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

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a 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 the Company, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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**福萊特玻璃集團股份有限公司**

**Flat Glass Group Co., Ltd.**

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

**(Stock code: 6865)**

**PROPOSED ADOPTION OF  
THE A SHARE OPTION INCENTIVE SCHEME  
AND  
NOTICES OF  
2021 THIRD EXTRAORDINARY GENERAL MEETING AND  
2021 THIRD H SHAREHOLDERS' CLASS MEETING**

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Notice convening the 2021 Third EGM and 2021 Third H Shareholders' Class Meeting to be held at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd., 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the People's Republic of China, at 2:00 p.m. on 18 November 2021 (Thursday) is set out on pages 57 to 58 and pages 59 to 60 of this circular.

Proxy forms for use at the 2021 Third EGM and 2021 Third H Shareholders' Class Meeting are also enclosed with this circular. If you intend to attend the meeting by proxy, you are required to complete and return the enclosed proxy form(s) in accordance with the instructions printed thereon to the Company's H shares registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for H Shareholders), or to the Company's registered office in the PRC at 1999 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the People's Republic of China (for A Shareholders) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the relevant meeting or any adjourned meeting should you so wish.

27 October 2021

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## DEFINITIONS

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

“2021 Third A Shareholders’ Class Meeting”	the class meeting of A Shareholders to be held at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd., 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC on 18 November 2021 (or adjournment thereof), or immediately after the conclusion of the 2021 Third EGM, whichever is later
“2021 Third Class Meetings”	the 2021 Third A Shareholders’ Class Meeting and the 2021 Third H Shareholders’ Class Meeting
“2021 Third EGM”	the 2021 third extraordinary general meeting of the Company proposed to be held at 2:00 p.m. on 18 November 2021 at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd., 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC
“2021 Third H Shareholders’ Class Meeting”	the class meeting of the H Shareholders to be held at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd., 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the PRC on 18 November 2021 (or any adjournment thereof), or immediately after the conclusion of the 2021 Third A Shareholders’ Meeting, whichever is later
“A Share(s)”	A share(s) of the Company with a nominal value of RMB0.25 each which are listed on the SSE and traded in RMB (stock code: 601865)
“Administrative Measures”	the Administrative Measures on Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》)
“articles of association”	the articles of association of the Company
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Company”	福萊特玻璃集團股份有限公司 (Flat Glass Group Co., Ltd.*), a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed on the main board of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively
“Company Law”	the Company Law of the People’s Republic of China

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## DEFINITIONS

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“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Date of Grant”	the date on which the Company grants the Share Options to the Participants, which must be a trading day under the SSE Listing Rules
“Depository and Clearing Corporation”	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
“Director(s)”	the director(s) of the Company
“Exercise Conditions”	the conditions required to be satisfied by the Participants to exercise the Share Options under the Scheme
“Exercise Date”	the date on which the Participants are entitled to exercise the Share Options, which must be a trading day under the SSE Listing Rules
“Exercise Period”	the exercise period as set out in the Scheme
“Exercise Price”	the price for the Participants to purchase A Shares, as determined by the Company when the Participants are being granted with the Share Options
“Grant”	a total of 5,947,858 Share Options granted by the Company to the Participants under the Scheme
“H Share(s)”	overseas-listed foreign invested ordinary share(s) with a nominal value of RMB0.25 each in the share capital of the Company, which is/are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Shareholder(s)”	the holder(s) of the H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Director(s)”	the independent non-executive director(s) of the Company
“Latest Practicable Date”	25 October 2021, being the latest practicable date of ascertaining certain information contained in this circular before the issuing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Participant(s)”	senior and mid-level management and technical personnel of the Company who are granted with Share Options under the Scheme
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Remuneration Committee”	the Remuneration Committee under the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme” or “A Share Option Incentive Scheme”	the 2021 Share Option Incentive Scheme of Flat Glass Group Corporation Ltd. (Revised Version)
“Securities Law”	the Securities Law of the People’s Republic of China
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the holders of A Shares and holders of the H Shares of the Company
“Share Options”	the right to be granted to a Participant by the Company to acquire certain number of shares of the Company under the pre-determined conditions in a particular period of time in the future
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Shanghai Stock Exchange Listing Rules
“stock exchange”	the SSE and the Stock Exchange
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Validity Period”	the period from the date on which Share Options are granted to the date on which all Share Options are exercised or cancelled

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## DEFINITIONS

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“Vesting Period”	the period from the date on which the registration of the grant of Share Options is completed to the Exercise Date of the Share Options
“%”	percent.

*Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments.*

*Accordingly, figures shown as total in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures. Reference to the singular number includes references to the plural and vice versa and references to one gender include every gender. English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese names prevails.*

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## LETTER FROM THE BOARD

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福萊特玻璃集團股份有限公司  
**Flat Glass Group Co., Ltd.**

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

**(Stock code: 6865)**

*Executive Directors:*

Mr. Ruan Hongliang (*Chairman*)  
Ms. Jiang Jinhua  
Mr. Wei Yezhong  
Mr. Shen Qifu

*Registered office, headquarters and  
principal place of business in the PRC:*

1999 Yunhe Road  
Xiuzhou District, Jiaxing  
Zhejiang Province, PRC

*Independent non-executive Directors:*

Ms. Xu Pan  
Ms. Hua Fulan  
Ms. Ng Yau Kuen Carmen

*Principal place of business in Hong Kong:*

Unit 6, 11/F, Prosperity Place,  
6 Shing Yip Street, Kwun Tong,  
Kowloon, Hong Kong

27 October 2021

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED ADOPTION OF  
THE A SHARE OPTION INCENTIVE SCHEME  
AND  
NOTICES OF  
2021 THIRD EXTRAORDINARY GENERAL MEETING AND  
2021 THIRD H SHAREHOLDERS' CLASS MEETING**

**I. INTRODUCTION**

Reference is made to the announcements of the Company dated 17 August 2021 and 12 October 2021 in relation to the proposed adoption of the A Share Option Incentive Scheme.

The purpose of this circular is to provide you with information in connection with, among other things, considering and approving (i) the proposed adoption of the A Share Option Incentive; and (ii) to give you notice of the 2021 Third EGM and 2021 Third H Shareholders' Class Meeting.

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## LETTER FROM THE BOARD

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

#### A. Introduction

At the 2021 Third EGM and the 2021 Third H Shareholders' Class Meetings, resolutions will be proposed for the approval and adoption of the A Share Option Incentive Scheme, in which, amongst other things, the proposed Grant to the Participants, the number of the Share Options proposed to be granted to each Participant and the Exercise Price are contained. Each of the proposed Grant to a Director has been approved by the Independent Directors in compliance with Rule 17.04(1) of the Listing Rules. Pursuant to the A Share Option Incentive Scheme, Independent Directors are not eligible Participants and there is no Independent Director who is also a Participant.

Please refer to Appendix I and II to this circular for full details of the key information contained in this section including but not limited to the scope of eligible Participants, the proposed Grant, the number of the Share Options proposed to be granted to each Participant, Validity Period, the performance assessment indicators of the Company and the Participants which the exercise of the Share Options is conditional upon, the assessment methods, the Exercise Price and adjustments, the Exercise Period and circumstances under which the Share Options shall lapse.

#### B. Purpose of the implementation of the Scheme and scope of the Participants

For the purpose of further improving the corporate governance structure of the Company, establishing and enhancing the long-term incentive and constraint mechanism of the Company, attracting and retaining talents, fully mobilizing the proactiveness and creativities of the senior and mid-level management and technical personnel of the Company, effectively promoting the cohesiveness of the core team and the core competitiveness of the enterprise, effectively aligning the interests of Shareholders, the Company and the core management team, enabling all parties to focus on the long-term development of the Company, and ensuring the achievements of the development strategies and operation objectives of the Company, the Scheme is made on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in accordance with the requirements under the relevant laws, regulations and normative documents including the Company Law, the Securities Law and the Administrative Measures, as well as the requirements under the Articles of Association.

Participants of the Scheme are the senior and mid-level management and technical personnel of the Company as at the date of the announcement of the draft Scheme published on the website of the SSE. The Remuneration Committee shall prepare a list of eligible scope of the Participants of the Scheme and the list shall be reviewed and confirmed by the Supervisory Committee. None of the participants of the A Share Option Incentive Scheme is a Director or Supervisor of the Company. Except for Mr. Zhu Yuping (祝宇平), son of Mr. Zhu Quanming (祝全明), a Supervisor of the Company thus a connected person of the Company, none of the Participants under the Scheme is a connected person of the Company as defined under Chapter 14A of the Listing Rules. A total of 40,000 Share Options are proposed to be granted to Mr. Zhu Yuping.

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## LETTER FROM THE BOARD

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The Company adopted the Restricted A Share Incentive Scheme for 2020 (the “**Restricted A Share Incentive Scheme**”) at its annual general meeting in June 2020. The scope of participants under the A Share Option Incentive Scheme are broader than that of the Restricted A Share Incentive Scheme. Specifically, senior and mid-level management and technical staff at the Group’s operation level including its factories in a total of 289 staffs are covered by the first grant of A Share Option Incentive Scheme, while senior and mid-level management and technical staff within the core team of the Group in a total of 18 staffs were covered by the Restricted A Share Incentive Scheme. In addition, compared with the Restricted A Share Incentive Scheme where the participants are required to have adequate financial resources to pay for the restricted A Shares granted to them at the grant price, participants under the A Share Option Incentive Scheme are only required to pay for the exercise price of the A Shares upon exercise of the A Share Options granted to them. As the target participants under the A Share Option Incentive Scheme are different from that of the Restricted A Share Incentive Scheme, the ultimate staff incentive and talents retaining purposes achieved under these two incentive schemes are different. There is no overlapping participant under the A Share Option Incentive Scheme and the Restricted A Share Incentive Scheme.

Please refer to Appendix III to this circular for details of the list of the 289 Participants under the first grant of the Scheme.

### **C. Source and number of the underlying shares in respect of the Share Options to be granted**

The source of the underlying shares of the Scheme shall be A Shares of the Company to be directly issued to the Participants. Only new A Shares will be issued upon exercise of the Share Options proposed to be granted under the Scheme, and no H Shares can be issued under the A Share Option Incentive Scheme. The proposed adoption of the A Shares to be granted under the A Share Option Incentive Scheme will be made in accordance with the specific mandate sought at the 2021 Third EGM and the 2021 Third Class Meetings, and will take effect upon the approval by Shareholders at the 2021 Third EGM and the 2021 Third Class Meetings.

The number of Share Options proposed to be granted under the Scheme is 5,947,858, representing approximately 0.28% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of announcement of the draft Scheme, among which, the first grant of Share Options consists of 5,353,072 shares (the “**First Grant of Share Options**”), representing approximately 0.25% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of announcement of the draft Scheme and 90% of the total number of Share Options under the Grant; the reserved share options consist of 594,786 shares (the “**Reserved Share Options**”), representing approximately 0.03% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of announcement of the draft Scheme and 10% of the total number of Share Options under the Grant.

Each Share Option granted under the Scheme is entitled to purchase one A Share of the Company at the Exercise Price during the Exercise Period upon the fulfillment of vesting conditions and arrangement. The Share Options are granted to the Participants at nil consideration. The Share Options granted to the Participants shall not be transferred, used for guarantee or repayment of debts during the Vesting Period. Share Options are not entitled with voting rights, and do not involve in the distribution of bonus share and dividends before being exercised. Unless otherwise provided by the lock-up provisions under the Scheme, the Participants shall be entitled to all the rights of ordinary Shareholders and perform related obligations in respect of their A Shares by exercising Share Options in accordance with laws.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the total aggregate number of underlying Shares involved in the A Share Option Incentive Scheme of the Company during the Validity Period shall not exceed 10.00% of the total share capital of the Company. The total aggregate number of Shares to be granted to any Participant under the A Share Option Incentive Scheme during the Validity Period shall not exceed 1.00% of the total share capital of the Company.

### **D. Exercise Period**

Upon the fulfillment of conditions of the exercise of the Share Options, the Share Options are exercisable in five tranches upon expiry of 12 months from the Date of Grant. The exercise arrangement for the First Grant of Share Options and the Reserved Share Options are as follows.

The exercise arrangement for the First Grant of Share Options:

<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
First Exercise Period	Commencing from the first trading day after the expiry of the 12th month from the Date of the Grant of the First Grant of Share Options, and ending on the last trading day of the 24th month from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 36th month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading day after the expiry of the 48th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 60th month from the Date of Grant	20%

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## LETTER FROM THE BOARD

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<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
Fifth Exercise Period	Commencing from the first trading day after the expiry of the 60th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 72th month from the Date of Grant	20%

The exercise arrangement for the Reserved Share Options:

<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
First Exercise Period	Commencing from the first trading day after the expiry of the 12th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 24th month from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 36th month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading day after the expiry of the 48th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 60th month from the Date of Grant	20%

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## LETTER FROM THE BOARD

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<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
Fifth Exercise Period	Commencing from the first trading day after the expiry of the 60th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 72th month from the Date of Grant	20%

Share Options for which the Exercise Conditions are not fulfilled during the above agreed period shall not be exercised or deferred to the next exercise period, and the relevant Share Options of such Participants shall be cancelled by the Company in accordance with the principles stipulated in the Scheme. After the end of each Exercise Period of the Share Options, the Share Options exercisable by the Participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

“Trading day” under this section has the same meaning under the SSE Listing Rules.

### **E. Performance targets on which the exercise of the Share Options Granted are conditional**

Pursuant to the A Share Option Incentive Scheme, the exercise of Share Options by the Participants is conditional upon the fulfillment of certain performance targets by the Company and the Participants. The performance assessment at the Company level will take into account the growth rate on the audited consolidated operating revenue of the assessment year. The individual assessment of Participants shall be organized and implemented in accordance with the relevant Company’s performance assessment systems. According to the annual performance assessment results, the individual performance assessment results are divided into two levels. On the premise that the Company’s performance targets are achieved, if the individual performance assessment results of such Participant in the previous year is qualified, the Participant can exercise all the Share Options for such year of assessment; if the individual performance assessment results of such Participant in the previous year is unqualified, all Share Options of the Participants which are eligible for exercise in the year of assessment shall not be exercised. The Share Options which are not exercised by the Participants shall be canceled by the Company. The specific assessment content of the Scheme is implemented in accordance with the Assessment Measures in respect of the Implementation of the 2021 Share Option Incentive Scheme of Flat Glass Group Corporation Ltd.

The details are provided in the Assessment Measures of the Company as set out in Appendix I and II to this circular.

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## LETTER FROM THE BOARD

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### **F. Adjustment to the Exercise Price and number of A Shares subject to Share Options**

In the event of dividend distribution, capitalization of capital reserves, bonus issue, share subdivision, rights issue or share consolidation of the Company during the period from the date of announcement of the Scheme to the completion of exercise of the Share Options by the Participants, the Exercise Price of Share Options and/or the number of A Shares subject to Share Options to be granted under the Grant should be adjusted accordingly, but no adjustments may be made to the extent that the Exercise Price would be lower than the nominal value of the shares. The details of such adjustments are set out in the section headed “Methods of and procedures for adjustment of the Scheme” in Appendix I to this circular.

The Company further confirms that it will comply with the relevant requirements of the Listing Rules and supplementary guidance in all future adjustments to be made to the Exercise Price and/or the number of A Shares subject to Share Options to be granted under the Grant.

### **G. Conditions of the A Share Option Incentive Scheme**

The proposed A Share Option Incentive Scheme has been approved by the Directors at the Board meetings held on 17 August 2021 and 12 October 2021. The proposed A Share Option Incentive Scheme shall take effect upon Shareholders’ approval at the 2021 Third EGM and the 2021 Third Class Meetings.

### **H. Implications under the Listing Rules**

The A Share Option Incentive Scheme constitutes a share option scheme under Chapter 17 of the Listing Rules. Pursuant to the requirements of Rule 14A.92(3)(a) of the Listing Rules, issue of new securities to connected persons of the Company is fully exempted from the requirements of approval by Shareholders, annual review, announcement and circular under Chapter 14A of the Listing Rules. None of the participants of the A Share Option Incentive Scheme is a Director or Supervisor of the Company. Therefore, none of the Directors is required to abstain from voting on the board resolution to approve the proposed A Share Option Incentive Scheme and/or the proposed Grant to themselves. None of the Shareholders who is required to abstain from voting under the Listing Rules controls or is entitled to exercise control over the voting right in respect of his shares in the Company.

### **I. Waivers from Strict Compliance with the Listing Rules**

As the Scheme involves the issuance of new A Shares by the Company, Chapter 17 and certain provisions under the Listing Rules are therefore applicable to the Scheme, and the relevant PRC laws and regulations relating to the establishment of the Scheme and the Grant of Share Options are also applicable. Therefore, the Company has complied with the requirements of the relevant PRC laws and regulations as well as the Listing Rules as far as possible when preparing the terms of the Scheme, and will apply to the Hong Kong Stock Exchange for certain waivers from strict compliance with the requirements for Exercise Price and its adjustment under the Rule 17.03 of the Listing Rules.

***(1) Waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules regarding the basis of determination of the Exercise Price***

Note (1) to Rule 17.03(9) of the Listing Rules requires that the exercise price of relevant share options must be at least the higher of (i) the closing price of the securities on the date of granting the options; and (ii) the average closing price of the securities for the five business days immediately preceding the date of granting the options. However, the relevant PRC laws and regulations require that the exercise price of A Share Option Incentive Scheme shall be the highest of: (i) the average trading price of the A Shares on the trading day immediately preceding the date of announcement of the A Share Option Incentive Scheme; and (ii) one of the average trading price of the A Shares for the 20/60/120 trading days immediately preceding the date of announcement of the A Share Option Incentive Scheme. Rule 19A.39C of the Listing Rules further provides that the Hong Kong Stock Exchange may waive the exercise price requirement under Note 1 to rule 17.03(9) for a share option scheme of a PRC issuer dually listed on the Hong Kong Stock Exchange and a PRC stock exchange, provided that: (i) the scheme involves only shares listed on the PRC stock exchange; and (ii) the scheme contains provisions to ensure that the exercise price of the options is no less than the prevailing market price of the relevant shares on the PRC stock exchange at the time of grant of the options.

Since the Share Options proposed to be granted under the Scheme involve A Shares only, the Exercise Price has been set at no less than the prevailing market price of the A Shares traded on the SSE on 17 August 2021, the date of the first Board meeting approving the adoption of the Scheme, and the Exercise Price must be determined based on the relevant PRC laws and regulations, the Company has applied to the Hong Kong Stock Exchange for and has been granted a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules in respect of the Exercise Price of the Share Options proposed to be granted under the Scheme.

For details of the Exercise Price and the basis of determination, please refer to the section headed “Proposed Grant Under the A Share Option Incentive Scheme—Exercise Price and basis of determination” in Appendix I to this circular.

***(2) Waiver from strict compliance with Rule 17.03(13) of the Listing Rules regarding the adjustment of Exercise Price in the event of dividend distribution***

Rule 17.03(13) of the Listing Rules required the scheme document must include a provision for adjustment of the exercise price or the number of securities subject to options already granted and to the scheme in the event of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital.

On the basis of the following factors, the Company has applied to the Hong Kong Stock Exchange for and has been granted a waiver from strict compliance with Rule 17.03(13) of the Listing Rules regarding (Scheme.)TJNe the 7wing Rules re comp6e mpesmpes rels(ii))-416.4TDEx

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## LETTER FROM THE BOARD

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granted under the Scheme is 5,947,858, representing approximately 0.28% of the total issued share capital of the Company and approximately 0.35% of the total issued A Share capital of the Company as at the date of announcement of the draft Scheme. The dilutive impact of the Scheme is minimal. Further, according to the relevant PRC laws and regulations, the issue price of the Shares shall not be below the nominal value of the Shares and therefore, the A Shares shall not be issued at less than its nominal value of RMB0.25 per A Share pursuant to the exercise of the Share Options; and (iii) the A Shares, being the underlying Shares of the Share Options, have been trading at a premium over the H Shares. Taking into account the deviation in the trading prices of the A Shares and H Shares, the dilutive impact on the H Share Shareholders as a result of issue of new A Shares pursuant to the exercise of Share Options is negligible, the adjusted Exercise Price of the Share Options in the event of dividend distribution is expected to remain higher than the then prevailing trading price of the H Shares.

For details of the adjustment of Exercise Price in the event of dividend distribution, please refer to the section headed “Proposed Adoption of the A Share Option Incentive Scheme—Methods of and procedures for adjustment of the Scheme” in Appendix I to this circular.

### **J. Solicitation of votes by Independent Directors**

Pursuant to the Administrative Measures, independent directors of a company whose securities are listed on the SSE or the Shenzhen Stock Exchange should solicit votes publicly from its shareholders on resolutions in relation to the adoption of a share incentive scheme. The purpose of such arrangement is to encourage the securities holders to participate in the voting on the resolutions on the adoption of share incentive schemes by providing them with an additional way of participation in the meeting(s) of such securities holders. As the A Shares are listed and traded on the SSE, the Independent Directors have nominated Ms. Xu Pan to solicit the Shareholders’ votes on their behalf on all special resolutions in relation to the Scheme to be considered at the 2021 Third EGM and the 2021 Third Class Meetings. Ms. Xu Pan has for the abovementioned purpose prepared the proxy forms for appointing herself as a proxy at the 2021 Third EGM and the 2021 Third H Shareholders’ Class Meeting, respectively. Such proxy forms specific to the Independent Directors’ solicitation of votes (the “**ID Proxy Forms**”) were despatched together with the notices of the 2021 Third EGM and the 2021 Third H Shareholders’ Class Meeting (the “**Meeting Notices**”), and the regular proxy forms (which, together with the ID Proxy Forms, the “**Proxy Forms**”) in respect of such meetings by the Company and also published and made available for downloading on the websites of the Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk). For details of the solicitation arrangement, please refer to the Meeting Notices and the instructions imprinted on the Proxy Forms.

### **K. Documents available for display**

The A Share Option Incentive Scheme will be published on the Hong Kong Stock Exchange’s website and the Company’s website for a period of not less than 14 days before the date of the 2021 Third EGM and made available for inspection at the 2021 Third EGM.

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## LETTER FROM THE BOARD

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### **L. Matters to be authorized by Shareholders to the Board in connection with the Scheme**

1. The Board proposed to convene the 2021 Third EGM and the 2021 Third Class Meetings to authorize the Board to handle the following matters with respect to the Scheme:
  - (a) to determine the qualifications and conditions of Participants for participating in the Scheme, and to determine the Date of Grant of the Scheme;
  - (b) in cases of capitalization of capital reserves, bonus issue, subdivision or consolidation of shares, rights issue of the Company, the number of the Share Options and total number of underlying Shares involved shall be adjusted accordingly in accordance with the methods stipulated in the Scheme;
  - (c) in cases of capitalization of capital reserves, bonus issue, subdivision or consolidation of shares, rights issue and dividend distribution of the Company, Exercise Price shall be adjusted accordingly in accordance with the methods stipulated in the Scheme;
  - (d) to adjust the Share Options that the employees have given up to subscribe for to the Reserved Share Options or to allocate and adjust such Share Options among the Participants before the grant of the Share Options;
  - (e) to handle all matters necessary for the exercise of Share Options by the Participants as the Exercise Condition is satisfied, including but not limited to making an application to the stock exchange to exercise the Share Options and application to the Depository and Clearing Corporation for registration and clearing services;
  - (f) to examine and confirm the exercise eligibility and Exercise Conditions of the Participants, and approve the Board to delegate such rights to the Remuneration and Evaluation Committee;
  - (g) to decide whether the Participants may exercise their Share Options;
  - (h) to handle all matters necessary for the exercise of Share Options by the Participants, including but not limited to making an application to the stock exchange to exercise the Share Options, application to the Depository and Clearing Corporation for registration and clearing services, amending the Articles of Association, and registering the change in registered capital of the Company;
  - (i) to handle the exercise matters of Share Options that have not been exercised;
  - (j) to decide the amendments and termination of the Scheme, including but not limited to the cancellation of the exercise eligibility of the Participants, cancellation of the Share Options which have not been exercised by the

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## LETTER FROM THE BOARD

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Participants, dealing with compensation and succession issues in respect of the Share Options that are not exercised by the deceased Participants, and termination of the Scheme;

- (k) to authorize the Board to determine the Participants, numbers of Shares granted, Exercise Price and Date of Grant in respect of Reserved Share Options for the Scheme on the basis of meeting the relevant requirements of the Scheme, such as the scope of Participants and the conditions of the Grant;
  - (l) to sign, execute, amend or terminate any agreement and other relevant agreements in connection with the Scheme;
  - (m) to manage and adjust the Scheme and formulate or modify the provisions of administration and implementation of the Scheme from time to time subject to the terms of the Scheme. However, such amendments made by the Board shall be approved accordingly if they are required by the laws, regulations or the relevant regulatory authorities to be approved by Shareholders' general meetings or/and the relevant regulatory authorities; and
  - (n) to conduct other necessary matters required for the implementation of the Scheme, save for rights expressly stipulated in relevant documents to be exercised by Shareholders' general meetings.
2. The Board is authorized to process examination, registration, filing, ratification, approval and other procedures with the relevant government and authorities in connection with the Scheme; to sign, execute, modify and complete documents submitted to the relevant government, authorities, organizations and individuals; to amend the Articles of Association and complete the registration for changes in the Company's registered capital; and to do all acts it deems necessary, proper or appropriate in connection with the Scheme.
  3. The Board is authorized to appoint receiving banks, accountants, law firms, securities companies and other intermediaries for the implementation of the Scheme.
  4. The mandate granted to the Board shall be consistent with the Validity Period of the Scheme.

The above authorizations may be exercised directly by the Chairman or an appropriate person authorized by the Chairman on behalf of the Board, save for the matters as clearly stipulated in laws, administrative regulations, rules of the CSRC, normative documents, the Scheme or the Articles of Association which shall be considered and passed by the Board.

### **III. RESPONSIBILITY STATEMENT**

The information in this circular is published in accordance with the Listing Rules and is intended to provide information about the Company. The Directors of the Company jointly and severally bear all responsibility for the information in this circular. The Directors, after making all reasonable enquiries, confirm to the best of their knowledge and belief that the information contained in this circular is accurate and complete in all material respects, is not misleading or deceptive, and that nothing is omitted to cause any misleading statements or other matters in this circular.

### **IV. THE 2021 THIRD EGM AND 2021 THIRD H SHAREHOLDERS' CLASS MEETINGS**

A notice convening the 2021 Third EGM and the 2021 Third H Shareholders' Class Meeting to be held at the Conference Room, 2nd Floor, Administrative Building, Flat Glass Group Co., Ltd. 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, PRC, at 2:00 p.m. on 18 November 2021, is set out on pages 57 to 58 and pages 59 to 60, respectively.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Accordingly, all resolutions to be proposed at the 2021 Third EGM and the 2021 Third H Shareholders Class Meetings will be voted by poll.

For the purpose of determining the entitlement for attendance and voting at the 2021 Third EGM and/or the 2021 Third H Shareholders' Class Meeting (as the case may be), the H Shares register of members of the Company will be closed from 15 November 2021 to 18 November 2021, both days inclusive, during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the H Share register of members of the Company at 4:30 p.m. on 12 November 2021 shall be entitled to attend and vote at the 2021 Third EGM and/or the 2021 Third H Shareholders' Class Meeting. In 0.11pe5.620231pe5.62011pe5.62Noth3332.6(2021F19-7.7,2021F19-H2021F19-S30.1(the)-330.1(shareholder

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## LETTER FROM THE BOARD

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### V. RECOMMENDATION

The Board (including the Independent Directors) considers that the resolutions to be proposed at the 2021 Third EGM and the 2021 Third Class Meetings are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favor of all the resolutions to be proposed at the 2021 Third EGM and the 2021 Third Class Meetings.

Yours faithfully  
By order of the Board  
**Flat Glass Group Co., Ltd.**  
**Ruan Hongliang**  
*Chairman*

The following summarises all principal terms of the A Share Option Incentive Scheme.

## **1. PROPOSED ADOPTION OF THE A SHARE OPTION INCENTIVE SCHEME**

### **A. Purpose of the implementation of the Scheme**

For the purpose of further improving the corporate governance structure of the Company, establishing and enhancing the long-term incentive and constraint mechanism of the Company, attracting and retaining talents, fully mobilizing the proactiveness and creativities of the middle and senior management and technical personnel of the Company, effectively promoting the cohesiveness of the core team and the core competitiveness of the enterprise, effectively aligning the interests of Shareholders, the Company and the core management team, enabling all parties to focus on the long-term development of the Company, and ensuring the achievements of the development strategies and operation objectives of the Company, the Scheme is made on the premise of fully protecting the interests of Shareholders and on the principle of income equivalent to contribution, and in accordance with the requirements under the relevant laws, regulations and normative documents including the Company Law, the Securities Law and the Administrative Measures, as well as the requirements under the Articles of Association.

### **B. Basis for determining the Participants and the scope of the Participants**

#### *(1) Basis for determining the Participants*

Participants of the Scheme are determined in accordance with the requirements of relevant laws, administrative regulations and normative documents including the Company Law, the Securities Law and the Administrative Measures, as well as the requirements under the Articles of Association with reference to the actual situations of the Company.

Participants of the Scheme are the middle and senior management and technical personnel of the Company as at the date of the announcement of the draft Scheme published on the website of the SSE. The Remuneration Committee shall prepare a list of eligible scope of the Participants of the Scheme and the list shall be reviewed and confirmed by the Supervisory Committee.

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

The Scheme involves a total of 289 Participants, and the Participants account for 8.40% of the Company's total number of employees of 3,440 as of 31 December 2020. The Participants include the middle and senior management and technical personnel of the Company.

The Participants above do not include the Independent Directors, the Supervisors of the Company, also do not include any Shareholder or actual controller individually or jointly holding more than 5% of the Shares of the Company and their spouse, parents and children. None of the Participants above has participated in the share option incentive schemes of two or more listed companies at the same time. All Participants must enter into a labor contract or an employment contract with the Company or its subsidiaries during the assessment period of the Scheme.

Participants to be granted with the Reserved Share Options shall be determined within 12 months after the Scheme is considered and approved by the Shareholders' general meeting. Upon the proposals by the Board, issuance of clear opinions by the Independent Directors and the Supervisory Committee as well as issuance of professional opinions and legal opinions by the legal advisors, the Company shall disclose the relevant information on such Participants pursuant to the relevant requirements in a timely and accurate manner. If the Participants are not determined for more than 12 months, the Reserved Share Options will lapse. The determination of the Participants for the Reserved Share Options shall be made by reference to the standards set out in the First Grant of Share Options.

**(3) *Circumstances for ineligibility of the Participants of the Scheme***

- (i) he or she has been determined by the stock exchange as an ineligible person in the last 12 months;
- (ii) he or she has been determined by the CSRC or its delegated agencies as an ineligible person in the last 12 months;
- (iii) he or she has been imposed by the CSRC or any of its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material violation of laws and regulations;
- (iv) he or she is prohibited from acting as a director or a member of the senior management of a company as required by the Company Law;
- (v) he or she is prohibited from participating in share incentives of listed companies as required by laws and regulations; and
- (vi) such other circumstances as determined by the CSRC.

In case the Participant has any of the circumstances specified in the above during the implementation of the Scheme, his or her right of participating in the Scheme shall be terminated and the Share Options granted to him or her which have not been exercised shall be cancelled by the Company.

**C. Source and number of shares under the Scheme**

**(1) *Source of shares of the Scheme***

The source of the underlying shares of the Scheme shall be A Shares of the Company to be directly issued to the Participants.

**(2) Total number of the Share Options involved in the Scheme**

The number of Share Options proposed to be granted under the Scheme is 5,947,858, representing approximately 0.28% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of announcement of the draft Scheme, among which, the first grant of Share Options consists of 5,353,072 shares (“**First Grant of Share Options**”), representing approximately 0.25% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of announcement of the draft Scheme and 90% of the total number of Share Options under the Grant; the reserved share options consist of 594,786 shares (“**Reserved Share Options**”), representing approximately 0.03% of the total issued share capital of 2,146,893,254 Shares of the Company as at the date of announcement of the draft Scheme and 10% of the total number of Share Options under the Grant.

Each Share Option granted under the Scheme is entitled to purchase one A Share of the Company at the Exercise Price during the Exercise Period upon the fulfillment of vesting conditions and arrangement. The Share Options granted to the Participants shall not be transferred, used for guarantee or repayment of debts during the Vesting Period. Share Options are not entitled with voting rights, and do not involve in the distribution of bonus share and dividends before being exercised. Unless otherwise provided by the lock-up provisions under the Scheme, the Participants shall be entitled to all the rights of ordinary Shareholders and perform related obligations in respect of their A Shares by exercising Share Options in accordance with laws.

The Restricted A Share Incentive Scheme for 2020 was considered and approved at the 2019 annual general meeting, the 2020 first A Share class meeting and 2020 first H Share class meeting of the Company is still under implementation. As at the date of announcement of the draft Scheme, the total aggregate number of underlying Shares involved in the A Share Option Incentive Scheme of the Company during the Validity Period shall not exceed 10.00% of the total share capital of the Company. The total aggregate number of Shares to be granted to any Participant under the A Share Option Incentive Scheme during the Validity Period shall not exceed 1.00% of the total share capital of the Company.

**D. Validity Period, Date of Grant, Vesting Period, exercise arrangement and the lock-up period of the Scheme**

**(1) Validity Period**

The Validity Period of the Scheme shall commence from the Date of Grant of the Share Options, and end on the date on which all the Share Options granted to the Participants under the Scheme have been exercised or cancelled, and shall not be longer than 72 months.

**(2) *Date of Grant***

After the Scheme has been considered and approved at the Shareholders' general meeting of the Company, the Company will convene a Board meeting to grant Share Options to the Participants within 60 days in accordance with relevant regulations and complete relevant procedures such as registration and announcement. If the Company fails to complete the abovementioned works within 60 days, it shall disclose the reasons for the inability to complete and announce the termination of the implementation of the Scheme in a timely manner. The period during which no Share Option can be granted in accordance with the Administrative Measures shall not be counted within such 60 days.

The Date of Grant of Reserved Share Options shall be confirmed by the Board within 12 months after consideration and approval at the Shareholders' general meeting.

The Date of Grant of Share Options must be a trading day under SSE Listing Rules, and shall not fall within the periods under which any Grant of the Share Options is prohibited by the Listing Rules including Rule 17.05 and Paragraph 3(a) Appendix 10 of the Listing Rules. If the date determined in accordance with the above principles is not a trading day, the Date of Grant shall be postponed to the first trading day thereafter.

**(3) *Vesting Period***

All Share Options granted to the Participants are subject to different Vesting Periods, and each of such periods shall begin on the date in which the registration of the granted Share Options is completed. The interval between the Date of Grant and the first Exercise Date of the Share Options shall not be less than 12 months.

**(4) *The Exercise Date***

The Participants of the Scheme may exercise Share Options upon the expiration of the Vesting Period. The Exercise Date must be a trading day within the Validity Period of the Scheme, and shall not fall within the period prohibited from exercising rights of share options by the listing rules of the stock exchange where the Company's Shares are listed. During the Validity Period of the Scheme, if there is any change to the relevant requirements on the exercise date of share options of the stock exchange where the Shares of the Company are listed, the Exercise Date shall comply with the revised provisions of the relevant laws, regulations and normative documents.

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**APPENDIX I A SHARE OPTION INCENTIVE SCHEME (REVISED VERSION)**

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The exercise arrangement for the First Grant of Share Options and the Reserved Share Options are as follows:

The exercise arrangement for the First Grant of Share Options:

<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
First Exercise Period	Commencing from the first trading day after the expiry of the 12th month from the Date of the Grant of the First Grant of Share Options, and ending on the last trading day of the 24th month from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 36th month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading day after the expiry of the 48th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 60th month from the Date of Grant	20%
Fifth Exercise Period	Commencing from the first trading day after the expiry of the 60th month from the Date of Grant of the First Grant of Share Options, and ending on the last trading day of the 72th month from the Date of Grant	20%

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**APPENDIX I A SHARE OPTION INCENTIVE SCHEME (REVISED VERSION)**

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The exercise arrangement for the Reserved Share Options:

<b>Exercise Arrangement</b>	<b>Exercise Period</b>	<b>Proportion of exercisable Share Options to the total number of Share Options granted</b>
First Exercise Period	Commencing from the first trading day after the expiry of the 12th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 24th month from the Date of Grant	20%
Second Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 36th month from the Date of Grant	20%
Third Exercise Period	Commencing from the first trading day after the expiry of the 36th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 48th month from the Date of Grant	20%
Fourth Exercise Period	Commencing from the first trading day after the expiry of the 48th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 60th month from the Date of Grant	20%
Fifth Exercise Period	Commencing from the first trading day after the expiry of the 60th month from the Date of Grant of the Reserved Share Options, and ending on the last trading day of the 72th month from the Date of Grant	20%

Share Options for which the Exercise Conditions are not fulfilled during the above agreed period shall not be exercised or deferred to the next exercise period, and the relevant Share Options of such Participants shall be cancelled by the Company in accordance with the principles stipulated in the Scheme. After the end of each Exercise Period of the Share Options, the Share Options exercisable by the Participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

**(5) *Lock-up Period***

The lock-up requirements for Shares of the Company granted to the Participants under the Scheme shall be implemented in accordance with requirements of relevant laws, administrative regulations and normative documents including the Company Law and the Securities Law, as well as the requirements under the Articles of Association. Details are as follows:

- (i) where a Participant is a Director or a member of the senior management of the Company, the number of Shares of the Company that may be transferred each year during his or her term of office shall not exceed 25% of the total number of Shares of the Company held by him or her. No Shares of the Company held by him or her shall be transferred within half a year after his or her termination of office.
- (ii) where a Participant is a Director or a member of the senior management of the Company and his/her spouse, parents and child, disposes of any Shares of the Company within six months after acquisition or buys back such shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.
- (iii) if there is any amendment to the requirements regarding the transfer of shares by Directors and senior management of the Company under relevant laws, administrative regulations and normative documents including the Company Law and the Securities Law, as well as the Articles of Association during the Validity Period of the Scheme, such amended requirements thereunder shall apply to the Shares of the Company transferred by the Participants during the relevant times.

**E. Exercise Price and basis of determination of the Scheme**

For details of the Exercise Price and basis of determination of the Scheme, please see the section headed “2. Proposed Grant Under the A Share Option Incentive Scheme – C. Exercise Price and basis of determination” in this appendix.

**F. Conditions of the Grant and Exercise Conditions of the Share Options*****(1) Conditions of the Grant of Share Options***

The Share Options can be granted to the Participants by the Company upon fulfillment of all of the following conditions. On the contrary, no Share Option shall be granted to the Participants if any of the following conditions of Grant is not fulfilled.

- (i) There is no occurrence of any of the following in respect of the Company:
  - (a) issuance of the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial accounting report of the Company for its most recent accounting year;
  - (b) issuance of the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
  - (c) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings within the last 36 months after listing;
  - (d) prohibition from implementation of share incentives by laws and regulations; and
  - (e) such other circumstances as determined by the CSRC.
- (ii) There is no occurrence of any of the following in respect of a Participant:
  - (a) he or she has been determined by stock exchange as an ineligible person in the last 12 months;
  - (b) he or she has been determined by the CSRC or its delegated agencies as an ineligible person in the last 12 months;
  - (c) he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material violation of laws and regulations;
  - (d) he or she is prohibited from acting as a director or a member of the senior management of a company as required by the Company Law;
  - (e) he or she is prohibited from participating in share incentives of listed companies as required by laws and regulations; and
  - (f) such other circumstances as determined by the CSRC.

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

Share Options of the Participants may only be exercised upon the fulfillment of the following conditions by both the Company and the Participants during the Exercise Period:

- (i) There is no occurrence of any of the following circumstances in respect of the Company:
  - (a) issuance of the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial accounting report of the Company for its most recent accounting year;
  - (b) issuance of the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
  - (c) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings within the last 36 months after listing;
  - (d) prohibition from implementation of share incentives by laws and regulations; and
  - (e) such other circumstances as determined by the CSRC.

In case the Company has any of the circumstances specified in (i) above, the Share Options granted to the Participant under the Scheme which have not been exercised shall be cancelled by the Company.

- (ii) There is no occurrence of any of the following circumstances in respect of a Participant:
  - (a) he or she has been determined by stock exchange as an ineligible person in the last 12 months;
  - (b) he or she has been determined by the CSRC or its delegated agencies as an ineligible person in the last 12 months;
  - (c) he or she has been imposed by the CSRC or any of its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material violation of laws and regulations;
  - (d) he or she is prohibited from acting as a director or a member of the senior management of a company as required by the Company Law;

## APPENDIX I A SHARE OPTION INCENTIVE SCHEME (REVISED VERSION)

- (e) he or she is prohibited from participating in share incentives of listed companies as required by laws and regulations; and
- (f) such other circumstances as determined by the CSRC.

In case any Participant has any of the circumstances specified in (ii) above, his or her right of participating in the Scheme shall be terminated and the Share Options granted to the Participant under the Scheme which have not been exercised shall be cancelled by the Company.

(iii) Performance assessment requirements at the Company level:

During the Validity Period, the Company will assess the Company's performance targets on an annual basis for the fiscal year 2021-2026, in which the fulfillment of performance assessment target of each Exercise Period is one of the Exercise Conditions for that Exercise Period of the Participants. The performance assessment targets for each Exercise Period under the Scheme are as below:

<b>Exercise Period</b>		<b>Targets of Performance Assessment</b>
First Grant of Share Options	First Exercise Period	The growth rate of the operating income for the year of 2021 shall not be lower than 30%, as compared to the operating income for the year of 2020
	Second Exercise Period	The growth rate of the operating income for the year of 2022 shall not be lower than 90%, as compared to the operating income for the year of 2020
	Third Exercise Period	The growth rate of the operating income for the year of 2023 shall not be lower than 120%, as compared to the operating income for the year of 2020
	Fourth Exercise Period	The growth rate of the operating income for the year of 2024 shall not be lower than 180%, as compared to the operating income for the year of 2020
	Fifth Exercise Period	The growth rate of the operating income for the year of 2025 shall not be lower than 200%, as compared to the operating income for the year of 2020

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**APPENDIX I      A SHARE OPTION INCENTIVE SCHEME (REVISED VERSION)**

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<b>Exercise Period</b>		<b>Targets of Performance Assessment</b>
Reserved Share Options	First Exercise Period	The growth rate of the operating income for the year of 2022 shall not be lower than 90%, as compared to the operating income for the year of 2020
	Second Exercise Period	The growth rate of the operating income for the year of 2023 shall not be lower than 120%, as compared to the operating income for the year of 2020
	Third Exercise Period	The growth rate of the operating income for the year of 2024 shall not be lower than 180%, as compared to the operating income for the year of 2020
	Fourth Exercise Period	The growth rate of the operating income for the year of 2025 shall not be lower than 200%, as compared to the operating income for the year of 2020
	Fifth Exercise Period	The growth rate of the operating income for the year of 2026 shall not be lower than 220%, as compared to the operating income for the year of 2020

*Note:* The above “operating income” means the audited consolidated operating income of the Company.

During the Exercise Period, the Company shall handle the issues concerning the exercise of the Share Options for the Participants who fulfill the Exercise Conditions. If the performance levels for the current period of the Company do not fulfill the conditions of performance target during such Exercise Period, all Participants shall not exercise the exercisable Share Options that shall be assessed in such year, the Company shall cancel the Share Options exercisable by the Participants for the current period.

(iv) Performance assessment requirements of the Participants at the individual level:

The individual assessment of Participants shall be organized and implemented in accordance with the relevant Company’s performance assessment systems. According to the annual performance assessment results, the individual performance assessment results are divided into two levels.

On the premise that the Company's performance targets are achieved, if the individual performance assessment results of such Participant in the previous year is qualified, the Participant can exercise all the Share Options for such year of assessment; if the individual performance assessment results of such Participant in the previous year is unqualified, all Share Options of the Participants which are eligible for exercise in the year of assessment shall not be exercised. The Share Options which are not exercised by the Participants shall be canceled by the Company.

The specific assessment content of the Scheme is implemented in accordance with the Assessment Measures in

In addition to the performance assessment at the Company level, the Company has adopted a rigorous performance assessment system for individuals, which can make relatively accurate and comprehensive evaluation on the work performance of the Participants. The Company will determine whether a Participant has met the Exercise Conditions based on his/her performance assessment results for the previous year.

In conclusion, the assessment system of the Scheme is all-rounded, comprehensive and practicable. The assessment indicators are set in a scientific and reasonable manner, and are binding on the Participants, which can achieve the assessment purpose of the Scheme.

#### **G. Methods of and procedures for adjustment of the Scheme**

##### ***(1) Adjustment methods of the number of the Share Options***

In the event of capitalization of capital reserves, bonus issue, share subdivision, rights issue, share consolidation of the Company during the period from the date of the announcement of the Scheme published on the website of the SSE to the completion of share registration of Share Options by the Participants, the number of the Share Options shall be adjusted accordingly. The adjustment methods are as follows:

##### ***(i) Capitalization of capital reserves, bonus issue, share subdivision***

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

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

##### ***(ii) Rights issue***

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

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

*(iii) Share consolidation*

$$Q = Q_0 \times n$$

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

*(iv) New issue*

In the event of issue of new shares by the Company, the number of the Share Options will not be adjusted.

**(2) Adjustment methods of the Exercise Price**

In the event of dividend distribution, capitalization of capital reserves, bonus issue, share subdivision, rights issue or share consolidation of the Company during the period from the date of announcement of the Scheme published on the website of the SSE to the completion of exercise of the Share Options by the Participants, the Exercise Price of Share Options should be adjusted accordingly, but no adjustments may be made to the extent that the Exercise Price would be lower than the nominal value of the shares. The adjustment methods are as follows:

*(i) Capitalization of capital reserves, bonus issue, share subdivision*

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

Where:  $P_0$  represents the Exercise Price prior to the adjustment;  $n$  represents the ratio of increase per share resulting from the capitalization of capital reserves, bonus issue or share subdivision; and  $P$  represents the Exercise Price after the adjustment.

*(ii) Rights issue*

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

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

*(iii) Share consolidation*

$$P = P_0 \div n$$

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

*(iv) Dividend distribution*

$$P = P_0 - V$$

Where:  $P_0$  represents the Exercise Price prior to the adjustment;  $V$  represents the dividend per share; and  $P$  represents the Exercise Price after the adjustment. After the adjustment of dividend distribution,  $P$  shall still be greater than the par value of the Company's shares.

*(v) New issue*

In the event of issue of new shares by the Company, the Exercise Price of the Share Options will not be adjusted.

**(3) Procedures for adjustment of the Scheme**

The Shareholders' general meetings of the Company shall authorize the Board to adjust the number and Exercise Price of the Share Options for any reason as clearly stated in the Scheme. The Board shall make an announcement and notify the Participants in a timely manner upon making adjustments to the number granted and Exercise Price of the Share Options in accordance with the abovementioned requirements. The Company shall engage law firm to provide professional advice to the Company as to whether such adjustments are in compliance with the requirements under the Administration Measures, the Articles of Association and the Scheme.

**H. Procedures for implementation of, Grant of, exercise of and amendments to and termination of the Scheme**

**(1) Procedures for the Scheme to take effect**

- (i) The Remuneration and Evaluation Committee shall be responsible for preparing the Scheme (draft) and the Assessment Measures in respect of the implementation of the 2021 Share Option Incentive Scheme of Flat Glass Group Corporation Ltd.
- (ii) The Board shall consider the Scheme (draft) and the Assessment Measures in respect of the implementation of the 2021 Share Option Incentive Scheme of Flat Glass Group Corporation Ltd. prepared by the Remuneration and Evaluation Committee, and the related Directors shall abstain from voting.

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- (iii) The Independent Directors and the Supervisory Committee shall issue clear opinions as to whether the Scheme is beneficial to the sustainable development of the Company and whether the Scheme is significantly detrimental to the interests of the Company and the Shareholders as a whole.
- (iv) The Company shall engage an independent financial adviser to express professional opinions on the feasibility of the Scheme, whether the Scheme is beneficial to the sustainable development of the Company and whether the Scheme is significantly detrimental to the interests of the Company and the Shareholders as a whole. The law firm engaged by the Company shall issue legal opinions on the Scheme.
- (v) The Company shall publish the announcement of the Board resolutions, the Scheme (draft) and its summary, opinions from the Independent Directors and opinions from the Supervisory Committee within 2 trading days after the Scheme (draft) has been considered and approved by the Board.
- (vi) The Company shall carry out self-investigation on the trading of Shares of the Company by individuals in possession of inside information within 6 months prior to the announcement of the Scheme.
- (vii) Before convening the Shareholders' general meeting, the Company shall announce the name and position of the Participants internally via the Company's website or other channels for 10 days. The Supervisory Committee shall verify the list of Participants and thoroughly consider opinions from the public. The Company shall disclose the opinions of the Supervisory Committee on the verification and the public opinions in relation to the list of the Participants 5 days prior to the consideration of the Scheme at the Shareholders' general meeting.
- (viii) During voting on the Scheme and related resolutions at the Shareholders' general meeting of the Company, the Independent Directors shall solicit proxy voting rights from all Shareholders in respect of the Scheme and related resolutions. When the Scheme and related resolutions are considered by way of special resolutions at the Shareholders' general meeting, the related Shareholders shall abstain from voting.
- (ix) The Company shall disclose the announcement of the resolutions of the Shareholders' general meeting, A Share Option Incentive Scheme considered and approved by the Shareholders' general meeting, the self-investigation report on the trading of Shares of the Company by individuals in possession of inside information and the legal opinions of the Shareholders' general meeting.

- (x) After the Scheme has been considered and approved by the Shareholders' general meeting of the Company, the Board shall grant the Shares and complete registration, announcement and other related procedures within 60 days from the date of consideration and approval of the Scheme by the Shareholders' general meeting in accordance with the mandate granted at the Shareholders' general meeting. The Board shall handle matters in relation to the specific exercise and cancellation of the Share Options in accordance with the mandate granted at the Shareholders' general meeting.

**(2) *Procedures for Grant of the Share Options***

- (i) Within 60 days from the date of consideration and approval of the Scheme by the Shareholders' general meeting of the Company, the Company shall convene the Board meeting to conduct the Grant to the Participants.
- (ii) Before the Company grants Shares to the Participants, the Board shall consider whether the conditions for the grant of the Shares to the Participants prescribed in the Scheme are satisfied, and the Independent Directors and the Supervisory Committee shall issue their clear opinions simultaneously. A law firm shall issue a legal opinion on whether the conditions for the grant of the Share to the Participants are satisfied. The Supervisory Committee of the Company shall verify the list of Participants on the Date of Grant and provide its opinions.

When there is any discrepancy between the Company's Grant of Shares to the Participants and the arrangement of the Scheme, the Independent Directors, the Supervisory Committee (when there are changes to the Participants), the law firm and the independent financial adviser shall issue their clear opinions simultaneously.

- (iii) The Company and the Participants shall enter into the Share Option Grant Agreement to agree on the rights and obligations of both parties.
- (iv) The Company shall prepare a management register of the Scheme in accordance with the agreements entered into by the Participants, setting out names of Participants, numbers of Shares granted, Date of Grant, amount of payment and the serial number of the Share Option Grant Agreement, etc.
- (v) The Company shall apply to the relevant stock exchange for Grant of Share Options to the Participants. After confirmation by the relevant stock exchange, the Company shall apply to the Depository and Clearing Corporation for matters in relation to registration and clearing. The Board shall disclose the relevant implementation by way of announcement in a timely manner after the completion of the registration of the granted Share Options. If the Company fails to complete the abovementioned implementation within 60 days (the period during which no Share Option can be granted shall not be counted within such 60 days), the Scheme shall be terminated and the Board shall disclose the reasons for the inability to complete in a timely manner and shall not re-consider the share option incentive scheme within 3 months.

- (vi) Participants who will be granted with the Reserved Share Options shall be ascertained within 12 months after the consideration and approval of the Scheme by the Shareholders' general meeting. If no Participants are ascertained after the lapse of 12 months, the Reserved Share Options shall become invalid.

**(3) *Procedures for the exercise of the Share Options***

- (i) The Participants shall submit the Application for Exercise of Stock Option to the Board on the Exercise Date, and submit an exercise application. The Application for Exercise of Stock Option shall specify the number of Share Options to be exercised, Exercise Price, and information of dealing by the holders of Share Options, etc.
- (ii) Before the Participants exercise the Share Options, the Board shall consider and approve the exercise qualifications and number of Share Options to be exercised of the applicants, and consider whether the conditions for the exercise of the Share Options by the Participants prescribed in the Scheme are satisfied, and the Independent Directors and the Supervisory Committee shall issue their clear opinions simultaneously. A law firm shall issue a legal opinion on whether the conditions for the exercise of the Share Options by the Participants are satisfied.
- (iii) After the Participants' exercise applications have been approved by the Board and the corresponding payments for the exercise of Share Options (for purchased Share) have been made, the Company shall apply to the stock exchange for exercise application, and issue the Shares to the Participants directly based on the number of Share Options to be exercised as set out in the application.
- (iv) After approval by the stock exchange, the Depository and Clearing Corporation shall handle the matters in relation to registration and clearing.
- (v) Participants can transfer the Shares after the exercise of Share Options, however, the transfer of Shares held by Directors and senior management of the Company shall comply with the requirements under relevant laws, regulations and normative documents.

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

**(4) *Procedures for amendments to the Scheme***

If the Company intends to amend the Scheme prior to its consideration and approval at the Shareholders' general meetings, such amendment shall be considered and approved by the Board. If the Company intends to amend the Scheme after the approval at the Shareholders' general meetings, such amendment shall be considered and approved at the Shareholders' general meeting given that such amendment shall not result in accelerating early exercise and lowering Exercise Price.

The Company shall disclose the comparison of the amendments to the Scheme before and after the amendments in a timely manner. The Independent Directors and the Supervisory Committee shall give clear opinions as to whether the amendments to the Scheme is conducive to the sustainable development of the Company and is significantly detrimental to the interests of the Company and the Shareholders as a whole. A law firm shall provide professional advice as to whether the amendments to the Scheme are in compliance with the requirements of the Administrative Measures and relevant laws and regulations and is significantly detrimental to the interests of the Company and the Shareholders as a whole.

**(5) *Procedures of termination of the Scheme***

If the Company intends to terminate the Scheme prior to its consideration at the Shareholders' general meetings, such termination shall be considered, approved and disclosed by the Board. If the Company intends to terminate the Scheme after the approval at the Shareholders' general meetings, such termination shall be considered and disclosed by the Board and the Shareholders' general meetings.

The Company shall disclose the resolutions of the Shareholders' general meetings or the Board resolutions in a timely manner. A law firm shall give professional opinions as to whether the Company's termination of the implementation of the incentive scheme is in compliance with the requirements of the Administrative Measures and relevant laws and regulations and is significantly detrimental to the interests of the Company and the Shareholders as a whole.

If the Scheme is terminated, the Company shall apply for the deregistration of the granted Share Options with the Depository and Clearing Corporation in a timely manner after performing the relevant consideration and approval procedures.

**I. *Rights and obligations of the Company and Participants***

**(1) *Rights and obligations of the Company***

- (i) The Company is entitled to interpret and execute the Scheme, to conduct performance assessment of the Participants, to supervise and review whether the Participants possess the qualifications to continue to exercise Share Options. If a Participant fails to fulfill the Exercise Conditions required under the Scheme, the Share Option of the Participant that has not been exercised can be cancelled upon the approval of the Board.
- (ii) The Company has the right to require the Participants to perform their responsibilities based on the requirement of the position. If the Participant is incompetent in performing his/her duties or fails in assessment, or the Participant violates the laws and professional ethics, leaks confidential information of the Company, violates the rules and regulations of the Company, and is negligent or gross misconduct in performance of duties, which has caused serious damages to the interests or reputation of the Company, the Share Option of the Participant that has not been exercised can be cancelled upon the approval of the Board.

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- (iii) The Company shall withhold and pay individual income tax and other taxes on behalf of the Participants in accordance with the relevant PRC tax laws and regulations.
- (iv) The Company undertakes not to provide loans and financial assistance in any other forms, including provision of guarantee for their loans, to the Participants with respect to the acquisition of relevant Share Options under the Scheme.
- (v) The Company shall timely, truthfully, accurately and completely disclose the information disclosure documents related to the Scheme in accordance with the relevant laws, regulations and normative documents, shall warrant that such documents do not contain false statement, misleading representation or material omission and shall perform relevant reporting obligations under the Scheme in a timely manner.
- (vi) The Company shall handle the issues concerning the exercise of the Share Options for the Participants who fulfill the Exercise Conditions in accordance with the Scheme and relevant regulations of the CSRC, the stock exchange and Depository and Clearing Corporation. The Company shall not be liable for losses incurred by the Participants who fail to complete the exercise of the Share Options caused by the CSRC, the relevant stock exchange and Depository and Clearing Corporation.
- (vii) Other relevant rights and obligations as stipulated under the laws, administrative regulations and normative documents.

### **(2) *Rights and obligations of the Participants***

- (i) The Participants shall comply with the requirements of their positions within the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make due contributions to the development of the Company.
- (ii) The Participants shall have the right to and shall exercise their options in accordance with the provisions of the Scheme, and lock up and trade the shares in accordance with the relevant provisions.
- (iii) Source of funds of the Participants shall be derived from funds owned or raised by them.
- (iv) The Share Options granted to the Participants shall not be transferred, used for guarantee or repayment of debts during the Vesting Period. The Share Options are not entitled with voting rights and do not involve in the distribution of bonus shares and dividends before being exercised.
- (v) The Participants shall pay the individual income tax and other taxes and levies for their gains from the Scheme in accordance with the PRC tax laws and regulations.

- (vi) The Participants undertake that, in the event that the Participants become unqualified to be granted with the relevant interest arrangement due to false statements, misleading statements or material omissions contained in the information disclosure documents of the Company, the Participants shall return all interests received from the Scheme to the Company after the confirmation that there are such false statements, misleading statements or material omissions contained in the relevant information disclosure documents in accordance with their commitments.
  
- (vii) In the case that a Participant become unqualified during the implementation of the Scheme in accordance with requirements of the Article 8 of the Administrative Measures, his/her granted Share Option that are not exercised shall be terminated.
  
- (viii) If the Participants leave the Company after exercising his/her rights and interests of the Share Options granted to him/her, he/she shall not engage in business similar to or related to that of the Company within two years from the date he/she leaves the Company. If the Participants leave the Company after exercising his/her rights and interests of the Share Options granted to him/her and engages in business similar to or related to that of the Company within two years from the date he/she leaves the Company, the Participants shall return all the income he/she receives from the Scheme to the Company and shall pay the liquidated damages in amount to equivalent the income he/she receives. The Participants shall also be liable for any loss caused to the Company.
  
- (ix) Other relevant rights and obligations as stipulated by laws, administrative regulations, normative documents and the Scheme.

**(3) *Other explanations***

Upon consideration and approval of the Scheme at the Shareholders' general meeting of the Company, the Company will sign the Share Options Grant Agreement with each Participant whereby the rights and obligations under the Scheme and other relevant matters between the parties are clearly prescribed.

Any disputes between the Company and the Participants shall be resolved in accordance with provisions of the Scheme and the Share Options Grant Agreement. Disputes which are not clearly covered by the provisions shall be resolved in accordance with PRC laws through arm's length negotiation. Where the disputes cannot be settled through negotiations, they shall be referred to the People's Court with jurisdiction over the Company's place of domicile.

The determination of the Participants under the Scheme by the Company does not constitute an undertaking about the employment period of employees. The Company still determines its employment relationship with employees in accordance with the Labor Contract or employment contract signed with the Participants.

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### J. Supplemental provisions

- (1) The Scheme shall take effect after being considered and approved by the Company's Shareholders' general meeting;
- (2) The Scheme shall be interpreted by the Board.

## 2. PROPOSED GRANT UNDER THE A SHARE OPTION INCENTIVE SCHEME

### A. Number of the underlying shares in respect of the Share Options under the Grant

The number of the underlying Shares in respect of the Share Options proposed to be granted pursuant to the Scheme is 5,947,858 A Shares, representing approximately 0.28% of the Company's total issued share capital of 2,146,893,254 Shares as of the date of announcement of the draft Scheme.

### B. List of Participants and proposed distribution of interests to be granted

The total number of proposed Participants to whom the Share Options are proposed to be granted is 289, comprising the senior and mid-level management and technical personnel of the Company. Details of distribution are set out as follows:

Position(s)	Number of Share Options granted (10'000)	Percentage of the number of Share Options granted under the Scheme	Percentage of total share capital on the date of announcement of the Scheme
Senior and mid-level management and technical personnel (289 persons)	535.3072	90%	0.25%
Reserved Share Options	59.4786	10%	0.03%
Total	<u>594.7858</u>	<u>100%</u>	<u>0.28%</u>

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

Subject to the approval of the A Share Option Incentive Scheme by the Shareholders at the general meeting of the Company, the detailed name list titled The Name List of the Participants under the First Grant of the A Share Option Incentive Scheme for 2021 of Flat Glass Group Co., Ltd. was published on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) and as an overseas regulatory announcement on the website of the Hong Kong Stock Exchange on 17 August 2021. Please also refer to Appendix III to this circular for details of such name list of the Participants under the first grant of the Scheme.

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None of the participants of the A Share Option Incentive Scheme is a Director or Supervisor of the Company. Except for Mr. Zhu Yuping (祝宇平), son of Mr. Zhu Quanming (祝全明), a Supervisor of the Company thus a connected person of the Company, none of the Participants under the Scheme is a connected person of the Company as defined under Chapter 14A of the Listing Rules. A total of 40,000 Share Options are proposed to be granted to Mr. Zhu Yuping.

The total number of Shares of the Company to be granted under the Scheme to any one of the above Participants during the Validity Period will not exceed 1.00% of the Company's total share capital. The total number of target shares involved in the Scheme during the Validity Period will not exceed 10.00% of the total share capital of the Company when the Scheme was submitted to the Shareholders' general meeting. The Reserved Share Options shall not exceed 20.00% of the total Share Options available under the Scheme. If the Participants voluntarily waive the benefits granted due to personal reasons, the Board shall make corresponding adjustments to the number of Shares Options granted.

The lawyers engaged by the Company will issue legal opinions on the eligibility of the above Participants and whether the Grant is in compliance with relevant laws and regulations, the Articles of Association and the Scheme.

### C. Exercise Price and basis of determination

#### *(1) Exercise Price under the First Grant of Share Options*

The Exercise Price under the First Grant of Share Options under the Scheme shall be RMB44.02 per Share. Upon fulfillment of Exercise Conditions, each Share Option granted to the Participants can purchase one Share of the Company at the price of RMB44.02. The Exercise Price may be adjusted in the event of dividend distribution, capitalization of capital reserves, bonus issue, share subdivision, rights issue or share consolidation of the Company during the period from the date of the announcement of the Scheme published on the website of the SSE to the completion of exercise of the Share Options by the Participants. For details of the relevant adjustment methods of the Exercise Price, please refer to the section headed "1. Proposed Adoption of The A Share Option Incentive Scheme – G. Methods of and procedures for adjustment of the Scheme – (2) Adjustment methods of the Exercise Price" in Appendix I to this circular.

#### *(2) Basis of determination of the Exercise Price under the First Grant of Share Options*

The Exercise Price under the First Grant of Share Options shall not be less than the nominal value of the Shares and in principle the higher of:

- (i) the average trading price of the A Shares of the Company on the trading day immediately preceding the date of announcement of the Scheme (draft) published on the website of the SSE, being RMB44.02 per share.
- (ii) the average trading price of the A Shares of the Company for the 120 trading days immediately preceding the date of announcement of the Scheme (draft) published on the website of the SSE, being RMB34.90 per share.

**(3) Basis of determination of the Exercise Price of the Reserved Share Options**

The Exercise Price of the Reserved Share Options shall be consistent with the Exercise Price under the First Grant of Share Options, being RMB44.02 per Share.

**(4) Requirements on the Exercise Price of Share Options under relevant PRC laws and regulations**

Provision 29 of the Administrative Measures promulgated by CSRC requires that the exercise price of share options shall not be less than the nominal value of the shares, and shall be the highest of the (i) the average trading price of the shares on the trading day immediately preceding the date of announcement of the A share option incentive scheme published on the website of the SSE; and (ii) one of the average trading price of the shares for the 20/60/120 trading days immediately preceding the date of announcement of the A share option incentive scheme published on the website of the SSE. It further provides that in case any other method is adopted by the A share listed companies for determination of the exercise price of share options, basis and details of such method of determination should be explained in the relevant A share option incentive scheme.

**3. MECHANISM FOR SPECIFIC OCCURRENCES TO THE COMPANY OR THE PARTICIPANTS UNDER THE A SHARE OPTION INCENTIVE SCHEME**

**A. Mechanism for occurrences of the Company**

- (1) On occurrence of any of the following circumstances in respect of the Company, the Scheme shall be terminated and the outstanding Share Options granted under the Scheme that have not been exercised by the Participants shall be cancelled by the Company:
  - (i) issuance of the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;
  - (ii) issuance of the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the Company in its financial report for the most recent accounting year;
  - (iii) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings within the last 36 months after listing;
  - (iv) prohibition from implementation of share incentives by laws and regulations; and
  - (v) such other circumstances as determined by the CSRC that shall terminate the Scheme.

- (2) In case of merger or division of the Company, the Board shall decide whether to terminate the Scheme after the merger or division.
- (3) In case of a change of control of the Company, the Board shall decide whether to terminate the Scheme after the change of control.
- (4) In case of non-compliance with conditions of the Grant or exercise arrangement for the Share Options by the Company due to false statements, misleading statements or material omissions in the information disclosure documents, the outstanding Share Options shall be cancelled by the Company.

In respect of the Share Options that have been exercised by the relevant Participants, the Participants concerned shall return to the Company all interests granted. The Participants who bear no responsibility for the abovementioned matters and incur losses as a result of the return of the Share Options granted may seek compensation from the Company or responsible parties in accordance with relevant arrangements under the Scheme. The Board shall withdraw the gains by the Participants in accordance with the abovementioned requirements and the relevant arrangements under the Scheme.

**B. Mechanism for occurrences of the Participants**

***(1) Change of position of Participants***

- (i) Where the position of a Participant changes, as long as he or she still works at the Company or subsidiaries thereof, the Share Options granted to him or her shall be exercised in accordance with the procedures set out in the Scheme.
- (ii) If a Participant serves as a Supervisor or an Independent Director or other positions that cannot hold the Share Options due to organizational transfers, his or her exercised Share Options shall remain unchanged, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.
- (iii) Where the position of a Participant changes due to his or her impairment of the interests and reputation of the Company as a result of breach of law, violation of professional ethics, releasing confidential information of the Company, breach of duty or malfeasance, or the Participant's termination of the labor or employment relationship by the Company due to the foregoing reasons, his or her exercised Share Options shall remain unchanged, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.

***(2) Resignation of the Participant***

In the case of resignation, redundancy and failure to renew the employment contract upon the expiration by the Participants, the Share Options exercised shall not be handled and the Share Options that have been granted but not exercised shall not be exercised, and shall be cancelled by the Company.

***(3) Retirement of the Participant***

If the Participants retire and are re-hired, the Share Options granted to them will be implemented in accordance with the procedures stipulated in the Scheme which takes effect before their retirement. If the Participants reject the Company's request for continued employment, or if the Participants retire and leave the Company, the exercised Share Options shall not be handled by the Company, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.

***(4) Resignation of the Participant due to incapacity in working***

- (i) If the Participant resigns due to work injuries and incapacities, the Remuneration Committee shall decide whether that the Share Options granted to the Participants shall be implemented in accordance with the procedures stipulated in the Scheme which takes effect before the occurrence thereof, and his or her personal performance evaluation results will no longer be included in the Exercise Conditions, or that the exercised Share Options shall not be handled and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.
- (ii) If the Participant resigns due to reasons other than work injuries and incapacities, his or her exercised Share Options shall not be handled by the Company, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.

***(5) Death of Participants***

- (i) If the Participants decease due to their duty, the Remuneration Committee shall decide whether that the Share Options granted to them shall be enjoyed by the designated property heir or legal heir on their behalf, and shall be implemented in full accordance with the procedures stipulated in the Scheme which takes effect before the occurrence thereof, and the results of their personal performance evaluation shall not be included in the Exercise Conditions, or that the exercised Share Options shall not be handled by the Company, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.
- (ii) If the Participants decease at work, the exercised Share Options shall not be handled by the Company, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.

**(6) *Change to the control in the subsidiary where the Participant is working for***

If the Participant serves in the Company's holding subsidiary, and the Company loses control of such subsidiary and the Participant remains in such subsidiary, the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company.

**(7) *Change to eligibility of the Participant***

If the Participant is no longer eligible as a Participant due to one of the following situations, the exercised Share Options by the Participant shall remain unchanged, and the Share Options that have been granted but not exercised shall not be exercised and shall be cancelled by the Company:

- (i) he or she has been determined by stock exchange as an ineligible person in the last 12 months;
- (ii) he or she has been determined by the CSRC or its delegated agencies as an ineligible person in the last 12 months;
- (iii) he or she has been imposed by the CSRC or any of its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material violation of laws and regulations;
- (iv) he or she is prohibited from acting as a director or a member of the senior management of a company as required by the Company Law;
- (v) he or she is prohibited from participating in share incentives of listed companies as required by laws and regulations; and
- (vi) such other circumstances as determined by the CSRC.

**C. Other circumstances**

Other circumstances not stated above and the handling method thereof shall be determined by the Remuneration and Evaluation Committee.

**4. ACCOUNTING TREATMENTS METHOD AND THE MEASUREMENT OF PERFORMANCE IMPACT**

**A. Accounting treatment method**

**(1) *Date of Grant***

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

**(2) Vesting Period**

On each balance sheet date within the Vesting Period, the Company shall recognize the relevant assets costs or current expenses for the services acquired during such period and shall be recognized under “Capital Reserve – Other Capital Reserve” at the fair value of the Share Options on the Date of Grant based on the best estimate of the number of exercisable Share Options.

**(3) Accounting treatment after the Exercise Date**

No adjustment shall be made to the confirmed costs and total owner’s equity.

**(4) Exercise Date**

If the Exercise Conditions are met on the Exercise Date, the Share Options can be exercised and carried forward to the “Capital Reserve – Other Capital Reserve” recognized on each balance sheet date before the Exercise Date; if all or part of the Share Options become invalid or are abolished due to failure to exercise, it shall be treated in accordance with accounting standards and related regulations.

**(5) Fair value and determination of the Share Options**

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (企業會計準則第11號 – 股份支付) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (企業會計準則第22號 – 金融工具確認和計量), the Company uses the Black-Scholes model (BS model) as the pricing model, and the Company uses this model to make an estimation on the fair value of the Share Options granted based on 17 August 2021 (official calculation will be conducted at the time of Grant). The specific parameters are selected as follows:

- (i) Price of target shares: RMB42.89 per share (closing price on 17 August 2021)
- (ii) Validity Period: 1 year, 2 years, 3 years, 4 years and 5years, respectively (period commencing from Date of Grant and ending on the first date of exercise for each respective period)
- (iii) Historic volatility: 14.73%, 17.44%, 18.71%, 17.92% and 16.55% (annualized volatility for the corresponding period of SSE Composite Index)
- (iv) Risk-free interest rate: 1.50%, 2.10% and 2.75% (based on one-year, two-year, three-year, three-year and above RMB deposit benchmark interest rate, respectively, of financial institutes developed by the People’s Bank of China)

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### B. EXPECTED IMPACT OF THE IMPLEMENTATION OF SHARE OPTIONS ON OPERATING PERFORMANCE IN EACH PERIOD

The Company granted 5,353,072 Share Options to the Participants under the First Grant of Share Options. The fair value of the Share Options on the date of Grant was estimated based on the projected fair value of Share Options on the date of Grant which was calculated according to the closing price of the trading day prior to the publication of the draft. The total fair value of the equity instruments granted this time is estimated to be RMB31,781,200 (as adjusted from the total fair value of the equity instruments estimation of RMB60,332,200 as set out in the Announcement). The total fair value as the Company's incentive cost of the Scheme will be recognized in stages during the implementation of the Scheme in accordance with the exercise percentage, and will be charged to the recurring profit or loss. According to the requirements of the relevant accounting standards, the specific amount shall be subject to the fair value of the Shares calculated on the actual Date of Grant. Assuming that the Company grants Share Options on or before October 2021 where all the granted Participants meet the Exercise Conditions specified in the Scheme and have exercised during respective Exercise Periods, the amortization of Share Options costs from 2021 to 2026 is as follows:

*Unit: 10'000*

<b>Amortized costs of the Share Options</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
3,178.12	185.69	1,073.04	827.31	586.08	354.46	151.54

*Notes:*

1. The above costs are projected costs related to the Grant Price, Grant Date, closing price on Grant Date, number of grants and estimate of the largest number of exercisable equity instruments;
2. Shareholders are reminded to be aware of the possible dilutive effect of the above-mentioned share-based payments;
3. The final impact of the above amortization costs projections on the Company's operating results is subject to the audit report issued by the accountant;
4. Any difference in the mantissa of the sum of the totals and the breakdown in the table above, if any, is due to rounding.

The costs of the Scheme shall be charged to the costs and expenses. Based on the current information, the Company estimates that without considering the positive effect of the Scheme on the Company's performance, the amortization of the costs of the Scheme will have an impact on the net profit each year within the Validity Period, but the impact is not significant. Taking into account the positive effect of the Scheme on the Company's operation and development, which stimulates the enthusiasm of management and business teams, improves operating efficiency, and reduces operating costs, the performance improvement of the Company brought by the Scheme will be higher than the increase in costs caused by it.

**1. PURPOSE OF ASSESSMENT**

The purposes of the Assessment Measures of the Company are to strengthen the planned implementation of the Scheme, quantify the specific objectives set out in the Scheme, promote the scientific, standardized and institutionalized management of assessment of Participants, and ensure the realization of the performance indicators under the Scheme. Whilst these measures guide the Participants to improve work performance and competence and evaluate employees' performance and contribution in an objective and fair way, in order to provide an objective and comprehensive evaluation basis for the implementation of the Scheme.

**2. PRINCIPLES OF ASSESSMENT**

- (i) Assessment and evaluation of the Participants shall be strictly complied with the Assessment Measures of the Company under the principles of fairness, justice, and openness;
- (ii) The assessment indicators shall be combined with the Company's medium and long-term development strategy and annual business objectives; as well as the key performance, working competence and work attitude of the Participants.

**3. SCOPE OF ASSESSMENT**

The Assessment Measures of the Company is applicable to all Participants identified in the Scheme, including the senior and mid-level management who work in the Company (including subsidiaries), excluding Independent Directors, Supervisors, and any Shareholder or actual controller individually or jointly holding more than 5% of the Shares of the Company and their spouse, parents and children. All Participants must have entered into a labor contract or an employment contract with the Company or a subsidiary during the assessment period of the Scheme.

**4. ASSESSMENT AGENCY AND IMPLEMENTING AGENCY**

- (i) The Remuneration Committee is responsible for the organization and implementation of the Scheme;
- (ii) The assessment team formed by the Human Resources Department and Accounting Department of the Company is responsible for the specific assessment and is responsible for reporting to the Remuneration Committee;
- (iii) The Human Resources Department, Accounting Department and other relevant departments of the Company are responsible for the collection and provision of relevant assessment data, and are responsible for the authenticity and reliability of the data; and
- (iv) The Board is responsible for reviewing the assessment results.

## 5. PERFORMANCE ASSESSMENT INDICATORS AND STANDARDS

The exercise of the Share Options granted to the Participants will depend on the assessment results of the Company and the Participants.

### A. Performance assessment requirements at the Company level:

During the Validity Period, the Company will assess the Company's performance targets on an annual basis for the fiscal year 2021-2026, in which the fulfillment of performance assessment target of each Exercise Period is one of the Exercise Conditions for that Exercise Period of the Participants. The performance assessment targets for each Exercise Period under the Scheme are as below:

Exercise Period		Targets of Performance Assessment
First Grant of Share Options	First Exercise Period	The growth rate of the operating income for the year of 2021 shall not be lower than 30%, as compared to the operating income for the year of 2020
	Second Exercise Period	The growth rate of the operating income for the year of 2022 shall not be lower than 90%, as compared to the operating income for the year of 2020
	Third Exercise Period	The growth rate of the operating income for the year of 2023 shall not be lower than 120%, as compared to the operating income for the year of 2020
	Fourth Exercise Period	The growth rate of the operating income for the year of 2024 shall not be lower than 180%, as compared to the operating income for the year of 2020
	Fifth Exercise Period	The growth rate of the operating income for the year of 2025 shall not be lower than 200%, as compared to the operating income for the year of 2020

<b>Exercise Period</b>		<b>Targets of Performance Assessment</b>
Reserved Share Options	First Exercise Period	The growth rate of the operating income for the year of 2022 shall not be lower than 90%, as compared to the operating income for the year of 2020
	Second Exercise Period	The growth rate of the operating income for the year of 2023 shall not be lower than 120%, as compared to the operating income for the year of 2020
	Third Exercise Period	The growth rate of the operating income for the year of 2024 shall not be lower than 180%, as compared to the operating income for the year of 2020
	Fourth Exercise Period	The growth rate of the operating income for the year of 2025 shall not be lower than 200%, as compared to the operating income for the year of 2020
	Fifth Exercise Period	The growth rate of the operating income for the year of 2026 shall not be lower than 220%, as compared to the operating income for the year of 2020

*Note:* The above “operating income” means the audited consolidated operating income of the Company.

During the Exercise Period, the Company shall handle the issues concerning the exercise of the Share Options for the Participants who fulfill the Exercise Conditions. If the performance levels for the current period of the Company do not fulfill the conditions of performance target during such Exercise Period, all Participants shall not exercise the exercisable Share Options that shall be assessed in such year, the Company shall cancel the Share Options exercisable by the Participants for the current period.

**B. Performance assessment requirements of the Participants at the individual level:**

The individual assessment of Participants shall be organized and implemented in accordance with the relevant Company’s performance assessment systems. According to the annual performance assessment results, the individual performance assessment results are divided into two levels.

On the premise that the Company's performance targets are achieved, if the individual performance assessment results of such Participant in the previous year is qualified, the Participant can exercise all the Share Options for such year of assessment; if the individual performance assessment results of such Participant in the previous year is unqualified, all Share Options of the Participants which are eligible for exercise in the year of assessment shall not be exercised. The Share Options which are not exercised by the Participants shall be canceled by the Company.

## **6. ASSESSMENT PROCEDURES**

The Human Resources Department, Accounting Department and relevant departments of the Company are responsible for the specific assessment under the guidance of the Remuneration Committee and keeping the assessment results. A performance assessment report shall be prepared and submitted to the Remuneration Committee on this basis, and the Board is responsible for reviewing the assessment results.

## **7. PERIOD AND TIMES OF ASSESSMENT**

### **A. Period of Assessment**

The accounting year prior to each period of Share Option being exercised by the Participants.

### **B. Frequency of Assessment**

The assessment year of the Scheme is six accounting years of 2021–2026, and the assessment shall be conducted once a year.

## **8. MANAGEMENT OF ASSESSMENT RESULTS**

### **A. Feedback and application of assessment results**

- (1) The personnel subject to assessment is entitled to know the assessment results. The direct supervisor of the employees shall inform the personnel the assessment results within 5 working days after the completion of the assessment.
- (2) If the personnel subject to assessment has objections against the assessment results, he or she can communicate with the Human Resources Department. If the objections cannot be resolved through communication, the personnel subject to assessment may appeal to the Remuneration Committee, which shall review and determine the final assessment results or grades within 10 working days.
- (3) The assessment results shall be the basis for the exercise of Share Options.

**B. Filing of assessment records**

- (1) After the completion of assessment, the Human Resources Department, Accounting Department and other relevant departments shall retain all the records of the performance assessment. The assessment results shall be kept as confidential information.
- (2) In order to ensure the validity of the performance records, the performance records are not allowed to be altered. If the records are to be revised or re-recorded, it must be signed by the parties concerned.
- (3) The performance assessment records shall be kept for 10 years. For documents and records that exceed the storage period shall be uniformly destroyed by the Remuneration Committee.

**9. SUPPLEMENTARY PROVISIONS**

- (i) The Assessment Measures of the Company shall be formulated, interpreted and amended by the Board of the Company.
- (ii) If the relevant provisions of the Assessment Measures of the Company conflict with the relevant PRC laws, administrative regulations, normative documents and the draft Scheme, the relevant PRC laws, administrative regulations, normative documents and the draft Scheme shall prevail. If there are no clear provisions in the Assessment Measures of the Company, the relevant PRC laws, administrative regulations, normative documents, and the Scheme shall be implemented.
- (iii) The Assessment Measures of the Company shall be implemented upon the consideration and approval by the Shareholders' general meeting of the Company after the Scheme becomes effective.

The following is the list of the Participants under the first grant of the Scheme.

No.	Name of Participants	No.	Name of Participants	No.	Name of Participants
1	Tian Mi 田密	23	Yang Bingyu 楊秉宇	45	Guo Rui 郭瑞
2	Guo Hongjun 郭紅軍	24	Zhao Xinguo 趙新國	46	Jiang Rong 江榮
3	Dai Zhengming 戴正明	25	Tian Maojie 田茂傑	47	Li Xin 李新
4	Yang Xiuqin 楊秀琴	26	Jiao Liangliang 焦亮亮	48	Li Xinlu 李新路
5	Gu Guoxing 顧國興	27	Gao Taisheng 高太生	49	Peng Huizhen 彭輝珍
6	Gao Jie 高傑	28	Ji Cunliu 季存留	50	Liu Dengbao 劉登寶
7	Guo Jintao 過錦濤	29	Wang Baolong 王保龍	51	Qiu Senlin 邱森林
8	Wang Ming 王明	30	Luo Desheng 羅德生	52	Wang Yangyang 王洋洋
9	Jiang Hao 蔣昊	31	Zhang Wei 張偉	53	Miao Chuanjiu 繆傳九
10	Zhu Fangping 朱方萍	32	Zhou Changming 周長明	54	Wu Jianhong 伍建紅
11	Yang Zheng 楊政	33	Chen Yuxiang 陳宇翔	55	Tian Weiwei 田威威
12	Ma Chunli 馬純利	34	Zhang Xiaodong 張小冬	56	Gong Shouxun 宮守訓
13	Zheng Zhiwei 鄭志偉	35	Zhao Yifei 趙熠飛	57	Tian Pengpeng 田鵬鵬
14	Zhang Ronghui 張榮輝	36	Xu Jianping 許建平	58	Wang Xuezheng 王學征
15	He Ting 何挺	37	Li Huaxian 李華先	59	Zhang Xiaozai 張小再
16	Wen Liang 文亮	38	Zhuo Hongwei 褚洪偉	60	Li Yuanfeng 李遠峰
17	Cui Qilu 崔啟錄	39	Wang Lei 王雷	61	Xie Zheng 謝錚
18	Wan Zhiyuan 萬志淵	40	Chen Xiaohua 陳小華	62	Liu Chuanfu 劉傳富
19	Tang Ping 唐平	41	Mao Yuan 毛園	63	Shen Xiaobing 沈小兵
20	Xia Daolian 夏道練	42	Zhang Huanhuan 張歡歡	64	Zhang Niansheng 張年盛
21	Zhan Xiaowei 詹小偉	43	Yu Yuexu 餘月旭	65	Yu Yuefeng 餘月峰
22	Ling Yafeng 凌亞峰	44	Kong Xinyuan 孔心願	66	Zhang Dawei 張大偉

**APPENDIX III****LIST OF THE PARTICIPANTS  
UNDER THE FIRST GRANT OF THE SCHEME**

<b>No.</b>	<b>Name of Participants</b>	<b>No.</b>	<b>Name of Participants</b>	<b>No.</b>	<b>Name of Participants</b>
67	Li Xuri 李旭日	89	Xiong Junpeng 熊俊朋	111	Yu Duncheng 余敦成
68	Han Junfeng 韓軍鋒	90	Gong Dechang 龔德倡	112	Yu Feng 餘峰
69	Yan Cong 嚴聰	91	He Heng 賀恒	113	Feng Zhangquan 馮張泉
70	Zhang Zhaoming 張兆明	92	Hu Xunbo 胡勛波	114	Su Fujiang 蘇付江
71	Huang Baoyu 黃保宇	93	Fu Fangsheng 付方勝	115	Gao Chengliang 高成良
72	Shu Honghu 舒洪湖	94	Cheng Xiong 程雄	116	Li Shengliang 李勝良
73	Fu Chaochun 付朝春	95	Dong Wenjie 董文傑	117	Xu Yanshuai 徐彥帥
74	Zhu Chuantong 朱傳統	96	Wen Chunmin 閻春敏	118	Li Guangfu 李光富
75	Liu Dianxin 劉殿信	97	Gao Mao 高毛	119	Yin Zengqian 尹增前
76	Yao Jingang 姚金剛	98	Zhao Lei 趙雷	120	Yu Dong 餘冬
77	Wang Xiaqing 王曉慶	99	Zhu Yajun 朱亞君	121	Zeng Xinfei 曾新飛
78	Zhao Shuxiu 趙書秀	100	Tang Xubing 唐旭斌	122	Zhang Peng 張鵬
79	Wang Zerui 王澤瑞	101	Tang Zhi 湯志	123	Liu Jiazhi 劉家志
80	Zhao Buming 趙步明	102	Ji Jianfei 計劍飛	124	Liu Ningguo 劉甯國
81	Chen Zhiquan 陳志權	103	Jiang Yunping 蔣運平	125	Tang Haijun 唐海軍
82	Shen Yuzhen 沈玉珍	104	Lei Guijin 雷貴金	126	Yao Qiulin 姚秋林
83	Xie Dawei 謝大偉	105	Qian Linfeng 錢林峰	127	Miao Changlu 繆長魯
84	Yao Bin 姚斌	106	Feng Jingyang 奉靜陽	128	Cheng Xianghao 程相豪
85	Guan Jinxing 管金興	107	Zhang Guofei 張國飛	129	Zhang Qiaoyu 張橋玉
86	Cheng Hao 程浩	108	Shen Dan 沈丹	130	Wang Quanyong 汪全勇
87	Tang Fu 唐富	109	Ruan Danjie 阮丹傑	131	Li Zhong 李鐘
88	Ying Wei 應威	110	Ma Wentao 馬文濤	132	Wu Qirong 吳啟榮

**APPENDIX III****LIST OF THE PARTICIPANTS  
UNDER THE FIRST GRANT OF THE SCHEME**

<b>No.</b>	<b>Name of Participants</b>	<b>No.</b>	<b>Name of Participants</b>	<b>No.</b>	<b>Name of Participants</b>
133	Lan Yanhui 蘭延輝	155	Hu Huabing 胡華斌	177	Zang Yili 臧貽立
134	Gao Feng 高峰	156	Xu Xiaobing 徐小兵	178	Zeng Jihong 曾繼紅
135	Wei Fengming 魏峰明	157	He Jianmei 何檢妹	179	Chu Feng 褚豐
136	Wang Libing 王利兵	158	Xu Shijie 徐士傑	180	Zhang Yongguo 張勇國
137	Yang Wenwei 楊文偉	159	Xiao Yi 肖意	181	Hu Anhui 胡岸輝
138	Tao Xuqing 陶緒清	160	Yan Binghui 嚴兵輝	182	Yang Yu 楊宇
139	Yao Jianhua 姚健華	161	Wang Yongzong 王勇宗	183	Shen Qu 沈瞿
140	Su Yonggang 蘇永剛	162	Yang Chongshou 楊崇壽	184	Yang Xizhong 楊西中
141	Zhu Yuping 祝宇平	163	Zhang Kun 張坤	185	Meng Ling 孟玲
142	Qiu Wenchen 仇文臣	164	Liu Youqian 劉友前	186	Liu Huayin 劉華銀
143	Gong Hao 龔豪	165	Chen Fenglai 陳風來	187	Du Junyao 杜君堯
144	Gan Quan 甘泉	166	Zhu Liquan 朱立權	188	Wu Hong 吳紅
145	Lv Jing 呂晶	167	You Peng 遊鵬	189	Xu Xiaowei 徐曉煒
146	Zhou Hanshao 周漢紹	168	Gu Jinmin 顧金民	190	Qiu Liang 邱亮
147	Zhou Hongren 周洪仁	169	Jin Cheng 金成	191	Wu Weizhong 吳偉忠
148	Wang Hao 王毫	170	Hu Qijiang 胡奇江	192	Liu Tao 劉濤
149	Xiang Youkui 項有奎	171	Gan Xiwen 甘細文	193	Bian Shuai 邊帥
150	Xie En 謝恩	172	Ren Zhihua 任智華	194	Zhang Fangjun 張方軍
151	Wu Pengchun 吳蓬春	173	Zhang Renbing 張仁兵	195	Yang Song 楊松
152	Ding Xueyong 丁雪勇	174	Chen Jialiang 陳佳良	196	Jiang Yinghong 蔣英紅
153	Wang Zheyuan 王哲遠	175	Gao Haishan 高海山	197	Zhao Zhihua 趙志華
154	Bai Qiankun 白乾坤	176	Jin Hongbin 金紅斌	198	Wu Gonglei 吳公雷

**APPENDIX III****LIST OF THE PARTICIPANTS  
UNDER THE FIRST GRANT OF THE SCHEME**

<b>No.</b>	<b>Name of Participants</b>	<b>No.</b>	<b>Name of Participants</b>	<b>No.</b>	<b>Name of Participants</b>
199	Guo Dengjian 郭登見	221	Duan Jiuhe 段九賀	243	Xu Bing 徐冰
200	Wu Wenhong 吳文宏	222	Yao Jiadong 姚佳棟	244	Wen Liping 文禮平
201	Li Yongchuan 李永川	223	Zhou Heyong 周和勇	245	Zhou Taibao 周太寶
202	Song Rongqiang 宋榮強	224	Han Wenke 韓文科	246	Zhang Haijun 張海軍
203	Xu Liang 徐亮	225	Wang Jing 王靜	247	Fang Chengtian 方承天
204	Zhang Shijun 張士俊	226	Lu Xueli 陸學利	248	Liu Jinda 劉金達
205	He Zhangming 何璋明	227	Jiang Yaan 姜亞安	249	Liu Shilin 劉士林
206	Bao Zhenxing 鮑振興	228	Shen Yunfei 沈雲飛	250	Zhu Weizhen 朱微震
207	Miao Zhonggen 苗中根	229	Shen Pingwen 沈平文	251	Li Qiang 李強
208	Tu Fengzhu 屠鳳珠	230	Lv Jianlong 呂建龍	252	Cao Pu 曹璞
209	Song Fei 宋飛	231	Li Shengshuang 李勝雙	253	Zhou Guanghua 周光華
210	Ruan Derong 阮德榮	232	Tian Wei 田偉	254	Zhu Qijie 朱啓杰
211	Zou Lixin 鄒立新	233	Wu Jianfei 吳劍飛	255	Zhou Ai 周愛
212	Shi Guomin 施國民	234	He Shenjun 何沈軍	256	Sun Mingge 孫明格
213	Zhang Yueming 張月明	235	Chai Qilin 柴琪林	257	Zhang Li 張利
214	Xiao Yunquan 肖運泉	236	Lu Yaping 陸亞萍	258	Chen Wenxing 陳文星
215	Li Ming 李明	237	Meng Sai 孟賽	259	Long Wei 龍偉
216	Gao Ming 高明	238	Wang Jian 王建	260	Peng Bing 彭斌
217	Zhang Yongming 張永明	239	Chen Jiangping 陳江萍	261	Chen Yuhua 陳玉華
218	Cai Xin 蔡鑫	240	Hou Chuanyong 侯傳勇	262	Tan Xinhua 譚新華
219	Wang Fei 王飛	241	Zhang Nianjun 張念軍	263	Jin Yueyun 金嶽雲
220	Yang Qinwei 楊欽偉	242	Wang Jiayi 王加喜	264	Luo Xingquan 羅興銓

No.	Name of Participants	No.	Name of Participants	No.	Name of Participants
265	He Yuefu 何躍福	274	Chen Zhongyuan 陳仲園	283	Zhu Xinping 朱鑫萍
266	Meng Aqin 孟阿芹	275	Gu Linrong 顧林榮	284	Cheng Yuan 成媛
267	Wang Runzhong 王潤中	276	Tao Wuping 陶吳萍	285	Zhu Jianfang 朱建芳
268	Yu Feng 俞峰	277	Zhang Hongming 張紅明	286	Jiang Yue 姜玥
269	Jin Guozhong 金國忠	278	Zhu Fangyuan 朱芳園	287	Wang Jishuang 王積雙
270	Zhong Hua 鐘華	279	Zhao Ping 趙萍	288	Fang Jiaming 方佳明
271	Wang Yong 王勇	280	Wang Zhonggui 王仲貴	289	Ling Ying 凌瑩
272	Wang Xiu 王秀	281	Huang Liping 黃麗平		
273	Qu Hong 曲紅	282	Dong Jiangang 董建剛		

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## NOTICE OF THE 2021 THIRD EXTRAORDINARY GENERAL MEETING

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### 福萊特玻璃集團股份有限公司 Flat Glass Group Co., Ltd.

*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 6865)**

## NOTICE OF THE 2021 THIRD EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that 2021 third extraordinary general meeting (the “**EGM**”) of Flat Glass Group Co., Ltd. (the “**Company**”) will be held at 2 p.m. on 18 November (Thursday) 2021 at the Conference Room, Second Floor, Administrative Building, Flat Glass Group Co., Ltd., No. 959 Yunhe Road, Xiuzhou District, Jiaxing, Zhejiang Province, the People's Republic of China (the “**PRC**”) to consider and, if thought fit, to pass the following resolutions:

#### **ORDINARY RESOLUTION**

1. To consider and approve the report on use of previous proceeds.

#### **SPECIAL RESOLUTIONS**

2. To consider and approve the 2021 Share Option Incentive Scheme of Flat Glass Group Corporation Ltd. (the “**Incentive Scheme**”) (revised draft) and its abstract.
3. To consider and approve the Assessment Measures in respect of the Incentive Scheme.
4. To consider and approve grant of mandate to the Board to deal with matters pertaining to the Incentive Scheme.

By order of the Board  
**Flat Glass Group Co., Ltd.**  
**Ruan Hongliang**  
*Chairman*

Jiaxing, Zhejiang Province, the PRC

27 October 2021



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**福萊特玻璃集團股份有限公司**

**Flat Glass Group Co., Ltd.**

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

**(Stock code: 6865)**

**NOTICE OF THE 2021 THIRD H SHAREHOLDERS' CLASS MEETING**

**NOTICE IS HEREBY GIVEN**

*As at the date of this notice, the executive directors of the Company are Mr. Ruan Hongliang, Ms. Jiang Jinhua, Mr. Wei Yezhong and Mr. Shen Qifu, and the independent non-executive directors of the Company are Ms. Xu Pan, Ms. Hua Fulan and Ms. Ng Yau Kuen Carmen.*

*Notes:*

1. In order to ascertain shareholders' entitlement to attend and vote at the H Shareholders' Class Meeting, the register of members of the Company will be closed from 15 November 2021 (Monday) to 18 November 2021 (Thursday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming H Shareholders' Class Meeting, all transfer documents must be lodged to Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on 12 November 2021 (Friday).
2. Shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting may appoint one or more proxies to