Administrator), the Company may satisfy the vesting of the RSUs in accordance with the provision above.

For the avoidance of doubt, treasury H Shares shall not be transferred out of treasury to the Trustee for the purpose of forming an unallocated pool of H Shares before the relevant Awards have vested or been exercised.

The new H Shares to be allotted and issued and/or treasury H Shares to be transferred out of treasury upon the exercise or vesting of an Award shall be identical to all existing issued H Shares and shall be allotted and issued or transferred out of treasury, as applicable, subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the other fully paid H Shares in issue as from the date on which such H Shares are allotted and issued or transferred out of treasury, as applicable, save that the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such allotment and issue or transfer out of treasury, as applicable.

8. Vesting Period

A. An Award must be held for at least twelve (12) months from the Grant Date before such Award can be exercised, vested or settled, except that at the sole and absolute discretion of the Board or the Scheme Administrator, a shorter vesting period may be granted to an Employee Participant in the following circumstances:

(a) grants of "make-whole" Awards to new Employee Participants to replace the Awards that such Employee Participants forfeited when leaving their previous employers;

(b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event. In those circumstances, the vesting of Awards may accelerate;

(c) grants of Awards with performance-based vesting conditions provided in the Scheme Rules, in lieu of time-based vesting criteria;

(d) grants that are made in batches during a year for administrative and compliance reasons. They may include Awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an Award would have been granted;

(e) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months; or

(f) grants of Awards with a total vesting and holding period of more than twelve (12) months.

B. The Board (or the Scheme Administrator) may, in respect of each Award and subject to Applicable Laws, determine any performance targets or other criteria as condition(s) to the vesting of Awards. If any of the vesting conditions (including any performance targets) for the Awards are not satisfied on or prior to the relevant vesting date, the relevant Awards shall lapse automatically and shall not be vested in the Participant, unless the Board (or the Scheme Administrator) determines otherwise in its sole and absolute discretion.

The Board and the Remuneration Committee consider that the above arrangements are appropriate because they provide the Company with the flexibility to offer competitive remuneration packages to attract and retain suitable personnel, accommodate succession planning and the effective transition of employee responsibilities, reward exceptional performance, impose performance-based vesting conditions where appropriate and address administrative or compliance requirements relating to the timing of grants. The permitted circumstances are limited to Employee Participants and do not disapply the general requirement for a minimum vesting period of twelve (12) months in respect of Related Entity Participants.

Accordingly, the Board and the Remuneration Committee consider that the vesting provisions under the Amended Scheme are appropriate and align with the purpose of the Amended Scheme.

9. Performance Target

The Amended Scheme does not stipulate a uniform set of specific performance targets applicable to all Participants. Nevertheless, the Board or the Scheme Administrator may, at its discretion, set performance objectives for Awards under the Amended Scheme, which will be stated in the Offer Letter. The performance objectives, if any, must be achieved before the Awards can be exercised or vested and shall be assessed in accordance with the performance measures set forth below.

Since each Participant may play a different role and contribute in different ways to the Group, the Board believes that retaining discretion on whether to attach performance objectives to Awards can provide the Board with more flexibility in setting the terms and conditions of Awards on a case-by-case basis and enable the Board to tailor the terms and conditions of the grant to cater to the specific circumstances of each Grantee. In particular, a Related Entity Participant may contribute to the Group through the relevant Related Entity, including by facilitating business collaboration, operational synergies, market development, project implementation or other support that benefits the development and long-term success of the Group. The nature, duration and significance of the contribution of each Related Entity Participant may differ and may not always be appropriately measured by a predetermined set of uniform performance targets. In addition, it is considered that such flexibility under the Amended Scheme can also facilitate the ultimate goal of the Company in offering meaningful Awards to remunerate and retain Eligible Persons who are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

To the extent that performance targets are deemed suitable and appropriate for a particular grant of Awards to Employee Participants or Related Entity Participants, the applicable performance measures will be determined having regard to the role and circumstances of the relevant Grantee. In implementing the Amended Scheme, Awards granted to Employee Participants will generally be subject to the relevant Grantee achieving a performance rating of "A" or "B" under the Company's performance appraisal system. For Related Entity Participants, the performance measures, if any, may include the relevant Grantee's contribution or potential contribution to the development of the Group, including the achievement of relevant business collaboration, operational or project milestones or other support provided to the Group through the relevant Related Entity, as determined by the Board or the Scheme Administrator on a case-by-case basis.

Where Awards are granted without any performance objectives attached, including, where appropriate, Awards granted to Related Entity Participants, the Board and the Remuneration Committee consider that such Awards remain market competitive because each such grant, on its own, represents a means of direct encouragement and constitutes part of the relevant Grantee's remuneration or incentive package, as applicable. In the case of a Related Entity Participant, an Award without performance objectives may be appropriate where it is granted in recognition of the Grantee's past contribution or where the Grantee's contribution or potential contribution to the Group is primarily qualitative or collaborative and is not readily reducible to predetermined quantitative targets. Such an Award can incentivise the Related Entity Participant to maintain a stable and long-term collaborative relationship with the Group and to continue contributing to the Group's development. The intrinsic value of the Awards will be linked to the price of the H Shares at the time the Options are exercised or the RSUs are vested, which in turn depends on the future performance of the Company. The time-based nature of the Awards (for example, by imposing a minimum vesting period) will ensure that the long-term interests of the Grantee and the Group are aligned. Based on the foregoing, in the event that no performance objectives are attached to grants made under the Amended Scheme, the Company considers that the Grantee will nevertheless be motivated to contribute to the development of the Group and that such arrangement will be conducive to providing incentives and rewards for participation in, involvement in and promotion of the business of the Group, and therefore aligns with the purpose of the Amended Scheme.

10. Duration

Subject to the Scheme Rules, the Scheme shall be valid and effective for the Scheme Period (after which no further Awards may be granted under the Scheme). For the avoidance of doubt, Awards granted during the life of the Scheme shall continue to be valid and exercisable or vestable in accordance with their terms of grant and the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise or vesting of Awards granted prior to the expiration of the Scheme.

11. Lapse of Awards

Without prejudice to other circumstances where an Award shall lapse pursuant to the terms in an Offer Letter as determined by the Board (or the Scheme Administrator) at its discretion, an Award shall lapse automatically (to the extent not already vested in the Participant and, where relevant, exercised, vested or settled) on the earliest of:

i. where the Grantee is a director or employee of the Group, or a Related Entity Participant and their employment or engagement with the relevant member of the Group or associated company of the Company ceases for any reason other than death or becoming permanently disabled as described in sub-paragraph (iii) below, the Award may not be exercised, vested or settled after the date of such cessation, which date shall be the last day of the relevant employment, office or engagement, whether remuneration or fees are paid in lieu of notice or not;

ii. where the Grantee is a director or employee of the Group or a Related Entity Participant and the Board or the Scheme Administrator at its absolute discretion determines that such Grantee is unable to pay or has no reasonable prospect of being able to pay their debts, or has become insolvent, or has made any arrangements or composition with their creditors generally or has been convicted of any criminal offence involving integrity or honesty, the Award granted to such Grantee may not be exercised, vested or settled on or after the date on which the Board has so determined;

iii. where the Grantee of an outstanding Award dies or becomes permanently disabled before the exercise or vesting of the Award in full or at all, the Award may not be exercised, vested or settled after the date of their death or permanent Disability. However, if the Board or the Scheme Administrator, upon receiving the written notice from such Grantee or, in the case of death, such Grantee's personal representatives within 60 days after the date of such Grantee's death or permanent Disability, issues a written consent to such Grantee or, in the case of death, such personal representatives, such Grantee or such personal representatives may, as soon as practicable and within such period as specified in the written consent, exercise the Option and/or receive the vesting of the RSU (as applicable, to the extent vested or capable of vesting and not already exercised, vested or settled) in accordance with such consent and the terms of the Award;

iv. if the Board at its absolute discretion determines that the Grantee (other than an employee of the Group) or their associate has committed any breach of any contract entered into between the Grantee or their associate on the one part and the Group or any associated company of the Company on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with their creditors generally, the Award granted to such Grantee may not be exercised, vested or settled on or after the date on which the Board has so determined; and

v. the date on which the Board or the Scheme Administrator determines pursuant to the Scheme Rules that the Award shall lapse in whole or in part following the occurrence of a clawback event;

provided that a determination of the Board (or the Scheme Administrator) to the effect that the Awards shall lapse and not be vested or exercisable or vestable on one or more of the grounds as specified above shall be conclusive and binding on the Participant and that in each case above the Board (or the Scheme Administrator) in its absolute discretion may decide that such Awards shall not so lapse or determine subject to such conditions or limitations as it may decide; and that any such decision shall be conclusive and binding on the Participant. The Company shall not owe any liability to any Participant for the lapse of any Awards under Scheme Rules. Any Awards lapsed in accordance with the terms of the Scheme will not be regarded as utilized for the purpose of calculating the Scheme Limit set out in Scheme Rules.

12. Rights on General Offer, Winding-up and Other Arrangements

A. Rights on Winding-up

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each such Grantee (or his personal representatives) shall be entitled to exercise all or any of his Options (to the extent vested but not yet exercised) and/or vest all or any of his RSUs (subject in all cases to the vesting period requirements set out in paragraph 8 above) at any time not later than four (4) Business Days or such other period as agreed between the Company and the Grantee prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied, in the case of Options, by a remittance for the full amount of the aggregate Exercise Price for the H Shares in respect of which the notice is given, with, in the case of RSUs, any consideration payable for the underlying H Shares to be paid or deducted in accordance with the Scheme Rules, whereupon the Company shall as soon as possible and, in any event, no later than one Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue or transfer out of treasury the relevant H Shares to such Grantee or to the order of such Grantee credited as fully paid. The Grantee shall accordingly be entitled, in respect of the H Shares issued or transferred in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the H Shares in issue on the day prior to the date of such proposed general meeting. Subject thereto, all Awards (where vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

B. Rights on General Offer and Other Arrangements

If a general offer (whether by way of a takeover, share repurchase offer, scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer, having been approved in accordance with all Applicable Laws, becomes or is declared unconditional, any Grantee (or his personal representatives) may by notice in writing to the Company within twenty-one (21) days after such offer becoming or being declared unconditional exercise his Options (to the extent vested but not yet exercised) and/or vest his RSUs (subject in all cases to the vesting period requirements set out in paragraph 8 above) to their full extent or to the extent specified in such notice. Subject to the above, an Award will lapse automatically (to the extent not exercised or vested) on the expiry of the said period.

Other than a general offer or a scheme of arrangement contemplated in the aforementioned paragraph, if a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon such Grantee (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his Options (to the extent vested but not yet exercised) and/or vest any of his RSUs (subject in all cases to the vesting period requirements set out in paragraph 8 above) in full or in part, but the aforesaid exercise of an Option and/or vesting of an RSU shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all outstanding Awards shall lapse except insofar as previously exercised, vested or settled under the Scheme. The Company may require the aforesaid Grantee (or his personal representatives) to transfer or otherwise deal with the H Shares issued or transferred as a result of the exercise or vesting of Awards in these circumstances so as to place the aforesaid Grantee in the same position as nearly as would have been the case had such H Shares been subject to such compromise or arrangement.

Upon the occurrence of any event referred to in the paragraphs above and subject to the provision in relation to vesting period of the Amended Scheme, the Listing Rules and Applicable Laws, the Board or the Scheme Administrator may, in its sole and absolute discretion, determine whether and to what extent any Award which remains unvested at the relevant time shall vest or, in the case of an Option, become exercisable. For the avoidance of doubt, the discretion described above remains subject to the vesting provisions in paragraph 8 and does not permit any acceleration of the vesting period except to the extent expressly permitted under paragraph 8.

13. Reorganization of Capital Structure

A. Where there is any alteration in the capital structure of the Company by way of a sub-division, consolidation or reduction of the share capital of the Company, a capitalization of profits or reserves or bonus issue or a rights issue or open offer (other than an alteration in the Company's capital structure as a result of an issue of Shares or other securities as consideration in a transaction to which the Company is a party), the Board (or the Scheme Administrator) shall make such corresponding adjustments (if any) as it may deem appropriate to reflect such changes with respect to:

(a) the number of H Shares subject to the Award so far as unexercised, unvested or unsettled; and/or

(b) in respect of Options, the Exercise Price for the H Shares subject to the Option so far as unexercised, and, in respect of RSUs, any consideration payable for the H Shares subject to the RSU so far as unvested or unsettled; and/or

(c) any combination thereof,

as the Auditors or an independent financial adviser engaged by the Company for such purpose have certified in writing to the Board as satisfying the relevant requirements of the Listing Rules and as being, in their opinion, fair and reasonable generally or as regards any particular Participant, provided that (i) any such adjustments should give each Participant the same proportion of the equity capital of the Company (rounded to the nearest whole Share) as that to which that Participant was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in an H Share being issued or transferred at less than its nominal value (if any). Any adjustment shall be determined and applied in accordance with Rule 17.03(13) of the Listing Rules, the Frequently Asked Questions FAQ13 issued by the Stock Exchange and any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time.

B. The capacity of the Auditors or independent financial adviser (as the case may be) in the aforementioned paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Participants.

The method of adjustment of the number of H Shares subject to an Award so far as unexercised, unvested or unsettled is set out as below:

Capitalization or bonus issue, or rights issue or open offer of Shares

$Q = Q0 \times F$

Where: "Q0" represents the number of H Shares subject to the relevant Award before the adjustment; "Q" represents the number of H Shares subject to the relevant Award after the adjustment, and "F" represents CUM ÷ TEEP

"CUM" = closing price as shown in the daily quotation sheet of the Stock Exchange on the last day of trading before going ex-entitlement

"TEEP" (theoretical ex entitlement price) = $[CUM + (M \times R)] \div (1+M)$, where "M" represents entitlement per existing Share and "R" represents subscription price

Consolidation of Shares or share subdivision or reduction of the share capital $Q = Q0 \times n$

Where: "Q0" represents the number of H Shares subject to the relevant Award before the adjustment; "n" represents the ratio of share consolidation or share subdivision or reduction of share capital; "Q" represents the number of H Shares subject to the relevant Award after the adjustment.

C. The method of adjustment of the Exercise Price (and, where applicable, any consideration payable for the H Shares subject to an RSU) is set out as below:

Capitalisation issue or bonus issue, or rights issue or open offer of Shares $P = P0 \div F$

Where: "P0" represents the Exercise Price or relevant consideration payable before the adjustment; "P" represents the Exercise Price or relevant consideration payable after the adjustment, and "F" represents CUM ÷ TEEP.

"CUM" = closing price as shown in the daily quotation sheet of the Stock Exchange on the last day of trading before going ex-entitlement

"TEEP" (theoretical ex entitlement price) = $[CUM + (M \times R)] \div (1+M)$, where "M" represents entitlement per existing Share and "R" represents subscription price

Consolidation of Shares or share subdivision or reduction of the share capital $P = P0 \div n$

Where: "P0" represents the Exercise Price or relevant consideration payable before the adjustment; "n" represents the ratio of share consolidation or share subdivision or reduction of share capital; "P" represents the Exercise Price or relevant consideration payable after the adjustment.

14. Cancellation of Awards

The Board or the Scheme Administrator may cancel any Award granted but not yet exercised, vested or settled, provided that:

(a) the Company pays to the Grantee an amount equal to the fair value of the Award cancelled, as determined by the Board or the Scheme Administrator;

(b) the Board or the Scheme Administrator grants to the Grantee a new Award of equivalent value in substitution for the Award cancelled, in compliance with the Scheme Limit and the Listing Rules; or

(c) the Board or the Scheme Administrator makes any other arrangement regarding the cancellation of the Award as may be agreed with the Grantee.

The Awards so cancelled will be regarded as utilized for the purpose of calculating the relevant Scheme Limit. Issuance of new Awards to the same Participant whose Awards have been cancelled may only be made with Awards available under the Scheme Limit and in compliance with the Listing Rules.

15. Termination

The Scheme shall terminate on the earlier of:

(a) the end of the Scheme Period, except as otherwise may be required in accordance with the provisions of the Scheme; and

(b) such date of early termination as determined by Shareholders at a general meeting,

following which no further Awards will be offered or granted under the Scheme, provided that notwithstanding such termination, the Amended Scheme and the Scheme Rules shall continue to be valid and effective to the extent necessary to give effect to the Awards granted and remaining unvested, unexercised, unsettled or unexpired prior to the termination of the Scheme, and that such termination shall not affect the subsisting rights already granted to a Participant.

16. Transferability

Any Award granted hereunder shall be personal to the Participant to whom it is made and shall not be assignable or transferable, except in circumstances where approval from the Board has been obtained and the transfer is in compliance with the Listing Rules (or a waiver has been granted by the Stock Exchange for such transfer) and provided that any such transferee agrees to be bound by this Scheme and the Scheme Rules as if the transferee were the Participant.

17. Alteration of the Amended Scheme

A. Subject to the Scheme Limit and the Scheme Rules, the Board (or the Scheme Administrator) may amend any of the provisions of the Scheme or any Awards granted under the Scheme at any time and in any respect, provided that the terms of the Scheme or Awards so amended must comply with Rule 17.03 of the Listing Rules (as applicable). Approval of the Shareholders in general meeting is required for any amendment to the terms of the Scheme which are of a material nature or to any provisions of the Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules to the extent that such amendment operates to the advantage of Participants.

B. Any change to the terms of Awards the grant of which was subject to the approval of a particular authority (such as the Board or the Scheme Administrator, the remuneration committee of the Company, the independent non-executive directors or the Shareholders in general meeting) shall be subject to approval by that same authority, provided that this requirement does not apply where the relevant alteration takes effect automatically under the terms of the Scheme. Without limiting the foregoing, any change in the terms of the Awards granted to any Participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in general meeting in the manner required by the Listing Rules if the initial grant of the Awards requires such approval (except where the changes take effect automatically under the terms of the Scheme).

C. Any change to the authority of the Board or the Scheme Administrator to alter the terms of the Scheme must be approved by Shareholders in general meeting.

18. Clawback Mechanism

Notwithstanding any other provisions of the Scheme Rules, if the Board or the Scheme Administrator determines that any of the following events has occurred in relation to a Participant:

(a) the Participant has contravened any applicable laws or regulations involving integrity or honesty, committed fraud or dishonesty, been involved in the acceptance or solicitation of bribery, corruption, theft, leakage of any trade or technical secrets, undisclosed, unauthorised or unlawful related-party transactions involving a conflict of interest, other unlawful acts or serious misconduct which has prejudiced the reputation or interests of, or caused significant negative impact on the Group, or failed to discharge, or failed to discharge properly, his/her/its duties resulting in serious and adverse consequences to the Group;

(b) the Participant has been convicted of any criminal offence involving integrity or honesty;

(c) the Participant has committed a material breach of the terms of the Scheme, the relevant Offer Letter or any contract or arrangement with any member of the Group or any associated company of the Company;

(d) there has been a material misstatement in the Company's financial statements which requires restatement; or

(e) any other circumstances occur which, in the opinion of the Board or the Scheme Administrator, justify the clawback of the Award in order to protect the interests of the Group, the Board or the Scheme Administrator may, to the extent permitted by Applicable Laws and the Listing Rules, determine that:

(i) any Award granted to such Participant but not yet exercised, vested or settled shall lapse in whole;

(ii) in respect of any H Shares already issued or transferred to such Participant pursuant to the exercise or vesting of any Award, such Participant shall transfer back to the Company or its nominee the same number of H Shares, or pay to the Company an amount equal to the market value of such H Shares as determined by the Board or the Scheme Administrator, or a combination of the foregoing; and/or

(iii) in respect of any cash amount, sale proceeds or other benefit received by such Participant in connection with any Award, such Participant shall repay to the Company such amount or benefit as the Board or the Scheme Administrator may determine.

Any Award which lapses pursuant to this Clawback Mechanism before exercise or vesting shall not be regarded as utilized for the purpose of calculating the Scheme Limit. Any Award which has been vested, exercised or settled before being clawed back shall be treated in accordance with the Listing Rules and shall not be added back to the Scheme Limit unless permitted under the Listing Rules.

The Board considers that the clawback mechanism deters misconduct, ensures that Awards reflect genuine performance and contribution and enables the Company to recover benefits granted or paid on the basis of materially inaccurate financial or performance information. It therefore protects the interests of the Group and the Shareholders and ensures that the Awards continue to operate as appropriate incentives for Participants to contribute to the long-term development of the Group. Accordingly, the Board considers that the clawback mechanism aligns with the purpose of the Amended Scheme.

Phancy Group Co., Ltd.
範式智能技術集團股份有限公司

(formerly known as "Beijing Fourth Paradigm Technology Co., Ltd.北京第四範式智能技術股份有限公司")

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

(Stock code: 6682)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Phancy Group Co., Ltd. (the "**Company**") will be held at Conference Room, Level 42, Block A, Longhua Digital Innovation Center, Longhua District, Shenzhen, Guangdong, PRC on Thursday, September 10, 2026 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions. In this notice, unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Company's circular (the "**Circular**") dated August 20, 2026.

SPECIAL RESOLUTIONS

1. To consider and approve the Proposed Amendments and the Amended Scheme.

2. To consider and approve the Proposed Refreshment and the Refreshed Scheme Limit.

3. To consider and approve the proposed authorization to the Board and/or the Scheme Administrator to handle matters in relation to the Amended Scheme.

Details of the above resolutions proposed at the EGM are set out in the Circular.

By Order of the Board
Phancy Group Co., Ltd.
Dr. Dai Wenyuan
Chairman and Executive Director

Hong Kong, August 20, 2026

Notes:

1. The resolutions at the meeting will be taken by poll (except where the chairman decides to allow such resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.

2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the time appointed for the meeting or the adjourned meeting (as the case may be) (i.e. not later than 2:00 p.m. on Wednesday, September 9, 2026 (Hong Kong time)). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Monday, September 7, 2026 to Thursday, September 10, 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, September 4, 2026. Shareholders whose names appear on the Register of Members of the Company on Thursday, September 10, 2026 are entitled to attend and vote at the EGM.

5. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

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