
TENCENT HOLDINGS LIMITED

2023 SHARE OPTION SCHEME

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1. DEFINITIONS AND INTERPRETATION

(A) In this Share Option Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:-

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| “Adoption Date” | [●] 2023, being the date on which this Share Option Scheme is approved by shareholders of the Company at a general meeting and adopted by the Company; |
| “Applicable Jurisdiction” | the jurisdiction(s) of which the Grantees are subject to its laws and regulations; |
| “Auditors” | the auditors for the time being of the Company; |
| “Board” | the board of directors of the Company; |
| “business day” | a day (excluding Saturdays, Sundays and public holidays) on which the Stock Exchange is open for trading and on which banks are open for normal banking business in Hong Kong; |
| “Commencement Date” | in respect of any particular Option, the date on which the Option is granted in accordance with the terms of this Share Option Scheme; |
| “Committee” | the remuneration committee of the Company from time to time; |
| “Company” | Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and whose Shares are listed on the Stock Exchange; |
| “Eligible Person” | (i) any Employee Participant; (ii) any director or employee of a Related Entity; and (iii) any Service Provider; |
| “Employee Participant(s)” | a director (including executive, non-executive and independent non-executive directors) or an employee (whether full time or part time) of any member of the Group (including persons who are granted Options under this Share Option Scheme as an inducement to enter into employment contracts with such companies); |
| “Good Leaver(s)” | has the meaning ascribed to it in paragraph 10(B); |
| “Grant Date” | the date on which the Option is, was or is to be granted; |
| “Grantee” | any Eligible Person who accepts an Offer in accordance with the terms of this Share Option Scheme, or (where the context so permits) a person entitled, in accordance with the laws of |

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| | succession applicable, to exercise any option in consequence of the death of the original Grantee; |
| “Group” | the Company and its Subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People's Republic of China; |
| “Inside Information” | means price sensitive event in relation to the Shares or event which constitutes inside information (as defined in Part XIVA of the SFO); |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as supplemented and amended from time to time; |
| “Main Board” | the main board of the Stock Exchange; |
| “Netting Arrangement” | Off has the meaning ascribed to it in paragraph 9(D); |
| “Offer” | the offer of the grant of an Option made in accordance with paragraph 5; |
| “Offer Date” | the date on which an Offer is made to an Eligible Person which date must be a business day; |
| “Option Period” | a period to be determined and notified by the Board to each Grantee (provided the period shall commence on the date on which the Offer relating to such Option is duly approved by the Board in accordance with this Share Option Scheme and expire in any event not later than the last day of the ten (10) year period after the Grant Date (subject to early termination as set out in this Share Option Scheme). Subject to the limitation in relation to vesting period as set out in paragraph 7, there shall not be any minimum period for which an Option must be held before it can be exercised. The Board may however provide restrictions on the exercise of an Option during the period an Option may be exercised; |
| “Redemption Option” | a right granted in lieu of the Share Options to receive the Redemption Price in respect of Shares pursuant to this Share Option Scheme; |
| “Redemption Price” | the amount (if any) by which (i) the net proceeds from sale (e.g. after payment of, without limitation, stamp duty, commissions, brokerage, Stock Exchange trading fee and SFC transaction levy) of the Shares in respect of which a |

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| | Redemption Option is exercised, exceeds (ii) the Subscription Price applicable to such Shares; |
| “Related Entity(ies)” | a holding company (as defined in the Listing Rules), fellow subsidiary (“ subsidiary ” as defined in the Listing Rules) or associated company of the Company; |
| “Scheme Mandate Limit” | has the meaning ascribed to it in paragraph 11(A); |
| “Selected Participant(s)” | any Eligible Person(s) selected by the Board in accordance with the terms of this Share Option Scheme; |
| “Service Provider(s)” | any person who, or entity which, provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group or which will contribute significantly to the growth of the Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, engineering or technical contribution, the design or development or distribution of products / services provided by the Group product commercialisation, marketing, innovation upgrading, strategic / commercial planning on corporate image and investor relations in investment environment of the Group, as determined by the Board in its sole and absolute discretion, provided that any (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity may not be Service Providers for the purpose of this Share Option Scheme; |
| “SFC” | the Securities and Futures Commission of Hong Kong; |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time; |
| “Share Option” or “Option” | a right granted to subscribe for Shares or to receive the Redemption Price in respect of Shares pursuant to this Share Option Scheme; |
| “Share Option Scheme” | this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof; |
| “Share Registrar” | Computershare Hong Kong Investor Services Limited, or |

the Hong Kong branch share registrar of the Company from time to time;

“Share(s)” ordinary share(s) of HK\$0.00002 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“Subscription Price” the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option, or by reference to which the Redemption Price will be calculated, as described in paragraph 6;

“Subsidiary” a company which is for the time being and from time to time a subsidiary (within the meaning of the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere; and

“Total Subscription Price” has the meaning ascribed to it in paragraph 9(D).

(B) In this Share Option Scheme, save where the context otherwise requires:-

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Share Option Scheme;
- (ii) references to paragraphs are references to paragraphs of this Share Option Scheme;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders; and
- (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises and branches.

(C) If the context so permits, the Board referred to in this Share Option Scheme shall be given the meaning to include the Committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company and/or the Committee to administer this Share Option Scheme.

2. CONDITIONS

This Share Option Scheme shall take effect subject to:-

- (i) the passing of an ordinary resolution by the shareholders of the Company at a general meeting to approve the adoption of this Share Option Scheme, and to authorise the directors of the Company to grant Options under this Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options granted under this Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of Options granted under this Share Option Scheme representing three (3) percent of the issued share capital of the Company on the date of the general meeting approving this Share Option Scheme.

3. PURPOSE

(A) The specific objectives of this Share Option Scheme are to:

- (i) recognise the contributions by certain Selected Participants with an opportunity to acquire a proprietary interest in the Company;
- (ii) encourage and retain such individuals for the continual operation and development of the Group;
- (iii) provide additional incentives for them to achieve performance goals;
- (iv) attract suitable personnel for further development of the Group; and
- (v) motivate the Selected Participants to maximise the value of the Company for the benefits of both the Selected Participants and the Company,

with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Participants directly to the shareholders of the Company through ownership of Shares.

4. DURATION AND ADMINISTRATION

(A) Subject to paragraph 16, this Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date after which period no further Options will be granted but the provisions of this Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of this Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(B) Subject to the Listing Rules, this Share Option Scheme shall be subject to the administration of the Board or a committee of the Board including the independent non-executive directors of the Company and the decision of the Board or such committee shall be final and binding on all parties. The Board (or such committee) shall have the

right (i) to interpret and construe the provisions of this Share Option Scheme, (ii) to determine the persons who will be awarded Options under this Share Option Scheme, and the number and Subscription Price of Options awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under this Share Option Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of this Share Option Scheme. Notwithstanding the foregoing, to the extent permitted under the Listing Rules, the Board and such committee may delegate the authority to administer this Share Option Scheme to a member of such committee or other person(s) as deemed appropriate at the sole discretion of the Board and/or such committee.

No member of the Board or committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board or committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Share Option Scheme may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Share Option Scheme unless arising out of such person's own fraud or bad faith.

5. OFFER AND GRANT OF OPTIONS

- (A) On and subject to the terms of this Share Option Scheme, the Board shall be entitled at any time during the life of this Share Option Scheme to make an Offer to any Eligible Person as the Board may in its absolute discretion select to take up Options in respect of such number of Shares as the Board may determine at the Subscription Price. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise (e.g. by determining whether an Eligible Person is entitled to the Netting Off Arrangement or by linking the exercise to the attainment or performance of milestones by the Company, any Subsidiary, the Grantee or any group of Eligible Persons) as the Board or the delegated officer of the Company may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of this Share Option Scheme.
- (B) Any grant of Options to a Grantee who is a director, chief executive or substantial shareholder (all with the meaning as ascribed under the Listing Rules) of the Company or any of their respective associates (also with the meaning as ascribed under the Listing Rules) must be approved by the independent non-executive directors of the Company (excluding independent non-executive director who is a prospective Grantee).
- (C) Where Options are proposed to be granted to a substantial shareholder (with the meaning as ascribed under the Listing Rules) or an independent non-executive director, or any of their respective associates, and the proposed grant of Options would result in the Shares issued and to be issued in respect of all (i) options (regardless whether such options are granted under this Share Option Scheme or any other share option scheme(s) of the Company); and (ii) awards involving issue of new Shares already granted to such person in the 12-month period up to and including the date of such grant of such Options

to represent in aggregate over 0.1 percent of the total number of Shares in issue; such proposed grant of Options must be approved by the shareholders in general meeting. In such a case, the Company shall send a circular to the shareholders containing all those terms as required under the Listing Rules. The Grantee, his/her associates and all core connected persons (with the meaning ascribed under the Listing Rules) of the Company must abstain from voting at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. In calculating the aforesaid limit of 0.1 percent, any options and awards lapsed in accordance with the terms of the corresponding scheme shall not be counted.

- (D) Share Options shall entitle the Grantee to subscribe for Shares on the terms set out in this Share Option Scheme save that if, at the time the Grantee wishes to exercise a Share Option, the exercise of the Share Option, the issue of Shares to the Grantee pursuant to this Share Option Scheme, the registration of the Grantee as the holder of such Shares, the exercise and enjoyment of the rights attaching to such Shares or the performance of the obligations of the Company or the Grantee under this Share Option Scheme is not permitted by any applicable laws or regulations (including laws or regulations of any country or jurisdiction of which the Grantee is a national or resident), the Share Options shall not entitle the Grantee to subscribe for Shares but shall be Redemption Options which entitle the Grantee to receive the Redemption Price on the terms and conditions set out in this Share Option Scheme.
- (E) An Offer shall be made to an Eligible Person by letter in such form as the Board may from time to time determine requiring the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Share Option Scheme and shall remain open for acceptance by the Eligible Person to whom an Offer is made for a period of 28 days from the Offer Date (the “**Offer Period**”), provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after this Share Option Scheme has been terminated in accordance with the provisions hereof.
- (F) An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect (with retrospective effect from the Offer Date) when the letter comprising acceptance of the Offer is received by the Company from the Grantee.
- (G) Any Offer may be accepted in respect of less than the number of Shares to which the offered Option relates. To the extent that the Offer is not accepted within 28 days in the manner indicated in paragraph 5(F), it will be deemed not to have taken effect and will automatically lapse forthwith on the day following the last day of the Offer Period.
- (H) No Offer may be made to any Eligible Person:
 - (i) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is Inside Information which must be disclosed under part XIVA of the SFO, until (and including) the trading date after such Inside Information has been published on the websites of the Stock Exchange and the Company;

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- (ii) after any Inside Information in relation to the securities of the Company has occurred or has become the subject of a decision, until such Inside Information has been published;
 - (iii) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement; or
 - (iv) in any other circumstances where dealings by Selected Participant (including directors of the Company) are prohibited under the Listing Rules, the SFO or any other applicable laws or regulations or where the requisite approval from any applicable regulatory authorities has not been granted.
- (I) No Offer may be made or announced for a period of 30 days after any purchase by the Company of Shares, whether on the Stock Exchange or otherwise, unless with the prior approval of the Stock Exchange.
- (J) Vesting of Options shall be subject to performance targets, if any, to be satisfied by the Grantees as determined by the Board or the Committee from time to time. The performance targets may comprise a mixture of attaining satisfactory key performance indicators components (such as the business performance and financial performance of the Group or departmental and individual performance based on the annual performance assessment results) which may vary among the Grantees. For the avoidance of doubt, the performance targets are not applicable to independent non-executive directors of the Company.
- (K) Subject to paragraphs 9(I)(i) and 9(I)(ii), the vesting of Options is subject to the Grantee remaining at all times from the Offer Date to (and inclusive of) the date of exercise of the Options as an Eligible Person. For the purpose of this paragraph, a Grantee is regarded as remaining as an Eligible Person notwithstanding that he or she has ceased to hold a position of employment or directorship with a member of the Group, if at the same time he or she takes up a different position of employment and/or directorship with another member of the Group as requested or instructed by the Company. For the avoidance of doubt, if a Grantee ceases to hold a position of employment or directorship with a member of the Group, and at the same time he or she takes up a different position of employment and/or directorship with another member of the Group for any reason other than at the request or direction of the Company, such Grantee will be regarded as ceasing to be an Eligible Person (except as otherwise determined in absolute discretion by the Board).

6. SUBSCRIPTION PRICE

The Subscription Price will be a price determined by the Board at its absolute discretion and notified to an Eligible Person and will be the highest of:

- (i) the nominal value of a Share;
- (ii) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Grant Date, which must be a business day; and
- (iii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the Grant Date.

7. VESTING PERIOD

An Option must be held for at least 12 months from the Grant Date before such Option can be exercised, except that at the Board's sole and absolute discretion, a shorter vesting period may be granted to an Employee Participant in the following circumstances:

- (i) grants of "make-whole" share options to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;
- (ii) grants with performance-based vesting conditions provided in this Share Option Scheme or as specified in the offer letter in lieu of time-based vesting criteria;
- (iii) grants of Options that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the Employee Participants and the Group are subject to and not connected with the performance of the relevant Employee Participant, which include Options that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting period may be shortened to reflect the time from which the Options would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward Employee Participants in case of delays due to administrative or compliance requirements;
- (iv) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months, or where the Options may vest by several batches with the first batch to vest within 12 months of the Grant Date and the last batch to vest 12 months after the Grant Date;
- (v) grants with a total vesting and holding period of more than 12 months;
- (vi) any form of grants (including re-grants and replacement grants) to Employee Participants and any form of transfer of outstanding equity incentive awards from other equity incentive schemes of the Company, to replace their equity incentive awards granted by the Company (the "Existing Awards"), following which the

Existing Awards will be lapsed and/or transferred to this Share Option Scheme (as the case may be). Following the issuance of replacement grants, the vesting of the replacement grants will generally follow the original vesting schedule, and there is a possibility that the time gap between the date of issuance of replacement grants and the first vesting date of the replacement grants will be less than 12 months. In any event, the original share options would be granted with a mixed vesting schedule, where the options would vest by several batches. While the first batch may vest within 12 months of the grant date or after the expiry of 12 months after the grant date, the last batch shall vest no earlier than the expiry of 12 months after the grant date. In this circumstance, the options granted by the Company may have a shorter (or no) vesting period to reflect the vesting status of the Existing Awards which have lapsed or have been transferred; or

- (i) grants to Employee Participants of a similar value to replace their equity incentive awards granted by any Subsidiary (the “**Subsidiary Awards**”), following the completion of the mergers and acquisitions carried out by the Company from time to time, following which the Subsidiary Awards will be lapsed. Upon the grant of replacement share incentives by the Company to replace the Subsidiary Awards, the vesting of the replacement grants will generally follow the original vesting schedule of the Subsidiary Awards, and there is a possibility that the time gap between the date of issuance of replacement grants and the first vesting date of the replacement grants will be less than 12 months. In this circumstance, the options granted by the Company may have a shorter (or no) vesting period to reflect the vesting status of the Subsidiary Awards which have been lapsed.

8. CLAWBACK

(A) Upon the occurrence of any of the following events (and whether an event is to be regarded as having occurred for the purpose of this paragraph is subject to the sole determination of the Board) in relation to a Grantee, no further Options shall be granted to such Grantee and the Options granted to such Grantee shall be clawed back and such Options shall lapse accordingly on the date as determined by the Board (if such Options are unvested):

- (i) the Grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
- (ii) the Grantee has contravened the relevant laws and regulations of any Applicable Jurisdiction or the provisions of the articles of association of any member of the Group, any Related Entity or any Service Provider (as applicable);
- (iii) the Grantee has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of any member of the Group, any Related Entity or any Service Provider;
- (iv) the Grantee has failed to discharge, or failed to discharge properly, his/her duties

and thereby resulting in serious loss in assets to any member of the Group, any Related Entity or any Service Provider and other serious and adverse consequences;

- (v) the Grantee has violated the Company's high voltage lines (or similar standards) applicable to the Grantee pursuant to any internal guideline(s) adopted by the Company (as amended, supplemented or modified from time to time); or
 - (vi) the Grantee has failed to comply with any non-compete covenants or restrictive covenants or any terms and conditions of a similar effect applicable to the Grantee (if any) pursuant to any internal guideline(s) adopted by the Company (as amended, supplemented or modified from time to time).
- (B) Where an Option granted to any Grantees has been vested but not yet exercised at the time when such Option is clawed back pursuant to paragraph 8(A) above, the relevant Option shall automatically lapse on the date as determined by the Board and shall no longer be exercisable.
- (C) Where an Option granted to any Grantee has been vested and already exercised at the time when such Option is clawed back pursuant to paragraph 8(A) above, the Grantee shall return to the Company, as determined by the Board at its sole and absolute discretion, either (i) the exact number of the relevant vested and clawed back underlying Shares in respect of such Option, or (ii) the monetary amount equivalent to the Value of the relevant underlying Share(s) of the Option (I) on the Grant Date, (II) on the date of vesting of the relevant Option or (III) on the date of such clawback.
- (D) For the purpose of paragraph 8(C), "Value" of one share of the relevant underlying shares of the Options is the average closing price of one ordinary share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the relevant date of determination (being the Grant Date, the date of vesting or the date of clawback, as applicable).

9. EXERCISE OF OPTIONS

- (A) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, unless a waiver by the Stock Exchange has been granted and Board approval has been obtained.
- (B) An Option may be exercised in whole or in part in the manner as set out in paragraphs 9(C), 9(D) or 9(E) (as the case may be) by the Grantee (or his or her personal representatives) giving notice to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Save for a Grantee who is eligible and opts for the Netting Off Arrangement, in the case of a Grantee who is a national or a resident of such other country or jurisdiction as the Board shall determine from time to time and notify to the Grantee, the Grantee shall acknowledge and confirm that the funds representing the Subscription Price payable under paragraph 9(C) upon exercise of the Share Option were obtained in accordance with applicable laws or regulations. If such acknowledgement and confirmation is not obtained, the

Option shall be deemed for all purposes to be a Redemption Option.

- (C) Save for a Grantee who is eligible and opts for the Netting Off Arrangement, each notice exercising a Share Option must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. After receipt of the notice and remittance, the Company shall allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his or her personal representatives) credited as fully paid and issue to the Grantee (or his or her personal representatives) a share certificate in respect of the Shares so allotted.
- (D) For a Grantee who is eligible and opts for the Netting Off Arrangement, such Grantee shall be allowed to settle (i) the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice exercising a Share Option is given (the “**Total Subscription Price**”) and/or (ii) the applicable tax payable upon such exercise of Options, by surrendering the Grantee’s right to receive the number of underlying Shares of equivalent value (as calculated based on the closing price of the Shares as at the date of the exercise of Options) (the “**Netting Off Arrangement**”). Under the Netting Off Arrangement, the Total Subscription Price will be deemed to be received by the Company upon the exercise of Options; and where tax withholding is required for the Share Option gain or an eligible Grantee opts for the Netting Off Arrangement even when there is no tax withholding obligation on the Company, such tax will be deemed to be withheld and thus payable by the Company on behalf of the Grantee. After receipt of the notice (under which the Grantee opts for the Netting Off Arrangement), the Company shall allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee (or his or her personal representatives) credited as fully paid and issue to the Grantee (or his or her personal representatives) a share certificate in respect of the Shares so allotted. For the avoidance of doubt, the number of Shares issued shall be equivalent to the number of underlying Shares under the notice exercising the Share Options after deduction of the number of Shares representing the Total Subscription Price and/or applicable tax payment. The Board shall be entitled at any time during the life of this Share Option Scheme in its absolute discretion to select the Grantees who are also a director or a member of the senior management team of the Company to be eligible for the Netting Off Arrangement. For any other Grantees, the Board may delegate its authority to any officer(s) of the Company to decide the eligibility of the Grantees for the Netting Off Arrangement. The eligible Grantees shall be notified of the Netting Off Arrangement in the Offer and shall be able to opt for the Netting Off Arrangement at their own discretion.
- (E) Redemption Options shall be exercised on the following terms and conditions (and if any of such conditions shall not be fulfilled the exercise of the Redemption Option shall be void and of no effect):-
- (i) It shall be a condition to the exercise of a Redemption Option that the relevant Shares shall be traded on the Main Board or such other recognised stock exchange as the Board shall approve, and that at all times during the period from and including the exercise of the Redemption Option and the completion of the sale of the relevant Shares, dealings in the Shares on such exchange shall continue and shall not be suspended.

- (ii) It shall be a further condition to the exercise of a Redemption Option that the net proceeds from the sale of the relevant Shares (as referred to in the definition of "Redemption Price") shall exceed the Subscription Price of such Shares;
 - (iii) Upon the exercise of a Redemption Option, and subject to it becoming unconditional in all respects, the Board shall approve, as soon as reasonably practicable, the Shares in respect of which the Redemption Option is exercised (adjusted, where appropriate, pursuant to paragraph 12), shall arrange for the sale on the Main Board or such other recognised stock exchange as the Shares shall be traded on, shall allot and instruct the Share Registrar to issue the relevant Shares to the relevant purchaser(s) or subscriber(s), shall receive the whole of the net proceeds from the sale of the Shares for the Company's account, free of all liens or trusts, and shall pay to the Grantee, subject to paragraph 9(F) below an amount equal to the Redemption Price in cash, by Company cheque or wire transfer at the Company's election. The Grantee shall provide the Company with such information in relation to the method of making payment as the Company may require, and the making of such payment in accordance with such information shall operate as a complete and absolute discharge of the Company's obligations to make payments in respect of the exercise of the Redemption Option. If so requested by the Company, a Grantee shall deliver a duly executed receipt of payment contemporaneously with the making of such payment.
- (F) The Grantee shall be solely liable to pay all taxes and other levies which may be assessed or assessable on any payments made by the Company hereunder and all payments required to be made hereunder by the Company shall be subject to the deduction or withholding of such amounts as the Board may reasonably determine is necessary or desirable by reason of any liability to tax or obligation to account for tax or loss of any relief from tax which may fall on the Company or any Subsidiary in respect of, or by reason of such payment or the exercise of the relevant Redemption Option, and the Grantee agrees to indemnify and keep the Company (for itself and as trustee for its Subsidiaries) indemnified in respect of any such liability, obligation or loss and accepts that any claim in respect of such indemnity may be satisfied by set-off against any sums due from the Company or any Subsidiary to such Grantee from time to time.
- (G) The Shares to which a Redemption Option relates shall be allotted and issued on terms that they shall be fully paid up and the part of the net proceeds from the issue which equals the Subscription Price of such Shares shall be credited to share capital and capital reserves.
- (H) The Redemption Options are solely a device for the measurement and determination of the amount to be paid to each Grantee of a Redemption Option. Redemption Options shall not constitute or be treated as property or as a trust fund of any kind or as shares, an interest in shares, share options or any form of equity, but shall constitute an unsecured obligation of the Company to pay the Redemption Price on the terms set out in this Share Option Scheme.
- (I) Subject as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the vested Option may be exercised by the Grantee at any time

during the Option Period, provided that:-

- (i) in the event of the Grantee ceasing to be an Eligible Person for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph 10(A)(iv), the Grantee may exercise the Option in accordance with the provisions of paragraph 9(B) up to his or her entitlement at the date of cessation (to the extent not already exercised) within the period of three (3) months following the date of such cessation which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not;
- (ii) in the event the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment under paragraph 10(A)(iv) arises, unless the Board determines in its absolute discretion within thirty (30) calendar days after the date of the Grantee's death that the personal representative(s) of the Grantee shall be entitled within a period of twenty-four (24) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent not already exercised), all his or her Option (to the extent not already exercised) shall lapse automatically with effect from the date immediately following the date on which the Grantee dies;
- (iii) if a general offer is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) by way of takeover or otherwise (other than by way of a scheme of arrangement pursuant to paragraph 9(I)(iv) below) and such offer is declared unconditional before the expiry date of the Option, the Grantee may by notice in writing within 21 days after such offer becoming or being declared unconditional exercise any Option to its full extent, and to the extent that they have not been so exercised, the right to exercise the Option shall upon the expiry of such period terminate immediately;
- (iv) if a general offer is made to all the holders of Shares by way of a scheme of arrangement and such scheme of arrangement has been approved by the necessary number of holders of Shares at the requisite meetings prior to the expiry date of the relevant Option, notwithstanding any other terms on which the Option was granted, the Grantee may by notice in writing after the meetings and up to the record date for determining entitlements under such scheme of arrangement exercise the Option in full or in part, and to the extent that it has not been so exercised, the right to exercise the Option shall terminate immediately on the record date for determining entitlements under such scheme of arrangement;
- (v) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice to the Grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such compromise or

arrangement, and thereupon the Grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under this Share Option Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement;

- (vi) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company (such notice to be received by the Company not later than two (2) business days prior to the proposed general meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise, credited as fully paid. The right to exercise the Options shall (to the extent that they have not been exercised) terminate immediately on the date of the commencement of the voluntary winding-up of the Company; and
 - (vii) in the event that the Grantee shall be employed by a Subsidiary and the shares in such Subsidiary (or in any other Subsidiary which is a holding company of such Subsidiary) shall be listed on, or become publicly traded on any recognised stock exchange, the Company may, if the Board considers it appropriate, give notices to the Grantee requiring the Grantee to exercise the Option (to the extent not already exercised) to its full extent, or to the extent specified in such notice and on such other terms as the Board shall decide.
- (J) The Shares to be allotted and issued upon the exercise of an Option will be subject to the provisions of the articles of association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue at the relevant date of exercise of the Option and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date on which the Shares are issued to a Grantee pursuant to the exercise of the Option, provided always that when

the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened.

- (K) In respect of any proposed cancellation of Options granted to a Grantee, it must be approved by the Board, the Committee, the independent non-executive directors of the Company and/or the shareholders of the Company (as the case may be), if the initial grant of the Option was approved by the Board, the Committee, the independent non-executive directors of the Company and/or the shareholders of the Company (as the case may be). For the avoidance of doubt, where the Company cancels Options granted to a Grantee and makes a new grant to the same Grantee, such new grant may only be made with available Scheme Mandate Limit, and that Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

10. LAPSE OF OPTION

- (A) An Option shall lapse automatically (to the extent not already exercised) on the earliest of:-

- (i) the expiry of the Option Period (subject to the provisions of paragraph 4(A));
- (ii) the expiry of the periods referred to in paragraph 9(I)(i),(ii), (iii), (vi) or (vii);
- (iii) subject to the compromise or arrangement (for the purpose of or in connection with reconstruction or amalgamation) becoming effective, the expiry of the period referred to in paragraph 9(I)(v);

- (iv) the date on which the Grantee ceases to be an Eligible Person due to the following reasons:

- (1) the Grantee's service or employment with the Group has been terminated by any member of the Group, any Related Entity or any Service Providers for cause. For the purposes of this paragraph and all other relevant provisions under this Share Option Scheme (if any) relating to termination for cause, "cause" means:

- i. dishonesty or serious misconduct, whether or not in connection with his/her employment; willful disobedience or non-compliance with the terms of his/her employment or service contract with any member of the Group, any Related Entity, any Service Provider or any lawful orders or instructions given by any member of the Group, any Related Entity or any Service Provider as the case may be;
- ii. incompetence or negligence in the performance of his/her duties;
or
- iii. doing anything in the conclusive opinion of the Board adversely affects his/her ability to perform his duties properly or brings the

Company or the Group, any Related Entity or any Service Provider into disrepute;

- (2) the Grantee has been summarily dismissed by any member of the Group, any Related Entity or any Service Provider;
 - (3) the Grantee has been convicted for any criminal offence involving his/her integrity or honesty; or
 - (4) the Grantee has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time;
 - (v) the Grantee having made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty;
 - (vi) the Grantee waiving his/her rights and entitlements to any part of the Option;
 - (vii) the date of the commencement of the voluntary winding-up of the Company; or
 - (viii) the date on which the Grantee commits a breach of paragraph 9(A).
- (B) If the Grantee's employment or service is terminated for any reason other than for the reasons provided for under paragraph 10(A)(iv) ("**Good Leaver**"), any Option unvested in respect of such Good Leaver will automatically lapse with effect from the date on which the Good Leaver's employment or service is terminated. Notwithstanding anything in this paragraph 10(B), the Board may, at its absolute discretion, decide that any portion of the unvested Options in respect of such Good Leaver shall continue to vest in accordance with the original vesting schedule of such unvested Options during the exercisable period as determined by the Board in its sole discretion.

11. MAXIMUM NUMBER OF SHARES SUBJECT TO OPTIONS

- (A) The maximum number of Shares in respect of which Options may be granted under this Share Option Scheme shall not, subject to paragraph 12, exceed 3 percent of the total number of Shares in issue as at the Adoption Date ("**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of this Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit. The Company may refresh the Scheme Mandate Limit by ordinary resolution of the shareholders in a general meeting, provided that the Scheme Mandate Limit so refreshed shall not exceed 3% of the Shares in issue as at the date of shareholders' approval of the refreshing of the Scheme Mandate Limit. Options previously granted under any existing schemes (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the Scheme Mandate Limit (and the sub-limit for Service Providers) as refreshed.
- (B) For any 12-month period up to and including the date of grant of Options, the aggregate number of Shares issued and to be issued in respect of all Options granted to any Eligible Person (excluding any options or awards lapsed in accordance with the terms of the

relevant share schemes as applicable) under this Share Option Scheme and any grants of options or awards made under any other share scheme(s) of the Company shall not exceed one (1) percent of the issued shares of the Company from time to time, unless such grant is separately approved by shareholders of the Company in general meeting at which the relevant Eligible Person and his/her close associates (with the meaning as ascribed thereto under the Listing Rules) (or his/her associates (with the meaning as ascribed thereto under the Listing Rules) if the Eligible Person is a connected person) shall abstain from voting in accordance with Rule 17.03D(1) of the Listing Rules. In such a case, the Company shall send a circular to the shareholders and the circular must disclose the identity of the Eligible Person, the number and terms of the Options.

- (C) The maximum number of Shares referred to in paragraphs 11(A) and 11(B) will be adjusted, in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to the Directors in writing in the terms set out in paragraph 12 below, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever.
- (D) The maximum number of Shares in respect of which Options may be granted to all of the Grantees who are Service Providers (including, where the Service Provider is an entity, its employees, directors, consultants, advisers or agents who provide service to the Group) in aggregate under this Share Option Scheme shall not exceed 0.01 percent of the Shares in issue as at the Adoption Date.
- (E) The total number of new Shares which may be issued in respect of all options and awards to be granted under all of the share schemes of the Company which are funded by issue of new Shares of the Company (including this Share Option Scheme, and each a “**Share Scheme**”) must not exceed 10% of the relevant class of Shares in issue as at the date of approval by the Company’s shareholders of a Share Scheme or a refreshment of scheme mandate under a Share Scheme, whichever is the latest.

12. REORGANISATION OF CAPITAL STRUCTURE

In the event of (i) any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party or an issue of shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the Company or any Subsidiary), or (ii) in the event of any distribution of the Company’s capital assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:-

- (i) the number or nominal amount of Shares subject to the Option so far as

unexercised; or

- (ii) the Subscription Price,

or any combination thereof, as an independent financial adviser or the Auditors shall confirm to the Directors in writing, either generally or as regard any particular Grantee, to have given the Grantees the same proportion (or rights in respect of the same proportion) of the equity capital, rounded to the nearest whole number, as that to which that person was previously entitled, provided that no such adjustments shall be made to the extent that a share would be issued at less than its nominal value. The capacity of the independent financial adviser or the Auditors (as the case may be) in this paragraph is that of experts and not of arbitrators and their confirmation shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditors (as the case may be) shall be borne by the Company.

13. SHARE CAPITAL

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

14. DISPUTES

Any dispute arising in connection with this Share Option Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) may be referred by the Board (or committee thereof) to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall be final and binding.

15. ALTERATION OF THIS SHARE OPTION SCHEME

- (A) Any alterations to the terms and conditions of this Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters contained in rule 17.03 of the Listing Rules to the advantage of Grantees or prospective Grantees must be approved by shareholders of the Company in general meeting. No such alteration shall operate to affect adversely the terms of issue of any Options granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the Grantees as would be required of the shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.
- (B) Any change to the terms of Options granted to a Grantee must be approved by the Board, the Committee, the independent non-executive directors and/or the shareholders of the Company (as the case may be) if the initial grant of the Options was approved by the Board, the Committee, the independent non-executive directors and/or the shareholders of the Company (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Share Option

Scheme.

16. TERMINATION

The Board may at any time terminate the operation of this Share Option Scheme and in such event, unless the Board determines otherwise, no further Options will be granted but in all other respects the provisions of this Share Option Scheme shall remain in full force and effect. Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

17. MISCELLANEOUS

- (A) This Share Option Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Person, and the rights and obligations of any Eligible Person under the terms of his or her office or employment shall not be affected by his or her participation in this Share Option Scheme or any right which he or she may have to participate in it and this Share Option Scheme shall afford such Eligible Person no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (B) This Share Option Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- (C) The Company shall bear the costs of establishing and administering this Share Option Scheme.
- (D) Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantee from time to time and, in the case of the Grantee, his or her correspondence address as notified to the Company from time to time.
- (E) Any notice or other communication served by post:-
- (i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- (F) All allotments and issues of Shares will be subject to all necessary consents under the Listing Rules and any relevant legislation for the time being in force in Hong Kong and the Cayman Islands, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Share Option Scheme.

- (G) This Share Option Scheme and all Options granted hereunder are governed by and shall be construed in accordance with the laws of Hong Kong.