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If you have sold or transferred all your shares in TCL ELECTRONICS HOLDINGS LIMITED, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**TCL ELECTRONICS HOLDINGS LIMITED****TCL 電子控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

**(1) PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME AND
TERMINATION OF 2016 SHARE OPTION SCHEME
(2) PROPOSED ADOPTION OF 2023 SHARE AWARD SCHEME
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 11 to 37 of this circular.

A notice convening the EGM to be held at 8/F, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 3 November 2023, Friday at 2:30 p.m. is set out on pages 73 to 77 of this circular.

Whether or not you are able to attend the EGM or any adjournment or postponement thereof (as the case may be) in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment or postponement thereof should you so wish.

17 October 2023

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DEFINITIONS

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

“2008 Share Award Scheme”	the restricted share award scheme adopted by the Company on 6 February 2008 (as amended from time to time);
“2016 Share Option Scheme”	the share option scheme adopted by the Company on 18 May 2016 (as amended from time to time);
“2023 Share Award Scheme”	the new share award scheme proposed to be adopted by the Company at the EGM, a summary of the principal terms of which is set out in Appendix II to this circular;
“2023 Share Award Scheme Rules”	the rules of the 2023 Share Award Scheme in its present or any amended form;
“2023 Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM, a summary of the principal terms of which is set out in Appendix I to this circular;
“2023 Share Option Scheme Rules”	the rules of the 2023 Share Option Scheme in its present or any amended form;
“2023 Share Schemes”	collectively, the 2023 Share Option Scheme and the 2023 Share Award Scheme;
“Adoption Date”	the date on which the 2023 Share Option Scheme and/or the 2023 Share Award Scheme (as the case may be) is conditionally adopted by the Shareholders;
“Announcement”	the announcement of the Company dated 10 October 2023 in respect of, among others, (i) the adoption of 2023 Share Option Scheme and termination of 2016 Share Option Scheme; and (ii) the adoption of 2023 Share Award Scheme;
“Articles”	the articles of association of the Company as amended from time to time;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditor”	the auditor of the Company from time to time;
“Award(s)”	award(s) of Awarded Shares to a Selected Person pursuant to the 2023 Share Award Scheme;

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“Awarded Share(s)”	in respect of a Selected Person, such number of Shares determined by the Board for grant of an Award;
“Board”	the board of Directors, and for the purpose of the 2023 Share Option Scheme and the 2023 Share Award Scheme, shall include such committee or such sub-committee or person(s) delegated with the power and authority by the board of Directors from time to time to administer the 2023 Share Option Scheme and/or the 2023 Share Award Scheme (as the case may be);
“Business Day(s)”	any day(s) on which the Stock Exchange is open for business of dealing in securities and on which banks are open for business in Hong Kong, throughout their normal business hours, other than a Saturday, Sunday, or a day on which a gale warning or black rainstorm warning or “extreme conditions” as defined under Chapter 1 of the Rules of the Exchange of the Stock Exchange is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. and for the purpose of the 2023 Share Schemes “gale warning” and “black rainstorm warning” shall have the respective meanings ascribed thereto under Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong) as amended from time to time;
“Cash Income”	cash income of any Awarded Share(s) including any deemed Cash Income as prescribed by the 2023 Share Award Scheme Rules;
“chief executive”	has the meaning ascribed to it under the Listing Rules;
“close associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	TCL Electronics Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“controlling Shareholder”	with respect to the Company, has the meaning ascribed thereto under the Listing Rules;
“core connected person(s)”	a director, chief executive or substantial shareholder of the Company or of any of its subsidiaries, or a close associate of any of them;
“Director(s)”	the director(s) of the Company from time to time;

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“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve (i) the adoption of 2023 Share Option Scheme and termination of 2016 Share Option Scheme; and (ii) the adoption of 2023 Share Award Scheme;
“Employee Participant(s)”	director(s) and employee(s) (whether full time or part time employees) of the Company and/or of any of its subsidiaries (including persons who are granted Awards or Options under the 2023 Share Schemes as an inducement to enter into employment contracts with these companies);
“Excluded Person(s)”	any Participant(s) who is/are resident in a place where the settlement of the Reference Amount and/or the award of the Awarded Shares and/or the vesting and transfer of Shares pursuant to the terms of the 2023 Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant;
“Further Shares”	Shares purchased or subscribed by the relevant Trustee out of Cash Income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon trust under the relevant Trust;
“Grant Date”	in relation to any Award, the date specified in the Grant Letter given by the Company to the Selected Person(s) as the date of grant of the Awarded Shares, or such other date as determined by the Board, which, in each case, shall be a Business Day;
“Grant Letter”	a notification (regardless of the form and the manner/mode by which it is sent) to be given by the Company to a Selected Person whereby the Selected Person is informed of the details of the relevant grant;
“Grantee(s)”	any Participant(s) who accepts an Offer in accordance with the terms of the 2023 Share Option Scheme and holder of any outstanding Option or (where the context so permits) a Personal Representative of such 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 PRC;

DEFINITIONS

“Individual Limit”	has the meaning as defined in the paragraph headed “4. Maximum entitlements to each Participant and Options granted to certain connected persons” in Appendix I to this circular or “4. Maximum entitlements to each Participant and Awards granted to certain connected persons” in Appendix II to this circular;
“inside information”	has the meaning defined in the SFO;
“Latest Practicable Date”	10 October 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Offer”	an offer of the grant of an Option made in accordance with the 2023 Share Option Scheme Rules;
“Offer Date”	in relation to any Option, the date on which an Offer of such Option is made to a Participant subject to and in accordance with the terms of the 2023 Share Option Scheme and which must be a Business Day, provided that the date on which the Board resolves to make an Offer should be taken as the Offer Date for the purpose of calculating the exercise price;
“Option”	a right granted to a Grantee to subscribe for Shares pursuant to the 2023 Share Option Scheme;
“Option Period”	in respect of any Option, a period to be determined and notified by the Board to the Grantee during which the Option may be exercised, which period shall expire in any event not later than the last day of the 10-year period after the Offer Date (subject to the provisions for early termination), for the avoidance of doubt, such period may, if the Board so determines, be set at different lengths for different Grantees and the Board may also set conditions and/or restrictions on the exercise of such Option during the period an Option may be exercised;
“Option Price”	the amount of HK\$0.10 or such other amount as may be determined by the Board payable upon each acceptance of grant of Option(s) per Offer regardless of the number of Option(s) comprised in such grant;

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“Other Participant(s)”	in respect of the 2023 Share Award Scheme, Participant(s) other than the Employee Participants, the Related Entity Participants and the Service Providers, which shall be such person(s) whom the Board in its sole discretion considers may contribute or have contributed to the Group (including but not limited to employees and officers of any invested entities of the Company, of any affiliated entities of the Company and/or of any Service Provider), to which an Award can only be made in the form of existing Shares;
“Other Schemes”	all the schemes or arrangements involving the grant by the Company or any member of the Group of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or arrangements which, in the opinion of the Stock Exchange, is analogous to a share scheme as described in Chapter 17 of the Listing Rules, other than the 2023 Share Option Scheme and/or 2023 Share Award Scheme (as the case may be);
“Partial Lapse”	has the meaning as defined in the paragraph headed “7. Lapse of Awards” in Appendix II to this circular;
“Participant(s)”	the Employee Participants, the Related Entity Participants and the Service Providers, provided that in respect of the 2023 Share Award Scheme, if and only if an Award is to be made in the form of existing Shares, “Participant(s)” in respect of such Award shall also include Other Participants;
“Participant Vehicle”	a vehicle (such as a trust or a private company) nominated by such Participant for the benefit of the Participant and any of his or her family members (e.g. for estate planning or tax planning purposes or such other purposes as the Board and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the 2023 Share Option Scheme or 2023 Share Award Scheme (as the case may be) and comply with other requirements of the provisions under the Listing Rules;
“Personal Representative(s)”	in case of the death, physical or mental disability or incapacity of a Selected Person or Grantee or other events which, in the opinion of the Board, deprive a Selected Person or Grantee of his capacity to act (other than in the case of insolvency, bankruptcy or liquidation of the Selected Person or Grantee), such person(s) recognised by the Company as the representative(s) to be assigned or vested with the Award(s) or Option(s) granted to such Selected Person or Grantee or otherwise acting on behalf of the Selected Person or Grantee in consequence of such events by operation of law and subject to provision of such evidence as to his or her entitlement as may from time to time be required by and to the satisfaction of the Board;

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“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“Reference Amount”	in respect of a Selected Person, the sum payable by the Company or any of its subsidiaries to the Trustee for the completion of the purchase and/or subscription (as the case may be) of all the Awarded Shares with reference to, among others, the sum of the closing price of the Shares as quoted on the Stock Exchange or par value (as the case may be) as at the Grant Date and the related purchase and/or subscription (as the case may be) expenses (including for the time being, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee, if any) and such other necessary expenses required for the completion of the purchase and/or subscription (as the case may be) of all the Awarded Shares;
“Reference Date”	in respect of a Selected Person, the date of final approval by the Board of the total number of Shares to be awarded to the relevant Selected Person on a single occasion pursuant to the 2023 Share Award Scheme;
“Related Distribution(s)”	distribution(s) derived from any Awarded Share referable to a Selected Person, the record date for entitlement of which falls within the period from the Grant Date to the Vesting Date (both days inclusive) of such Awarded Share, that is determined by the Board at its sole and absolute discretion as “Related Distribution” and received by the relevant Trustee as holder of the Awarded Share, which may include distributions whether in the form of cash, securities or otherwise, such as cash dividend and its scrip Shares alternative (if any), bonus Shares, distribution in specie, but shall, for the avoidance of doubt, exclude any Residual Cash;
“Related Entity(ies)”	holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company;
“Related Entity Participant(s)”	director(s) and employee(s) (whether full time or part time employee) of the Related Entities;
“Remuneration Committee”	the remuneration committee of the Board;

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“Residual Cash”	in respect of each of the Trusts (if applicable), cash remaining in any Trust Fund in respect of the 2023 Share Award Scheme held by the relevant Trustee (including interest income derived from deposits maintained with licensed banks in Hong Kong, which has not been applied in the acquisition or subscription of the Awarded Shares or Further Shares) which does not include the Related Distributions;
“Returned Share(s)”	any Awarded Share(s) (out of the relevant Awarded Shares which are referable to a Selected Person) which is/are not accepted or vested in accordance with the terms of the 2023 Share Award Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or any Share(s) forfeited or otherwise deemed to be Returned Shares in accordance with the terms of the 2023 Share Award Scheme;
“Scheme Mandate Limit”	the limit on the total number of Shares which may be allotted and issued in respect of all Options and Awards that may be granted under the 2023 Share Schemes and all share options and all share awards that may be granted under any Other Schemes, which must not exceed 10% of the total number of Shares in issue as at the Adoption Date;
“Scheme Period”	in respect of each of the 2023 Share Option Scheme and the 2023 Share Award Scheme, the respective period commencing on the Adoption Date and expiring on the day immediately preceding the tenth anniversary of the Adoption Date (both days inclusive) but subject to early termination pursuant to the provisions of the 2023 Share Option Scheme Rules and/or the 2023 Share Award Scheme Rules (as the case may be);
“Selected Person(s)”	Participant(s) (other than any Excluded Person) whom the Board may, from time to time, at its absolute discretion select for participation in the 2023 Share Award Scheme;
“senior manager”	has the meaning ascribed to it under Chapter 17 of the Listing Rules;

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“Service Provider(s)”	person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for any member of the Group as independent contractors (such as agents, distributors, contractors, vendors, suppliers, advisers, consultants and other service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“Service Provider Sublimit”	the limit on the total number of Shares which may be allotted and issued in respect of all Options and Awards that may be granted to the Service Providers under the 2023 Share Schemes and all share options and all share awards that may be granted to the Service Providers under any Other Schemes, which must not exceed 1% of the total number of Shares in issue as at the Adoption Date;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price at which each Share subject to an Option may be subscribed on the exercise of that Option as determined by the members of the Board, but subject to the provisions of the 2023 Share Option Scheme, or (where applicable) such price as from time to time adjusted pursuant to the 2023 Share Option Scheme Rules;
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;

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“Supplementary Guidance”	the “Frequently asked questions on adjustments of the exercise price of share options” (FAQ No.072-2020) published by the Stock Exchange and its attachment “Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule” (as may be amended and updated from time to time);
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC as amended from time to time;
“TCL Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), formerly known as TCL Industries Holdings (Guangdong) Inc.*(TCL實業控股(廣東)股份有限公司), a joint stock limited company established under the laws of the PRC;
“TCL Technology”	TCL Technology Group Corporation (TCL科技集團股份有限公司), formerly known as TCL Corporation (TCL集團股份有限公司), a joint stock limited company established under the laws of the PRC, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100.SZ);
“Total Lapse”	has the meaning as defined in the paragraph headed “7. Lapse of Awards” in Appendix II to this circular;
“Trust(s)”	the trust(s) (which could be more than one trust if the Board in its sole and absolute discretion considers appropriate to segregate the trust assets for the benefit of different classes/categories of Selected Persons) constituted by the Trust Deed(s) to support and facilitate the operation of the 2023 Share Award Scheme;
“Trust Deed(s)”	in respect of each of the Trusts, the trust deed to be entered into between the Company on the one part and the relevant Trustee on the other part (as amended, supplemented and restated from time to time) in respect of the establishment of the Trust and administration of the 2023 Share Award Scheme;
“Trust Funds”	in respect of each of the Trusts: (a) initial trust fund including such initial cash provided by the Company for setting up the Trust;

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- (b) all money, investments or other property paid or transferred to or so as to be under the control of and, in either case, accepted by the Trustee as additions, including Shares acquired by or allotted to the Trustee, and such other Shares and/or funds transferred, or caused to be transferred, by the Company from other trusts set up by the Company for the purpose of share incentive schemes;
- (c) all accumulations (if any) of income added to the Trust Fund, including all cash or non-cash income or distributions due to or derived from the Shares held as part of the Trust Fund; and
- (d) the money, investments and property from time to time representing the above;

“Trustee(s)” in respect of each of the Trusts, the trustee appointed by the Company for the purpose of the Trust which will hold Shares (and, the Related Distribution, if any) on trust for the benefit of the Selected Persons under the 2023 Share Award Scheme pursuant to the terms of the relevant Trust Deed;

“Vesting Date” in respect of the 2023 Share Option Scheme, the earliest date stated in the Offer on which the Option (or a tranche thereof) may be exercised by the relevant Grantee; and in respect of the 2023 Share Award Scheme, the date on which a Selected Person’s entitlement to the Awarded Shares (and the Related Distributions, if any) is vested or deemed to have vested pursuant to the 2023 Share Award Scheme Rules;

“Vesting Period” in respect of an Option under the 2023 Share Option Scheme, the period commencing on the date on which the Grantee accepts such Option granted to him/her and ending on the Vesting Date (both dates inclusive); and in respect of an Award under the 2023 Share Award Scheme, the period commencing on the date on which the Award has been granted and ending on the Vesting Date (both dates inclusive); and

“%” per cent.

The English translation of Chinese names or words in this circular, where indicated by “”, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

Executive Directors:

Ms. DU Juan (*Chairperson*)

Mr. YAN Xiaolin

Mr. PENG Pan

Non-executive Directors:

Mr. WANG Cheng

Mr. SUN Li

Mr. LI Yuhao

Independent Non-executive Directors:

Dr. TSENG Shieng-chang Carter

Professor WANG Yijiang

Mr. LAU Siu Ki

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Principal Place of Business in Hong Kong:

5th Floor, Building 22E

22 Science Park East Avenue

Hong Kong Science Park

Shatin, New Territories

Hong Kong

17 October 2023

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME AND
TERMINATION OF 2016 SHARE OPTION SCHEME**

**(2) PROPOSED ADOPTION OF 2023 SHARE AWARD SCHEME
AND**

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement. The purposes of this circular are to provide the Shareholders with information regarding (i) the proposed adoption of the 2023 Share Option Scheme and termination of the 2016 Share Option Scheme; and (ii) the proposed adoption of the 2023 Share Award Scheme. The notice of EGM containing the resolutions to be proposed at the EGM is set out in this circular.

LETTER FROM THE BOARD

2. EXISTING SHARE SCHEMES

The Company has from time to time adopted incentive schemes involving grant of options over new Shares or awards in the form of new Shares or existing Shares by the Company with a view to, among others, recognising and motivating the contribution of certain participants including employees of the Group and its affiliated companies, and to provide incentives and help the Group in retaining its existing employees and recruiting suitable personnel as additional employees to further extend the operation and development of the Group.

The existing share option scheme of the Company, namely the 2016 Share Option Scheme, was adopted by the Company on 18 May 2016 in compliance with the provisions of Chapter 17 of the Listing Rules then in effect, which is valid and effective for a period of 10 years from the date of adoption until 17 May 2026. As at the Latest Practicable Date, all other pre-existing share option schemes of the Company have already expired and no share options granted thereunder remain outstanding.

The 2008 Share Award Scheme was adopted by the Company on 6 February 2008, which was valid and effective for a period of 15 years from the date of adoption and therefore has expired on 5 February 2023, pursuant to which, existing Shares may be purchased from the market or new Shares may be subscribed for by the designated trustee out of cash contributed by the Company, and would be held on trust by the designated trustee for the relevant selected persons until such Shares are vested with the relevant selected persons subject to satisfaction of relevant vesting conditions and in accordance with the rules of the 2008 Share Award Scheme. Upon the expiry of the 2008 Share Award Scheme, no further awards (whether in the form of existing Shares or new Shares) can be granted under the 2008 Share Award Scheme, but the provisions of the 2008 Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any awards granted thereunder or otherwise as may be required in accordance with the provisions of the 2008 Share Award Scheme, and the outstanding awards which are granted and subsisting under the 2008 Share Award Scheme shall continue to be in full force and effect in accordance with the 2008 Share Award Scheme.

As at the Latest Practicable Date, save for the 2016 Share Option Scheme, the Company had no other subsisting share schemes which remain alive under which the Company may grant any options over new Shares or awards in the form of new Shares or existing Shares.

LETTER FROM THE BOARD

3. PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME AND TERMINATION OF 2016 SHARE OPTION SCHEME

Background

Following the amendments of Chapter 17 of the Listing Rules which has taken effect on 1 January 2023, the Company proposes to terminate the 2016 Share Option Scheme and adopt the 2023 Share Option Scheme to replace the 2016 Share Option Scheme, with terms prepared in line with the requirements of the amended Chapter 17 of the Listing Rules.

Upon termination of the 2016 Share Option Scheme, no further share option may be granted under the 2016 Share Option Scheme, but in respect of any share options granted but not exercised thereunder, the provisions of the 2016 Share Option Scheme shall remain in full force and effect. Therefore, the termination of the 2016 Share Option Scheme will not in any event affect the terms of the outstanding share options that have already been granted thereunder and such outstanding share options granted shall continue to be subject to the provisions of the 2016 Share Option Scheme. The Company has no intention to grant further share options under the 2016 Share Option Scheme during the period from the Latest Practicable Date to the date of EGM.

As at the Latest Practicable Date, (i) the Company had 35,081,638 outstanding share options granted under the 2016 Share Option Scheme; and (ii) the maximum number of share options that can be further granted by the Company under the then available scheme mandate limit of the 2016 Share Option Scheme was 233,261,356.

LETTER FROM THE BOARD

The categories of holders of share options under the 2016 Share Option Scheme which remain outstanding (i.e. granted but not yet exercised) as at the Latest Practicable Date are set out below:

Category of participants <i>(Note 1)</i>	Number of outstanding share options held as at the Latest Practicable Date
Directors	
<i>Executive Director</i>	
YAN Xiaolin	654,834
<i>Non-executive Director</i>	
WANG Cheng	4,692,861
<i>Independent non-executive Directors</i>	
WANG Yijiang	116,442
LAU Siu Ki	236,301
Chief executive	
ZHANG Shaoyong <i>(chief executive officer)</i>	381,747
Other employees of the Group	20,965,133
Employees of TCL Holdings and fellow subsidiaries and associated companies of the Company	515,029
Others <i>(Note 2)</i>	7,519,291
Total	35,081,638

Note 1:

For more meaningful disclosure and for the purpose of aligning with the categorisation under the amended Chapter 17 of the Listing Rules, information in the above table is presented in the manner that grantees have been categorised with reference to their capacity as at the Latest Practicable Date, into (i) employee participants; (ii) related entity participants; (iii) service providers (if any); and (iv) others who do not fall within the foregoing categories. In this connection, (i) "Other employees of the Group" are employees of the Group other than Directors and chief executives; (ii) "Employees of TCL Holdings and fellow subsidiaries and associated companies of the Company" corresponds to the related entity participants within the meaning of the amended Chapter 17 of the Listing Rules; and (iii) "Others" are participants which do not fall into the definition of employee participants, related entity participants or service providers under the amended Chapter 17 of the Listing Rules, who are employees of the then affiliated companies of the Company as at the date of respective grants, which however do not fall within the definition of related entity participants under the amended Chapter 17 of the Listing Rules as at the Latest Practicable Date. For the avoidance of doubt, the Company has not granted any share option to any service provider under the 2016 Share Option Scheme. See also Note 2 regarding the scope of participants under the 2016 Share Option Scheme.

LETTER FROM THE BOARD

Note 2:

The outstanding share options were granted under the 2016 Share Option Scheme, which has a wide scope of participants covering any person who is or was (i) an employee (including directors), adviser, consultant, agent, contractor, client or supplier of any member of the Group or (ii) an employee or officer of any affiliated company of the Company (i.e. TCL Technology (being the then ultimate controlling shareholder of the Company), its subsidiaries and companies which, in accordance with the generally accepted accounting principles in the PRC, are recorded as affiliated companies in the financial statements of TCL Technology, which shall include any company in which TCL Technology is directly or indirectly interested in not less than 20% of its issued share capital) whom the Board in its sole discretion considers may contribute or have contributed to the Group. Accordingly, as at the Latest Practicable Date, those grantees who were not (i) employees of the Group or (ii) employees of TCL Holdings and fellow subsidiaries and associated companies of the Company or (iii) service providers of the Group are categorised as "Others" in this table.

Respective ordinary resolution(s) will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the adoption of the 2023 Share Option Scheme and the termination of the 2016 Share Option Scheme. The resolution approving the termination of the 2016 Share Option Scheme is made conditional upon the passing of the resolution approving the adoption of the 2023 Share Option Scheme. As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the 2023 Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

As at the Latest Practicable Date, the Company had not granted and has no present intention to grant any Options under the 2023 Share Option Scheme.

Conditions precedent of the 2023 Share Option Scheme

The 2023 Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of the necessary resolution to adopt the 2023 Share Option Scheme by the Shareholders in a general meeting of the Company and to grant authorities to the Board to (a) grant Options under the 2023 Share Option Scheme in accordance with the 2023 Share Option Scheme Rules and (b) allot, issue and deal in such number of Shares fall to be issued on the exercise of any Options to be granted under the 2023 Share Option Scheme; and
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares which may fall to be issued by the Company pursuant to the exercise of any such Options in accordance with the terms and conditions of the 2023 Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options to be granted under the 2023 Share Option Scheme.

LETTER FROM THE BOARD

4. PROPOSED ADOPTION OF 2023 SHARE AWARD SCHEME

Background

As mentioned in the section “2. EXISTING SHARE SCHEMES” of this Letter from the Board, the 2008 Share Award Scheme has already expired on 5 February 2023. As of the Latest Practicable Date, all such awards granted under the 2008 Share Award Scheme which still remain outstanding arose from the grant made on 18 May 2021, where the Company granted (i) a total of 42,054,488 awards in the form of new Shares which are to be issued and allotted under the specific mandate approved by the Shareholders at the annual general meeting of the Company held on 2 June 2020 for issuance and allotment of new Shares pursuant to the 2008 Share Award Scheme (“**2021 New Shares Grant**”); and (ii) a total of 72,417,732 awards in the form of existing shares. For details, please refer to the announcement of the Company dated 19 May 2021.

As at the Latest Practicable Date, there were 37,001,744 awarded Shares which remained outstanding (i.e. granted but not vested), out of which 23,929,036 were in the form of existing Shares and 13,072,708 were in the form of new Shares. Save for those new Shares to be issued and allotted upon vesting pursuant to the terms of the 2021 New Shares Grant, no new Shares are available for issue under the 2008 Share Award Scheme.

The categories of holders of awards granted under the 2008 Share Award Scheme which remain outstanding as at the Latest Practicable Date are set out below:

Category of participants (Note 1)	Number of outstanding awards held as at the Latest Practicable Date
Directors	
<i>Executive Director</i>	
YAN Xiaolin	1,016,452
<i>Non-executive Directors</i>	
WANG Cheng	2,204,884
SUN Li	728,568
Chief executive	
ZHANG Shaoyong (<i>chief executive officer</i>)	1,469,922
Other employees of the Group	26,273,221
Employees of TCL Holdings and fellow subsidiaries and associated companies of the Company	1,268,850
Others (Note 2)	4,039,847
Total	37,001,744

LETTER FROM THE BOARD

Note 1:

For more meaningful disclosure and for the purpose of aligning with the categorisation under the amended Chapter 17 of the Listing Rules, information in the above table is presented in the manner that grantees have been categorised with reference to their capacity as at the Latest Practicable Date, into (i) employee participants; (ii) related entity participants; (iii) service providers (if any) and (iv) others who do not fall within the foregoing categories. In this connection, (i) "Other employees of the Group" are employees of the Group other than Directors and chief executives; (ii) "Employees of TCL Holdings and fellow subsidiaries and associated companies of the Company" corresponds to the related entity participants within the meaning of the amended Chapter 17 of the Listing Rules; and (iii) "Others" are participants which do not fall into the definition of employee participants, related entity participants or service providers under the amended Chapter 17 of the Listing Rules. For the avoidance of doubt, the Company has not granted any awarded share to any service provider under the 2008 Share Award Scheme. See also Note 2 regarding the scope of participants under the 2008 Share Award Scheme.

Note 2:

The outstanding share awards were granted under the 2008 Share Award Scheme, which has a wide scope of participants covering employees of the Group (including but not limited to directors, chief executives and supervisors), advisers, consultants, agents, contractors, clients or suppliers of any member of the Group, and any employees or officer of any affiliated company of the Company (i.e. TCL Technology (being the then ultimate controlling shareholder of the Company), its subsidiaries and companies which, in accordance with the generally accepted accounting principles in the PRC, is recorded as an affiliated companies in the financial statements of TCL Technology, which shall include any company in which TCL Technology is directly or indirectly interested in not less than 20% of its issued share capital) who has a managerial role in the affiliated company, whom the Board in its sole discretion considers may contribute or have contributed to the Group. Accordingly, as at the Latest Practicable Date, those grantees who were not (i) employees of the Group or (ii) employees of TCL Holdings and fellow subsidiaries and associated companies of the Company or (iii) service providers of the Group are categorised as "Others" in this table.

The Company proposes to adopt the 2023 Share Award Scheme, with terms prepared in line with the amended Chapter 17 of the Listing Rules. An ordinary resolution will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the adoption of the 2023 Share Award Scheme. As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the 2023 Share Award Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

As at the Latest Practicable Date, the Company had not granted and has no present intention to grant any Awards under the 2023 Share Award Scheme.

Conditions precedent of the 2023 Share Award Scheme

The 2023 Share Award Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of the necessary resolution to adopt the 2023 Share Award Scheme by the Shareholders in a general meeting of the Company and to grant authorities to the Board to grant Awarded Shares under the 2023 Share Award Scheme in accordance with the 2023 Share Award Scheme Rules; and
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares which may fall to be issued by the Company in respect of the Awards to be granted in accordance with the terms and conditions of the 2023 Share Award Scheme.

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An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued in respect of the Awards to be granted under the 2023 Share Award Scheme.

5. TERMS OF THE 2023 SHARE SCHEMES

A summary of the principal terms of the 2023 Share Option Scheme and the 2023 Share Award Scheme is set out in Appendix I and Appendix II to this circular respectively. The full provisions of the 2023 Share Option Scheme and the 2023 Share Award Scheme will be (i) published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://electronics.tcl.com>) for a period of 14 days from the date of this circular (both days inclusive); and (ii) made available for inspection at the EGM.

Purposes

The purposes of the 2023 Share Schemes are (i) to recognise and acknowledge the contributions of the Participants and to motivate Participants to contribute to, and promote the interests of, the Company by granting Options or Awards to them as incentives or rewards for their contributions to the growth and development of the Group; (ii) to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group; (iii) to develop, maintain and strengthen long-term relationships that the Participants may have with the Group for the benefit of the Group; and (iv) to align the interest of the Participants with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

Participants and the basis of determining the eligibility of Participants

The Participants of the 2023 Share Schemes

The Participants of the 2023 Share Option Scheme include the Employee Participants, the Related Entity Participants and the Service Providers.

The Participants of the 2023 Share Award Scheme include the Employee Participants, the Related Entity Participants and the Service Providers, to whom an Award may be made in the form of new Shares and/or existing Shares as determined by the Board, and provided that if and only if an Award is to be made in the form of existing Shares, Participant in respect of such Award shall also include Other Participants, i.e. any other person(s) whom the Board in its sole discretion considers may contribute or have contributed to the Group (including but not limited to employees and officers of any invested entities of the Company, of any affiliated entities of the Company and/or of any Service Provider).

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The Company has granted share options under the 2016 Share Option Scheme to the following Related Entity Participants (categorised by their identity as at the date of the respective grants) with details of the grants made since the adoption date of the 2016 Share Option Scheme up to the Latest Practicable Date as follows:

Date of grant	Category of grantee	Number of share options granted	Exercise price (HK\$)	Exercise Period	Number of share options that remain outstanding as at the Latest Practicable Date
2 June 2016	Directors and employees of then holding company(ies) of the Company	2,431,114	4.3860	Such share options were granted with different exercise periods commencing from 31 December 2016, 31 December 2017 and 31 December 2018 respectively, all ending on 1 June 2022	0
	Directors and employees of then fellow subsidiaries of the Company	668,511			0
25 April 2018	Directors and employees of then holding company(ies) of the Company	6,878,233	3.5700	Such share options were granted with different exercise periods commencing from 15 June 2018, 15 June 2019, and 15 June 2020, respectively, all ending on 24 April 2024	3,396,403
	Directors and employees of then fellow subsidiaries of the Company	5,355,339			1,710,013

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The Company has granted awards under the 2008 Share Award Scheme to the following Related Entity Participants (categorised by their identity as at the date of the respective grants) with details of the grants made since 25 June 2015 and up to the Latest Practicable Date as follows (*Note*):

Date of grant	Category of grantee	Number of awarded Shares graded	Vesting period of awarded Shares	Number of share awards that remain unvested as at the Latest Practicable Date
25 June 2015	Directors and employees of then holding company(ies) of the Company	1,200,366	Such awarded Shares were granted with different vesting dates scheduled on 31 December 2015, 31 December 2016 and 31 December 2017 respectively	0
	Directors and employees of then fellow subsidiaries of the Company	458,507		0
2 June 2016	Directors and employees of then holding company(ies) of the Company	1,032,899	Such awarded Shares were granted with different vesting dates scheduled on 31 December 2016, 31 December 2017 and 31 December 2018 respectively	0
	Directors and employees of then fellow subsidiaries of the Company	284,032		0
25 April 2018	Directors and employees of then holding company(ies) of the Company	1,951,831	Such awarded Shares were granted with different vesting dates scheduled on 15 June 2018, 15 June 2019 and 15 June 2020 respectively	0
	Directors and employees of then fellow subsidiaries of the Company	1,565,883		0
18 May 2021	Directors and employees of then fellow subsidiaries of the Company	1,266,050	Such awarded Shares were granted with different vesting dates scheduled on 20 June 2022, 20 June 2023 and 20 June 2024 respectively	379,816

Note: The Company has, by shareholders' approval at the extraordinary general meeting held on 11 August 2015, amended the 2008 Share Award Scheme to, among others, expand the scope of eligible participants thereunder from covering only selected employees to cover also advisers, consultants, clients or supplies of any member of the Group and employees or officers of the affiliated companies of the Company whom the Board in its sole discretion considers may contribute or have contributed to the Group. Further, on 25 June 2015 the Board resolved to conditionally grant certain awards on terms of the amended 2008 Share Award Scheme subject to approval of the aforesaid amendments. Hence the above breakdown relates to grants since 25 June 2015.

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The Board considers that the adoption and implementation of the 2023 Share Schemes will motivate more people to contribute to the Group's development. The 2023 Share Schemes, which allow grant by the Company of share-based incentive in the form of Options or Awarded Shares, will enable the Group to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group, and as such, it is in the interests of the Group as a whole that a wide scope of participants be eligible for the 2023 Share Schemes so as to incentivise them to contribute to the Group's growth and development. Furthermore, the Board considers that the Participants will share the same interests and objectives with the Group upon the grant of Options or Awarded Shares, which is in turn beneficial to the long-term development of the Group. In addition, the adoption of the 2023 Share Schemes is in line with modern commercial practice that full-time or part-time employees, directors, members of the management, advisers and consultants of the Group and the Shareholders be given incentives to work towards the goal of enhancing the enterprise value and attaining the long-term objectives of the Company for the benefit of the Group as a whole.

Over the years of business operation, the Company has recognised that there are individuals and/or entities albeit not being employees of the Group nor of the Related Entities nor a Service Provider of the Group which may have an important role in contributing to the success of the Group and the Company would also like to recognise and motivate their contributions by providing equity-linked rewards to align their economic interest with that of the Shareholders. In particular, some of the eligible participants under the 2008 Share Award Scheme do not fall within the scope of Employee Participants, Related Entity Participants or Service Providers. It is therefore proposed that the scope of Participants under the 2023 Share Award Scheme shall include not only the Employee Participants, the Related Entity Participants and the Service Providers, but also Other Participants; yet, to comply with the provisions of the prevailing Chapter 17 of the Listing Rules, any Award to be granted to an Other Participant will only be in the form of existing Shares.

The Company considers that, other than the Employee Participants, the Related Entity Participants and the Service Providers, those persons or entities falling under the scope of Other Participants such as particular key personnel of certain customers and suppliers of the Group, or employees of certain joint ventures of the Group (despite not being an associated company of the Company) may contribute or may have made contribution to the Group by way of their work done and/or services provided to the Group, or may contribute or may have indirectly contributed to the Group by way of their positions held and roles played. In particular, the Company considers that the individuals or entities falling within the scope of Other Participants, albeit not being employees of the Group nor of the Related Entities nor a Service Provider of the Group, could still have a vital role in contributing to the success of the Group. For example,

- (a) Employees of or designated by the Group to work at certain joint ventures in which the Group holds less than 20% interest may make direct contribution to the Group by way of their work done and/or services provided to such joint ventures and thereby safeguarding the Group's interest in the joint ventures, and/or enabling the Group to benefit from the synergy with such joint ventures. Especially, the Group may from time to time step into new territorial markets by establishing joint venture with local giants where the Group only holds a minority interest (e.g. less than 20%) in order to

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control risk and cost exposure. In such case, the employees designated by the Group to work or hold office at such joint venture play an important role, not only in looking after the Group's interest in the joint venture, but also enabling and facilitating the Group to develop its capacity and local network.

- (b) Suppliers and customers of the Group represent the upstream and downstream industries of the Group (including manufacturers of key components of the Group's products, and original design manufacturers which design and manufacture products for the Group) and hence fall in the same supply chain ecosystem with the Group. In the modern business world, entities within the same supply chain ecosystem, such as suppliers, manufacturers, distributors, retailers, and customers are highly collaborative and work closely together to create value by sharing resources, information, and expertise, which in turn helps businesses to stay agile, resilient, and innovative, allowing them to better respond to changing market conditions and customer expectations. Against such background, key personnel of these entities within the same supply chain ecosystem of the Group would directly or indirectly contribute to the Group by way of their positions held and roles played (including but not limited to research and development, business and client development, planning of sales strategy and offering of supporting services). As illustrations,
- (i) the Group from time to time cooperates with its suppliers and original design manufacturers in the research and development of new technologies, products and/or business models which may benefit the whole supply chain within the ecosystem, in which process the contribution of individual researchers of, among others, members of upstream and downstream industries is indispensable;
 - (ii) good environmental, social and governance ("ESG") practices of the Group require cooperation and contribution by all stakeholders across the supply chain, and it is therefore important for key personnel and employees of suppliers and customers to be willing to cooperate with the Group to implement good and effective ESG practices on the relevant suppliers and customers so as to enhance the ESG practices of the Group (such as lower carbon emission and energy consumption and hence reduction in cost);
 - (iii) the key personnel and employees of suppliers and customers of the Group may from time to time develop promotion and marketing campaign for the Group's products which in turn enhances the branding and goodwill of the Group, whereas sometimes the respective marketing teams of the Group and its suppliers and customers may work together to launch joint promotion campaign, through which the Group's marketing teams may learn from the marketing experience and expertise of the marketing staff of such suppliers and customers; and

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- (iv) numerous suppliers and customers of the Group are influential market leaders and giants, and the key personnel of such market leaders, by virtue of their positions therein, may take the lead and line up cooperation among the Group and other stakeholders, which may contribute to the Group by, for example, establishing connections thereby broadening the Group's clientele and business networks, introducing business opportunities and identifying new collaboration targets for the Group.

By including Other Participants under the 2023 Share Award Scheme, the Company will be able to recognise and incentivise such contribution of those Participants by way of Award in the form of existing Shares. It is the present intention of the Company that the targeted Selected Persons under the 2023 Share Award Scheme will be substantially the same as those under the 2008 Share Award Scheme.

The Group is currently exploring new areas for growth, pursuing a second growth curve, and continuously optimising the all-scenario smart living strategy in line with changing times, and the Board considers that the extensive scope of the eligible participants of the 2023 Share Award Scheme could give the Company the flexibility to motivate such Participants and to facilitate the future development of the Group.

Eligibility of Employee Participants

Employee Participants cover director(s) (including independent non-executive Directors) and employee(s) (whether full time or part time employees) of the Company and/or of any of its subsidiaries (including persons who are granted Awards or Options under the 2023 Share Schemes as an inducement to enter into employment contracts with these companies).

Having considered that (i) equity-based remuneration continues to be an important means of ensuring alignment between the interests of Shareholders and all Board members, including the independent non-executive Directors; (ii) independent non-executive Directors may provide crucial contributions to the Group's development and business in providing valuable insight and advice to the Company with their in-depth industry knowledge and professional background; and (iii) independent non-executive Directors should be adequately remunerated for the time and effort that they have committed in order to discharge their responsibilities, the Board believes the inclusion of independent non-executive Directors as eligible Employee Participants and the flexibility to grant Options or Awards to the independent non-executive Directors in addition to cash-based incentives will allow the Company to keep its remuneration package competitive in order to attract and retain talents. In addition, equity-based remuneration is an appropriate alternative form to cash remuneration because, as opposed to cash remuneration, the Company may set vesting period for any Options or Awards to be granted to any independent non-executive Director which in turn helps retain highly qualified independent non-executive Directors.

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The Board is of the view that the independence and impartiality of the independent non-executive Directors will not be impaired by any potential grant of the Options or Awards under the 2023 Share Schemes for the following reasons: (i) the independent non-executive Directors are required to comply with the independence requirement under Rule 3.13 of the Listing Rules; (ii) approval by independent Shareholders in the manner prescribed under Rule 17.04(4) of the Listing Rules will be required if any Option or Award is to be granted to independent non-executive Directors or any of their respective associates would result in the total number of Shares issued and to be issued in respect of the Options or Awards granted and to be granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue; (iii) the Remuneration Committee and the Board will consider whether the package offered to independent non-executive Directors may affect the independent non-executive Directors' objectivity and independence and it is contemplated that any equity-based remuneration that may be granted to any independent non-executive Director will make reference to the prevailing market benchmark as well as the time and effort devoted by the independent non-executive Director (taking into account the complexity and/or workload of the work that the relevant independent non-executive Director may be handling at that time) and such grant, if any, will only form part of (but not the integral of) the independent non-executive Director's remuneration package; and (iv) the Board will be mindful of the recommended best practice E.1.9 of the corporate governance code set out in Appendix 14 to the Listing Rules which recommends that issuers generally should not grant equity-based remuneration with performance-related elements to independent non-executive directors when considering any future grants of Options or Awards to the independent non-executive Directors.

As at the Latest Practicable Date, the Company has not formulated any concrete plan or intention to grant any Options or Awards to the independent non-executive Directors under the 2023 Share Schemes.

In assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including, among others, (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities; (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (iii) his/her contribution made or expected to be made to the growth of the Group; (iv) his/her length of engagement or employment with the Group; and (v) his/her educational and professional qualifications, and knowledge in the industry.

Eligibility of Related Entity Participants

In assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including, among others, (i) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits, an addition of expertise to the Group and/or other aspects in support of the development and/or growth of the Group's business; (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Related Entity Participant has established with the Group via its role and position held with the Related Entity; (iii) the number,

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scale and nature of the projects which promotes the business, development and growth of the Group in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increasing its market share; and (vi) the materiality and nature of the business relation between the Related Entity of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship.

Eligibility of Service Providers

The categories of Service Providers include agents, distributors, contractors, vendors, suppliers, advisers, consultants and service providers of any member of the Group who provide services (including but not limited to (i) business support services, being operational and management services relating to the ordinary and usual course of the Group's business and/or goods, including but not limited to logistics services, warehousing services, waste management services, processing services, planning and operation management services, sales optimisation services, after-sale and repair services, industry solution services and support services in relation to intelligent system and software provision services, etc.; and (ii) operation support services, being services relating to the Group's day-to-day operation, including but not limited to administrative services, financial management and supporting services, research and development services, natural resources management services, human resources services, business consultation and management services, market promotion services, information technology and internet support services and other relevant information technology related services, etc.) to the Group to support the Group's business activities for the time being (including but not limited to the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices, independent development of home internet services, and innovative business) and in the future.

Amongst the Service Providers eligible for the granting of Options or Awards:-

- (i) agents, distributors, contractors, vendors and suppliers are those that directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business, as their work are closely connected with various areas of the Group's day-to-day operations, including but not limited to the production, distribution and sales of raw materials for the manufacturing of consumer electronic products such as smart screens and mobile communication devices, and their performance will contribute to the operating performance and financial results of the Group; and

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- (ii) advisers, consultants and service providers are those who would play relevant roles in the Group's business development by contributing their specialised skills and knowledge in the business activities of the Group on a continuing and recurring basis, taking into account the industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the operational, business, financial or commercial areas of the Group that such advisers, consultants and service providers possess, such that their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are comparable to contributions of employees of the Group.

In assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others:

- (i) in respect of agents, distributors, contractors, vendors and suppliers, (a) the scale of the Service Provider's business dealings with the Group with regard to factors such as purchases or sales attributable to such Service Provider, the materiality and nature of such business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (b) the ability of the Service Provider to maintain the quality of services; (c) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (d) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects with regard to factors such as the actual or expected change in the Group's profits and/or income which is or may be attributable to the Service Provider's collaboration with the Group; (e) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and (f) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group; and
- (ii) in respect of advisers, consultants and other service providers, (a) the expertise, professional qualifications and industry experience of the Service Provider; (b) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (c) the materiality and nature of the business relationship of the Service Provider with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (d) the prevailing market fees chargeable by other services providers; (e) the Group's period of engagement of or collaboration with the Service Provider; and (f) the Service Provider's actual or potential contribution to the Group with regard to factors such as the actual or expected reduction in costs of the Group or increase in turnover or profit of the Group.

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In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length, type and nature of services and strategic benefit provided to the Group by such Service Provider, and the recurrences and regularity of such services, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

Eligibility of Other Participants

In assessing the eligibility of Other Participants, the Board will consider all relevant factors as appropriate, including, among others (i) the skills, knowledge, experience, expertise and other relevant personal qualities; (ii) the contribution made or expected to be made to the growth of the Group; (iii) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Other Participant on the Group's business development in terms of an increase in turnover or profits, an addition of expertise to the Group and/or other aspects in support of the development and growth of the Group's business; (iv) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Other Participant has established with the Group; (v) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Other Participant is involved; (vi) the materiality and nature of the relation between the Other Participant on the one hand and the Group on the other hand; and (vii) if the contribution of such Other Participant made or expected to be made to the Group is not as a result of his/her direct relationship with the Group but indirectly via his/her role held with other entities, the position held and role played by such Other Participant in such other entities and the materiality and nature of the relationship between such other entities and the Group.

Board's view

As part of the intelligent internet of things ecosystem and by making good use of economies of scale, the Group has been cooperating closely with Related Entities such as members of TCL Holdings Group in respect of sale and sourcing of products, provision and receipt of services and marketing. In the course of such cooperation, the staff members of TCL Holdings Group play fundamental roles by, among others, ensuring the quality of products and services provided to the Group, thereby contributing to synergy between the Group and TCL Holdings Group and supporting the business of the Group. Further, several key players in the industry which are listed on the Stock Exchange have also adopted share schemes with related entity participants (as defined under Chapter 17 of the Listing Rules) as eligible participants.

Considering (i) the Group's business model and human resources allocation strategy; (ii) that the Service Providers, Related Entity Participants and Other Participants have contributed and would contribute to the long-term growth of the Group's businesses; (iii) that the success of the Group requires the co-operation and contribution not only from its directors and employees, but also from various other parties who play an instrumental role in and make actual or potential contributions to the business and development of the Group; (iv) that certain Service Providers or Other Participants, in particular, the independent contractors, agents, consultants and/or advisers (and their employees), which provide services akin to employees of the Group, may not be able to

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directly serve as full-time or part-time employees of the Group; and (v) the factors which the Board will take into account in assessing the eligibility of Service Providers, Related Entity Participants and Other Participants are also highly linked to the actual or future contribution made by them to the Group, the Board is of the view that it would be in the Company's interest to also have the flexibility to grant Options to the Related Entity Participants and Service Providers and to grant Awards to Related Entity Participants, Service Providers and Other Participants in recognition of their contribution to the Company. Such arrangement also enables the Group to preserve its cash resources and use share-based incentives to encourage persons outside of the Group to contribute to the Group. The Directors (including the independent non-executive Directors) also consider that it is beneficial to include the Related Entity Participants, Service Providers and Other Participants since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Options and/or Awards to these non-employee Participants will align their interests with the Group's, incentivising them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run.

Therefore, the Board (including independent non-executive Directors) considers that the proposed categories of the Related Entity Participants, Service Providers and Other Participants are in line with the Company's business needs and the industry norm, desirable and necessary from a commercial perspective and help maintain and enhance the competitiveness of the Group. Through the grant of the Options and/or Awards, such Participants and the Group will have a common goal in the growth and development of the Group's business, and such Participants could participate in the future prospect of the Group and share the additional reward through their sustainable contribution.

Vesting Period

The Vesting Period in respect of any Options or Awarded Shares shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). However, to ensure the practicability in fully attaining the purpose of the 2023 Share Schemes, the Board and the Remuneration Committee are of the view that:

- (i) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the holders of the Options or Awarded Shares, such as those set out in the paragraphs headed "6. Vesting of Options" in Appendix I and "6. Vesting of Awarded Shares" in Appendix II to this circular;
- (ii) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain talents and experts to work for or provide services to the Group, for compliance and administrative purposes (which may include (but are not limited to) (a) Options or Awards that should have been granted earlier but had to wait for a subsequent batch to reduce administrative work and expenses of the Group; and (b) Options or Awards that should have been granted earlier but had to wait until inside information has been announced or until the end of the dealing prohibition period in relation to publication of financial results under Appendix 10 to the Listing Rules in order to comply with the rules of the 2023 Share Schemes, the Listing Rules and the relevant laws and regulations) or in exceptional circumstances where justified; and

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- (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions (including but not limited to attainment of financial targets such as increase in revenue or sales volume, which may be related to the relevant Participant or the Group as a whole or to a subsidiary, division, department, region, function or business unit of the Group) instead of time-based vesting criteria depending on individual circumstances, or such other time-based vesting criteria which effectively restricts a Participant's Options or Awarded Shares for at least 12 months.

Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in the paragraphs headed "6. Vesting of Options" in Appendix I and "6. Vesting of Awarded Shares" in Appendix II to this circular is in line with the market practice and is appropriate and aligns with the purpose of the 2023 Share Schemes.

Performance targets attached to Options or Awards

Unless otherwise determined by the Board and specified in the Offer or Grant Letter (as the case may be), there is no performance target that needs to be achieved before the exercise of an Option or vesting of Awarded Shares on a Participant, provided that:

- (i) In respect of any Participant who is a Director or senior manager of the Company, the Remuneration Committee may, or in respect of any other Participant, the Board or such committee of the Board authorised by the Board for such purpose may, establish performance targets against the attainment of which the Options or Awards granted to the Participants concerned. The Board (or, as the case may be, the Remuneration Committee or such committee of the Board authorised by the Board for such purpose) shall have the authority, after the grant of any Options or Awards which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the original performance targets and are considered fair and reasonable by the Board (or, as the case may be, the Remuneration Committee or such committee of the Board authorised by the Board for such purpose).

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- (ii) Proposed performance targets may include business, finance, operations and creation of capital, commercial and market value for the Group (such as increase in revenue and net profit) as well as that for the Participants based on individual performance indicators relevant to their roles and responsibilities, and are subject to the performance targets policies of the Company from time to time in place. The Board (or, as the case may be, the Remuneration Committee or such committee of the Board or such other person authorised by the Board for such purpose) will conduct assessment at the end of a performance period by comparing the relevant performance with the pre-agreed targets to determine whether and the extents to which the performance targets have been met.

The Board considers that it may not always be appropriate to impose performance target particularly when the purpose of granting Options or Awarded Shares is to remunerate or compensate employees for their routine work and services provided to the Group or for Related Entity Participants who do not work directly under the management or supervision of the Group in which case it may not be practicable to keep track of their performance. The Board may at its discretion specify any conditions (including performance targets (if any)) which must be satisfied before the Options or Awarded Shares may be exercised or vested. The Board believes that it is not practicable to expressly set out a generic set of performance targets in the 2023 Share Schemes, as each Participant will play different roles and contribute in different ways to the Group, and new performance targets may be taken into account and/or imposed depending on the development of the industry segment and the macro environment. Providing the Board with more flexibility in setting the terms and conditions of the Options or Awards under particular circumstances of each grant will facilitate the Board's aim to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

Clawback mechanism

For the purpose of the 2023 Share Schemes, clawback means the Company's overriding right, authority and power to recover or withhold the Options, Awarded Shares (and Related Distribution) and (in case such Option has been exercised) the underlying Shares issued and allotted to any Participant, which includes without limitation, (i) the return or repayment of all or a specified part of such Options, Awarded Shares (and Related Distribution) or any Shares fall to be issued and allotted upon exercise of such Option by such Participant; and/or (ii) the ceasing or variation of the Participant's entitlement to receive or be vested with all or a specified part of any such Options or Awarded Shares (and Related Distribution) which have not yet been vested in the Participant, or be issued and allotted with any Shares fall to be issued and allotted upon exercise of any such Option which has not yet been exercised by the Participant.

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The Company may exercise the clawback right in circumstances where, in the absolute opinion of the Board, it may be regarded as inequitable for any Options or Awarded Shares (together with the Related Distribution, if any) to be vested on, retained and/or (in case such Option has been exercised) the underlying Shares issued and allotted upon exercise of such Option be held by any Participant, including but not limited to where there has been a material misstatement or omission in the financial reports of the Group or if the relevant Participant has committed any fraud or serious misconduct. Without limiting the generality of the foregoing, any Option, Awarded Shares (together with the Related Distribution) and any Shares issued and fall to be issued upon exercise of any Option may be subject to clawback pursuant to the Company's policy on clawback, as amended from time to time.

The Board considers that the above clawback mechanism enables the Company to clawback such Options (or Shares issued upon exercise of Options) or Awarded Shares (together with the Related Distribution, if any) which are inequitable to be granted to or vested on the Participants, and is therefore in line with the purpose of the 2023 Share Schemes and in the interests of the Group and the Shareholders as a whole.

Basis of determination of exercise price of Options and purchase price of Awarded Shares

Grantees to whom Options shall be granted are entitled to subscribe for the number of Shares at the Subscription Price as determined on the Offer Date. The basis for determining the Subscription Price (i.e. the exercise price of Options) is also specified precisely in the 2023 Share Option Scheme Rules, which is summarised under the paragraph headed "10. Subscription Price for Options" in Appendix I to this circular. As the Subscription Price must be not less than the price stipulated in the Listing Rules, it is expected that Grantees will endeavour to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the Options, which in turn is expected to benefit the Company and the Shareholders as a whole.

The purchase price of the Awarded Shares (i.e. the price payable by a Selected Person to purchase the Awarded Shares), if any, shall be such price which shall be determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Person. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for Awarded Shares, while balancing the purpose of the Award and the interests of Shareholders.

Trustee(s) in respect of the 2023 Share Award Scheme

As at the Latest Practicable Date, the Company is still in the process of identifying suitable professional to act as the Trustee(s) for the 2023 Share Award Scheme, and has not yet formally engaged any Trustee(s). The Company is minded to engage professional trustee which has expertise in acting as the trustee for similar share award schemes of other listed issuers in Hong Kong to act as the Trustee(s) for the 2023 Share Award Scheme for better administration and operation. Accordingly, it is expected that the Trustee(s) and its ultimate beneficial owners will be independent third parties of the Company. Nevertheless, before appointment of any Trustee(s), the

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Company will conduct appropriate due diligence to ascertain and to obtain confirmation to ensure that the Trustee(s) and its/their ultimate beneficial owners shall be third parties independent of the Company and its connected persons. The Company will not make any Award under the 2023 Share Award Scheme until the Company has appointed the Trustee(s) for administration of the 2023 Share Award Scheme.

As contemplated under the 2023 Share Award Scheme, there could be more than one Trust if the Board in its sole and absolute discretion considers appropriate to segregate the trust assets for the benefit of different classes/categories of Selected Persons. It is the current intention of the Board to establish either one single Trust, or two separate Trusts (one for the benefits of Participants who are connected persons (including, among others, the Directors and directors of the subsidiaries of the Company and their associates) (“**Connected Person Trust**”) and another one for the benefit of Participants who are not connected persons (including, among others, employees of the Group and third party adviser, consultant and service providers) (“**Non-Connected Person Trust**”)) under the 2023 Share Award Scheme. The Company may appoint the same Trustee or different Trustees to administer the two Trusts, but in any event as set out in the 2023 Share Award Scheme Rules, each of the Trusts shall at all times be operated, administered and managed independently and separately from each other and the relevant Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the relevant Trust Deed respectively.

In the event that the Company establishes more than one Trust and appoints more than one Trustee to respectively administer the Trusts, for ease of management and administration, the Company is inclined to engage Trustees which are managed by or otherwise within the same group of professional trustee service provider, in which case the ultimate beneficial owner(s) of the Trustees may be identical or otherwise related to each other. Notwithstanding any possible overlapping of the ultimate beneficial owner(s) of the Trustees, each of the Trustees will be acting in its capacity as a professional trustee to administer the relevant Trust separately and independently from the other and the Trusts will remain as separate and distinct Trusts. The Company will conduct appropriate due diligence, obtain confirmation from the Trustees before formally engaging such Trustees and will take appropriate steps to comply with the relevant provisions of the Listing Rules as may be applicable from time to time. The Company will make further announcement if any Trustee is appointed for the purpose of the 2023 Share Award Scheme.

The Trustee(s) shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust(s) (including but not limited to the Awarded Shares, the Returned Shares and any bonus Shares and scrip Shares derived therefrom), unless otherwise required by law to vote in accordance with the beneficial owner(s)’ direction and such a direction is given.

Given the beneficiaries and/or objects of the Connected Person Trust involve core connected persons of the Company such as the Directors and directors of the subsidiaries of the Company, the Trustee under the Connected Person Trust will be regarded as a close associate of the core connected persons of the Company (as defined under Rule 1.01 of the Listing Rules) and hence the Shares held by the Trustee under the Connected Person Trust will not be regarded as “in public hands” (as defined under Rule 8.24 of the Listing Rules) for the purpose of maintaining the public

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float under Rule 13.32 of the Listing Rules. On the other hand, given the beneficiaries and/or objects of the Non-Connected Person Trust do not involve any core connected person of the Company, the Shares held by the Trustee of the Non-Connected Person Trust will be considered to be “in public hands” (as defined under Rule 8.24 of the Listing Rules) and hence will be regarded as public float. The 2023 Share Award Scheme Rules stipulates that in respect of the administration of the 2023 Share Award Scheme, the Company shall comply with all applicable laws, regulations and rules including but not limited to the Listing Rules and the Articles from time to time. Accordingly, the Company will take appropriate measures to ensure at least 25% of the Company’s total issued Shares are held by the public Shareholders from time to time, and the Company will not make any Award under the 2023 Share Award Scheme which will render the Company failing to maintain the public float requirement.

So far as implications under Chapter 14A of the Listing Rules are concerned, in respect of the Non-Connected Person Trust, the Trustee is not a connected person as none of the beneficiaries or beneficiary objects under the said Trust is connected person; in respect of the Connected Person Trust, given the beneficiaries and beneficiary objects are all connected persons, the Trustee thereof would fall into the definition of “connected person” under Chapter 14A of the Listing Rules. Nevertheless, the Company will comply with the requirements under Chapter 14A of the Listing Rules in respect of any potential transactions between the Company and the Trustee for the Connected Person Trust.

6. SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

Scheme Mandate Limit

Pursuant to Rule 17.03B(1) of the Listing Rules, the 2023 Share Award Scheme Rules and the 2023 Share Option Scheme Rules, the Scheme Mandate Limit, being the total number of Shares which may be allotted and issued in respect of all Options and Awards that may be granted under the 2023 Share Schemes and all share options and all share awards that may be granted under any Other Schemes existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of this limit by the Shareholders at a general meeting.

As at the Latest Practicable Date, there were 2,507,568,733 Shares in issue. Assuming that (a) no further Shares will be allotted, issued, repurchased or cancelled prior to the EGM and (b) the resolutions regarding the proposed adoption of the 2023 Share Schemes with the relevant scheme mandate limit are passed at the EGM, the total number of Shares which may be issued in respect of all Options and Awarded Shares that may be granted under the 2023 Share Schemes and all share options and all share awards that may be granted under any Other Schemes would be no more than 250,756,873 Shares, representing no more than 10% of the total number of Shares in issue as at the Adoption Date.

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Service Provider Sublimit

Pursuant to the 2023 Share Award Scheme Rules and the 2023 Share Option Scheme Rules, within the Scheme Mandate Limit, the Service Provider Sublimit, being the total number of Shares which may be allotted and issued in respect of all Options and Awards that may be granted to the Service Providers under the 2023 Share Schemes and all share options and all share awards that may be granted to the Service Providers under any Other Schemes existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of separate approval of this sub-limit by the Shareholders at a general meeting.

As at the Latest Practicable Date, there were 2,507,568,733 Shares in issue. Assuming that (a) no further Shares will be allotted, issued, repurchased or cancelled prior to the EGM and (b) the resolutions regarding the proposed adoption of the 2023 Share Schemes with the relevant service provider sublimit are passed at the EGM, the total number of Shares that may be issued in respect of all Options and Awards that may be granted under the 2023 Share Schemes and all share options and all share awards that may be granted under any Other Schemes to the Service Providers would be no more than 25,075,687 Shares, representing no more than 1% of the total number of Shares in issue as at the Adoption Date.

The Service Provider Sublimit is determined on the basis of, with reference to and having taken into account, among others, (i) the potential dilution effect arising from grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the 2023 Share Schemes and protecting the Shareholders from the dilution effect from granting a substantial amount of Options and Awarded Shares to the Service Providers; (iii) the extent of use of Service Providers in the Group's businesses, the current payment and/or settlement arrangement with the Service Providers; (iv) the actual or expected reduction in costs of the Group or increase in turnover or profit of the Group which is attributable to Service Providers, and the nature of the Service Providers' contribution to the long-term growth of the Group's core business and the future capital need of the Group; and (v) the fact that the Company expects that a majority of Options and Awards will be granted to the Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. Given the above, the Board considers that a Service Provider Sublimit of 1% would not lead to an excessive dilution of shareholding of the existing Shareholders.

Considering that there are currently no Other Schemes over or funded by new Shares other than the 2023 Share Schemes after the termination of the 2016 Share Option Scheme, and the Group's business model and human resources allocation strategy and contribution that have been made by the Service Providers to the long-term growth of the Company's businesses, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable given the Group's business needs, and such limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2023 Share Schemes.

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Refreshment of the Scheme Mandate Limit and Service Provider Sublimit

The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment. Any refreshment to the Scheme Mandate Limit or the Service Provider Sublimit within any respective three-year period must be approved by the Shareholders and subject to the following provisions:

- (a) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company must comply with the requirements under applicable provisions of the Listing Rules.

The total number of Shares which may be issued in respect of all Options and Awards to be granted under the 2023 Share Schemes, and share options or share awards to be granted under any Other Schemes under the Scheme Mandate Limit as refreshed (the “**New Scheme Mandate Limit**”) must not exceed 10% (and the Service Provider Sublimit as refreshed (“**New Service Provider Sublimit**”) shall not exceed 1%) of the issued Shares as at the date of Shareholders' approval of the New Scheme Mandate Limit (and New Service Provider Sublimit). Any Awards, Options, share options and share awards previously granted under the 2023 Share Schemes and any Other Schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of 2023 Share Schemes or any Other Schemes) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Mandate Limit (and New Service Provider Sublimit).

7. REASONS FOR AND BENEFITS OF THE ADOPTION OF THE 2023 SHARE SCHEMES

The Board proposes the adoption of the 2023 Share Schemes, which will be valid for 10 years from the Adoption Date. The purposes of the 2023 Share Schemes are (i) to replace the existing 2016 Share Option Scheme and the expired 2008 Share Award Scheme; (ii) to recognise and acknowledge the contributions of the Participants and to motivate Participants to contribute to, and promote the interests of, the Company by granting Options and Awards to them as incentives or rewards for their contributions to the growth and development of the Group; (iii) to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group; (iv) to develop, maintain and strengthen long-term relationships that the Participants may have with the Group for the benefit of the Group; and (v) to align the interest of the Participants with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

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The Group is principally engaged in the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices and independently develops home internet services. The Group is also pursuing a second growth curve by proactively developing its innovative business, such as its photovoltaic business and all-category marketing business. Equity compensation, including provision of long-term share-based incentives to participants including employees of members of the Group and of Related Entities, as well as Service Providers, is common among public companies. It is also in line with modern commercial practice for public companies to adopt parallel share-based incentive schemes to offer them with discretion to link the value of the companies with the interests of the participants thereunder, enabling those participants and the companies to develop together and promote the corporate culture of the companies.

8. EGM

The Company will convene the EGM at 8/F, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 3 November 2023, Friday at 2:30 p.m., at which resolutions will be proposed for the purposes of considering and, if thought fit, approving the resolutions set out in the notice of the EGM as set out on pages 73 to 77 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) to be put forward at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM or any adjournment or postponement thereof (as the case may be) in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned or postponed meeting should you so wish.

9. RECORD DATE

The record date (being the last date of registration of any transfer of Shares given there will be no closure of register of members) for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM will be on 30 October 2023, Monday. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 30 October 2023, Monday.

10. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolution(s) at the EGM will be conducted by way of poll.

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11. RECOMMENDATION

The Board (including independent non-executive Directors) considers that the proposed adoption of the 2023 Share Schemes together with the Scheme Mandate Limit and the Service Provider Sublimit, as well as the termination of the 2016 Share Option Scheme as mentioned above are in the interests of the Company and the Shareholders as a whole.

The Board (including independent non-executive Directors) also considers that the resolutions proposed in the notice of EGM are in the best interests of the Company and the Shareholders as a whole and therefore recommends you to vote in favour of all the relevant resolutions to be proposed at the EGM.

12. DOCUMENTS ON DISPLAY

Electronic copies of the following documents are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://electronics.tcl.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) 2023 Share Option Scheme Rules; and
- (b) 2023 Share Award Scheme Rules.

13. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material 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.

Yours faithfully,
On behalf of the Board
DU Juan
Chairperson

The following is a summary of the principal terms of the rules of the 2023 Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the 2023 Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the 2023 Share Option Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the 2023 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix I.

1. Purposes of the 2023 Share Option Scheme

The purposes of the 2023 Share Option Scheme are (i) to recognise and acknowledge the contribution of the Participants and to motivate Participants to contribute to, and promote the interests of, the Company by granting Options to them as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group; (iii) to develop, maintain and strengthen long-term relationships that the Participants may have with the Group for the benefit of the Group; and (iv) to align the interest of the Grantees with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

2. Participants and basis of determining the eligibility of Participants

The Participants of the 2023 Share Option Scheme include the Employee Participants, the Related Entity Participants and the Service Providers.

The categories of Service Providers include agents, distributors, contractors, vendors, suppliers, advisers, consultants and service providers of any member of the Group who provide services (including but not limited to (i) business support services, being operational and management services relating to the ordinary and usual course of the Group's business and/or goods, including but not limited to logistics services, warehousing services, waste management services, processing services, planning and operation management services, sales optimisation services, after-sale and repair services, industry solution services and support services in relation to intelligent system and software provision services, etc.; and (ii) operation support services, being services relating to the Group's day-to-day operation, including but not limited to administrative services, financial management and supporting services, research and development services, natural resources management services, human resources services, business consultation and management services, market promotion services, information technology and internet support services and other relevant information technology related services, etc.) to the Group to support the Group's business activities for the time being (including but not limited to the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices, independent development of home internet services, and innovative business) and in the future. Amongst the Service Providers,

APPENDIX I SUMMARY OF PRINCIPAL TERMS OF 2023 SHARE OPTION SCHEME

- (a) agents, distributors, contractors, vendors and suppliers are those that directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business, as their work is closely connected with various areas of the Group's day-to-day operations, including but not limited to the production, distribution and sales of raw materials for the manufacturing of consumer electronic products such as smart screens and mobile communication devices, and their performance will contribute to the operating performance and financial results of the Group; and
- (b) advisers, consultants and other service providers are those who would play relevant roles in the Group's business development by contributing their specialised skills and knowledge in the business activities of the Group on a continuing and recurring basis, taking into account the industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the operational, business, financial or commercial areas of the Group that such advisers, consultants and service providers possess, such that their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are comparable to contributions of employees of the Group.

The eligibility of any of the Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to the Participant's contribution to the development and growth of the Group. In assessing whether Option(s) is/are to be granted to any Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions which have been provided or could be provided by such Participant to the Group, the special skills or technical knowledge or experience possessed by them which is beneficial to the continuing development of the Group, the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) which such Participant has brought to or is likely to be able to bring to the Group's business, development and success and whether granting Options to such Participant is an appropriate incentive to motivate such Participant to continue to contribute towards the betterment of the Group.

- (a) In assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including, among others, (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities; (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (iii) his/her contribution made or expected to be made to the growth of the Group; (iv) his/her length of engagement or employment with the Group; and (v) his/her educational and professional qualifications, and knowledge in the industry.

- (b) In assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including, among others (i) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits, an addition of expertise to the Group and/or other aspects in support of the development and/or growth of the Group's business; (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Related Entity Participant has established with the Group via its role and position held with the Related Entity; (iii) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increasing its market share; and (vi) the materiality and nature of the business relation between the Related Entity of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship.

- (c) In assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others:
 - (i) in respect of agents, distributors, contractors, vendors and suppliers: (a) the scale of the Service Provider's business dealings with the Group with regard to factors such as purchases or sales attributable to such Service Provider, the materiality and nature of such business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (b) the ability of the Service Provider to maintain the quality of services; (c) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (d) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects with regard to factors such as the actual or expected change in the Group's profits and/or income which is or may be attributable to the Service Provider's collaboration with the Group; (e) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and (f) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group;

- (ii) in respect of advisers, consultants and service providers: (a) the expertise, professional qualifications and industry experience of the Service Provider; (b) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (c) the materiality and nature of the business relationship of the Service Provider with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (d) the prevailing market fees chargeable by other services providers; (e) the Group's period of engagement of or collaboration with the Service Provider; and (f) the Service Provider's actual or potential contribution to the Group with regard to factors such as the actual or expected reduction in costs of the Group or increase in turnover or profit of the Group; and
- (iii) In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length, type and nature of services and strategic benefit provided to the Group by such Service Provider, and the recurrences and regularity of such services, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

3. Scheme Mandate Limit and Service Provider Sublimit

- 3.1. Subject to refreshment and adjustment upon Share consolidation or subdivision, the maximum number of Shares which may be allotted and issued in respect of all Options to be granted under the 2023 Share Option Scheme, and all share options and all share awards to be granted under any Other Schemes (i.e. the Scheme Mandate Limit) must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, and the maximum number of Shares which may be allotted and issued in respect of all Options, all share options and all share awards to be granted to Service Providers under the 2023 Share Option Scheme and any Other Schemes (i.e. the Service Provider Sublimit) must not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date, unless the Company has obtained separate approval by Shareholders in general meeting.
- 3.2. For the purposes of calculating the Scheme Mandate Limit and Service Provider Sublimit, Shares which are the subject matter of any Options, any share options and share awards that have already lapsed in accordance with the respective terms of the 2023 Share Option Scheme and any Other Schemes shall not be regarded as utilised and hence shall not be counted for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

- 3.3. The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment, provided that the total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all share options and all share awards to be granted under any Other Schemes under the Scheme Mandate Limit as refreshed (the "**New Scheme Mandate Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such New Scheme Mandate Limit (and New Service Provider Sublimit). Shares which are subject matter of any Options, any share options and share awards previously granted under the 2023 Share Option Scheme and any Other Schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the 2023 Share Option Scheme or any Other Schemes) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Mandate Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Options, share options and share awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment.
- 3.4. Any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, subject to the following:
- (a) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules.
- 3.5. The requirements under paragraphs 3.4(a) and 3.4(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (or the New Scheme Mandate Limit, as the case may be) (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit (or the New Scheme Mandate Limit, as the case may be) immediately before the issue of securities, rounded to the nearest integral whole Share.
- 3.6. The Company may seek separate Shareholders' approval in general meeting to grant Options under the 2023 Share Option Scheme beyond the Scheme Mandate Limit (or the Service Provider Sublimit) or, if applicable, the refreshed limits, provided that:
- (a) the Options in excess of the Scheme Mandate Limit (or the Service Provider Sublimit) are granted only to Participants specifically identified by the Company before such approval is sought;

- (b) the Company must send a circular to the Shareholders containing the name of each specified Participant who may be granted such Options, the number and terms of the Options to be granted to each Participant, and the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose; and
 - (c) the number and terms of Options to be granted to such Participant must be fixed before the Shareholders' approval.
- 3.7. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit (or New Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the New Service Provider Sublimit, as the case may be) has been approved by Shareholders in general meeting, the maximum number of Shares that may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and all share options and share awards to be granted under any Other Schemes under the Scheme Mandate Limit (or New Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the New Service Provider Sublimit, as the case may be) as a percentage of the total number of the issued Share at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest integral whole Share.

4. Maximum entitlements to each Participant and Options granted to certain connected persons

- 4.1. The total number of Shares issued and to be issued in respect of all Options granted under the 2023 Share Option Scheme and all share options and all share awards granted under any Other Schemes (including both exercised or outstanding Options and share options and vested or outstanding share awards but excluding any Options, share options and share awards lapsed in accordance with the terms of the 2023 Share Option Scheme or such Other Scheme(s)) to each Participant in any 12-month period up to and including the relevant Offer Date shall not exceed 1% of the total number of Shares in issue (“**Individual Limit**”).
- 4.2. Where it is proposed that any Offer be made to a Participant which would result in the Shares issued and to be issued in respect of all Options or share awards granted and proposed to be granted to such Participant (including both exercised or outstanding Options and share options and vested or outstanding share awards but excluding any Options, share options and share awards lapsed in accordance with the terms of the 2023 Share Option Scheme or such Other Scheme(s)) to each Participant in any 12-month period up to and including the relevant proposed Offer Date exceeding the Individual Limit, such proposed further grant of Options shall be subject to and conditional upon the following conditions:
- (a) such proposed grant of Options having been separately approved by the Shareholders in general meeting of the Company with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting;

- (b) where required by the Listing Rules, the Company having first sent a circular to Shareholders within such time as may be specified in the Listing Rules disclosing such information required under the Listing Rules (which may include, where required, the identity of the Participant, the number and terms of the Options to be granted (and Options, share options or share awards previously granted to such Participant in the aforesaid 12-month period), the purpose of granting the Options to the Participant, an explanation as to how the terms of the Options serve such purpose); and
 - (c) the number and terms of such Options to be granted to such Participant having been fixed before the date on which Shareholders' approval on such grant is sought, and for this purpose, the date the Board resolved to propose such grant shall be taken as the Offer Date for the purpose of calculating the Subscription Price.
- 4.3. Each grant of Option(s) to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Options).
- 4.4. Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options granted under the 2023 Share Option Scheme and all share options and all share awards granted under any Other Schemes (including both exercised or outstanding Options and share options and vested or outstanding share awards but excluding any Options, share options and share awards lapsed in accordance with the terms of the 2023 Share Option Scheme or such Other Scheme(s)) to such person in the 12-month period up to and including the relevant Offer Date representing in aggregate over 0.1% of the Shares in issue, such further grant of Options shall be subject to and conditional upon the following conditions:
- (a) where required under the Listing Rules, the Company having sent a circular to the Shareholders containing details of the number and terms of the Options to be granted to each Participant, the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting, and/or such information as required under the Listing Rules within such time as may be specified in the Listing Rules; and
 - (b) where required under the Listing Rules, such grant of Options having been approved by the Shareholders in general meeting of the Company at which the Grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting, and the Company having complied with Rules 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules.

5. Offer and Acceptance of Options

5.1. The Board shall be entitled at any time within the Scheme Period to make an Offer to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the Subscription Price, provided that an Offer must not be made after an inside information has occurred or an inside information has been the subject of a decision, until such inside information has been duly published and announced. In particular, no Offer shall be made and no Options shall be granted during the period commencing one month immediately before the earlier of:

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

and ending on the date of the results announcement (and for the avoidance of doubt, no Offer shall be made and no Option shall be granted during any period of delay in publishing a results announcement). Further, no Offer shall be made and no Options shall be granted to any Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

5.2. The Board may in its absolute discretion specify such terms, conditions, restrictions and/or limitations as it thinks fit when making an Offer to a Participant (including, without limitation, as to any performance targets to be achieved as well as the minimum period that an Option must be held before such Option can be exercised on a case-by-case basis), provided that such terms, conditions, restrictions and/or limitations shall not be inconsistent with any other terms and conditions of the 2023 Share Option Scheme and the applicable laws, rules and regulations (including the Listing Rules).

5.3. Any Offer may be accepted within such period and in such manner specified in the Offer in respect of all or less than the number of Shares in respect of which it is offered provided that such lesser number is clearly stated in the acceptance and if the Board deems fit, may impose condition in the Offer that it may be accepted only in respect of a board lot for dealing in Shares on the Stock Exchange or an integral number thereof, in each case the acceptance must be accompanied by payment in favour of the Company of the Option Price (i.e. HK\$0.10 or such other amount as may be determined by the Board) as consideration for the Offer.

- 5.4. To the extent that an Offer is not accepted (whether in respect of all or less than the number of Shares in respect of which it is offered) within the time stated in the Offer for that purpose, it will be deemed to have been irrevocably declined, and hence lapse, in its entirety or to the extent not accepted (as the case may be).

6. Vesting of Options

The Vesting Period in respect of any Options shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Options granted to Employee Participants may be subject to a shorter Vesting Period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager of the Company, under any of the following circumstances:

- (a) grants of “make-whole” Options to a new Employee Participant to replace the share awards or share options that such Employee Participant forfeited when leaving his or her previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
- (c) grants of Options with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;
- (d) grants of Options that are made in batches during a year for administrative and compliance reasons;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months; and
- (f) grants of Options with a total vesting and holding period of more than 12 months.

7. Exercise of Options

- 7.1. An Option may be exercised in whole or in part by the Grantee by giving notice in writing to the Company stating that the Option is to be exercised and the number of Shares in respect of which it is exercised in such manner specified in the Offer, or by such other method as the Board may from time to time prescribe, accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given.

- 7.2. An Option may be exercised by the Grantee (or his Personal Representative(s)) at any time during the Option Period, provided that:
- (a) subject to paragraphs 7.2(e) and 8.1(c), where the Grantee (being an Employee Participant at the time of Offer) of an outstanding Option ceases to be an Employee Participant for any reason, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent exercisable but not already exercised) within one month (or such other period as the Board may determine) after the date of such cessation, which date of cessation shall be his last actual working day with the Company or any subsidiary of the Company whether salary is paid in lieu of notice or not, provided that if any of the events referred to in paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) occurs during such period, such outstanding Option may only be exercisable in such manner and within such period pursuant to paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) respectively;
 - (b) subject to paragraphs 7.2(c), 7.2(e) and 8.1(c), where the Grantee (being an Related Entity Participant at the time of Offer) of an outstanding Option ceases to be an Related Entity Participant for any reason, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent exercisable but not already exercised) within one month (or such other period as the Board may determine) after the date of such cessation, which date of cessation shall be his last actual working day with the Related Entity to which such Grantee is previously employed, holds directorship or office whether salary is paid in lieu of notice or not, provided that if any of the events referred to in paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) occurs during such period, such outstanding Option may only be exercisable in such manner and within such period pursuant to paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) respectively;
 - (c) where the Grantee (being a Related Entity Participant at the time of Offer) of an outstanding Option ceases to be a Related Entity Participant because the Related Entity to which such Grantee is employed, holds directorship or office ceases to be a Related Entity, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to his or her entitlement at the date of such cessation (to the extent exercisable but not already exercised) within such period determined by the Board and any Option not so exercised shall lapse at the end of such period, provided that if any of the events referred to in paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) occurs during such period, such outstanding Option may only be exercisable in such manner and within such period pursuant to paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) respectively;

- (d) where the Grantee of an outstanding Option (who is not an Employee Participant at the date of Offer) subsequently in the absolute opinion of the Board ceases to be qualified as a Participant by reason of termination of its relation with the Company or the relevant Related Entity or otherwise, then unless the Board shall in its sole and absolute discretion determine otherwise, any outstanding Options held by such Grantee shall lapse with immediate effect on the date when the Company notifies such Grantee of the relevant termination;

- (e) where the Grantee of an outstanding Option dies or for Grantee (being Employee Participant or Related Entity Participant at the date of Offer) otherwise ceases to be an Employee Participant or Related Entity Participant (as the case may be) by reason of physical or mental disability or incapacity or other event which, in the opinion of the Board, deprives him of his capacity to act (other than in the case of insolvency, bankruptcy or liquidation of the Grantee) before exercising the Option in full or at all and none of the events which would be a ground for termination of his employment or appointment as specified in paragraph 8.1(c) has arisen, then unless the Board shall in its sole and absolute discretion determine otherwise, the Option (to the extent exercisable but not already exercised) may be exercised up to the entitlement of such Grantee at the date of his death, physical or mental disability or incapacity or such other event by the Grantee or his Personal Representative(s) within twelve months after the date of death, physical or mental disability or incapacity or such other event (or such other period as the Board may determine), such date shall be ascertained and determined by the Board upon receipt of documentary evidence provided by the Personal Representative(s) to the satisfaction of the Board, provided that (i) in respect of any Options that may have met the earliest Vesting Date as stated in the Offer but have not been vested because the performance targets stated in the Offer have not been satisfied, the Board may (but not obliged to) by reference to the level of attainment of the prescribed performance targets and other equitable factors, determine that the Grantee or his Personal Representative(s) may exercise such Option in respect of such number of Shares and within such time as the Board may consider appropriate, such to any conditions or limitation as they may impose; and (ii) if any of the events referred to in paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) occurs during such period, such outstanding Option may only be exercisable in such manner and within such period pursuant to paragraphs 7.2(f), 7.2(g), 7.2(h) or 7.2(i) respectively;

- (f) whereby if there is a change of control of the Company leading to a general offer (whether by way of a takeover offer, share buyback offer, or scheme of arrangement or otherwise in the like manner, but other than a privatisation offer as stated in paragraphs 7.2(g) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and (i) in case of a scheme of arrangement, if the arrangement is formally proposed to the holders of the Shares prior to the expiry of the Option, or (ii) in any other cases, if such offer becomes or is declared unconditional prior to the expiry of the Option, then unless the Board shall in its sole

and absolute discretion determine otherwise, the Grantee (or his Personal Representative(s), as the case may be) may by notice in writing to the Company within 14 days after (i) in case of a scheme of arrangement, such scheme becoming effective, or (ii) in any other cases, such offer (or the revised offer) becoming or being declared unconditional (or such other period as the Board may in its sole and absolute discretion determine provided that such other period shall not exceed the expiry of the original Option Period) exercise the Option to its full extent or to the extent specified in such notice, notwithstanding that the Option Period in respect of the relevant Option may not have commenced, and for the purpose of this paragraph 7.2(f), “control” shall have the meaning as specified in the Takeovers Code from time to time;

- (g) if an offer to acquire and/or cancel the Shares arising from a privatisation proposal of the Company, whether by way of take-over offer, share buy-back offer, or scheme of arrangement or otherwise and whether or not involving a change of control of the Company, is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by such offeror and/or any person acting in association or concert with such offeror) and (i) in case of a scheme of arrangement, if the arrangement is formally proposed to the holders of the Shares prior to the expiry of the Option, or (ii) in any other cases, if such offer becomes or is declared unconditional prior to the expiry of the Option, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee (or his Personal Representatives) may thereafter (but before such time as shall be notified by the Company in writing not exceeding the expiry of the original Option Period) and in any case, before (i) in case of a scheme of arrangement, the latest time for lodging transfer of Shares in order to qualify for entitlements under such scheme of arrangement, or (ii) in any other case, the close of such offer (or any revised offer) by notice in writing to the Company exercise the Option to its full extent or to the extent specified in such notice notwithstanding that the Option Period may not have commenced at that time and for the purpose of this paragraph 7.2(g), “control” shall have the meaning as specified in the Takeovers Code from time to time;
- (h) in the event a compromise or arrangement between the Company on the one hand and its members and/or creditors on the other hand 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, the Company shall on the same date as or soon after it despatches such notice to each member of the Company summoning a meeting to consider such a compromise or arrangement give notice thereof to all Grantees and thereupon, unless the Board shall in its sole and absolute discretion determine otherwise, each Grantee (or his Personal Representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than 5 Business Days prior to the said proposed meeting of the Company by giving notice in writing to the Company whereupon the Company shall as soon as practicable as the circumstances allow and, in any event, no later than the Business Day immediately prior to the date of the proposed meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, and the Company may require

any Grantee (or his Personal Representative(s)) to transfer or deal with the Shares issued as a result of the exercise of Options in this circumstances so as to place the Grantee (or his Personal Representative(s)) in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement; and

- (i) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, unless the Board shall in its sole and absolute discretion determine otherwise, each Grantee (or his Personal Representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than 2 Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company whereupon the Company shall as soon as practicable as the circumstances allow and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

- 7.3. Subject to compliance with the applicable laws, rules and regulations (including the Listing Rules), the Board shall have the sole and absolute discretion to make any decision regarding the exercise of Option, notwithstanding the terms of the relevant Offer in respect of an Option and the provisions under paragraph 7.2.

8. Lapse of Options

- 8.1. The right to exercise an Option (to the extent not already exercised) shall terminate immediately upon the earliest of:
 - (a) the expiry of the Option Period (subject to any alteration pursuant to the provisions of these Scheme Rules subject to compliance with applicable laws, rules and regulations including the Listing Rules);
 - (b) the expiry of any of the periods referred to in paragraph 7.2 (except as otherwise determined by the Board);

- (c) the date on which (i) the Grantee (being an Employee Participant as at the date of Offer) ceases to be an Employee Participant or (ii) the Grantee (being an Related Entity Participant as at the date of Offer) ceases to be a Related Entity Participant, in each case by reason of the termination of his employment or other contract on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws, rules and regulations or under the Grantee's service contract with the Company or the relevant subsidiary of the Company or the relevant Related Entity(as the case may be);
- (d) the expiry of any period determined by the Board pursuant to paragraph 7.3;
- (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbers, or otherwise disposes of or creates any interest whatsoever in favour of any third party over or in relation to any Option or enters into any agreement so to do, in breach of the 2023 Share Option Scheme Rules;
- (f) in respect of the Grantee other than an Employee Participant or Related Entity Participant (whether individual or corporation), the date on which the Board at their sole and absolute discretion determines that such Grantee has breached or otherwise failed to comply with any provisions of the relevant contract entered into between the Grantee on the one part and any member of the Group on the other part, or that the Grantee has breached its fiduciary duty owed to any member of the Group under the common law, or that the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of cessation of its relations with the Group or for any other reasons whatsoever;
- (g) the non-fulfilment of or failure to comply with any conditions of Offer specified by the Board;
- (h) the date when the Board resolves to exercise the right to clawback pursuant to the Company's policy on clawback, as amended from time to time; or
- (i) the date on which the Option is cancelled.

8.2. For the avoidance of doubt,

- (a) transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group or seconded to a Related Entity and transfer of employment of a Grantee who is a Related Entity Participant from a Related Entity to another Related Entity or seconded to any member of the Group shall not be considered cessation of employment; and

- (b) any Grantee who is an Employee Participant or Related Entity Participant is on such leave of absence with prior approval by the directors of the relevant member of the Group or Related Entity is not to be considered cessation of employment of the Grantee.

9. Performance targets

Unless otherwise determined by the Board and specified in the Offer, there is no performance target that needs to be achieved before the exercise of an Option granted to a Grantee, provided that in respect of any Participant who is a Director or senior manager of the Company, the Remuneration Committee may, or in respect of any other Participant, the Board or such committee of the Board authorised by the Board for such purpose may, establish performance targets against the attainment of which the Options granted to the Participants concerned, and to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the original performance targets and are considered fair and reasonable.

Proposed performance targets may include business, finance, operations and creation of capital, commercial and market value for the Group (such as increase in revenue and net profit) as well as that for the Participants based on individual performance indicators relevant to their roles and responsibilities, and are subject to the performance targets policies of the Company from time to time in place. The Board (or, as the case may be, the Remuneration Committee, such committee of the Board or such other person authorised by the Board for such purpose) will conduct assessment at the end of a performance period by comparing the relevant performance with the pre-agreed targets to determine whether and the extents to which the performance targets have been met.

10. Subscription Price for Options

The Subscription Price (subject to the adjustments under paragraph 13) shall be a price determined by the Board and notified to a Participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

11. Rights attached to the Options

Any Share to be allotted and issued upon exercise of an Option shall not carry voting rights until the registration of the Grantee (or his Personal Representative(s) or Participant Vehicle, as the case may be) as the holder thereof in the register of members of the Company.

The Shares to be allotted upon the exercise of an Option shall be subject to the Company's memorandum of association and Articles and any applicable laws, rules and regulations (including the Listing Rules) for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue as at the date of allotment (or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members) and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment (or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

12. Duration and termination of the 2023 Share Option Scheme

The 2023 Share Option Scheme shall be effective from the Adoption Date and shall be valid and effective for the Scheme Period unless sooner terminated. The 2023 Share Option Scheme may be terminated at any time by the Board or by the Company by resolution in general meeting.

After the expiry or termination of the 2023 Share Option Scheme, no further Options shall be offered or granted thereunder, but in all other respects the provisions of the 2023 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting and exercise of any Options granted under the 2023 Share Option Scheme prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme Rules, and Options granted prior to such expiry or termination shall continue to be valid and exercisable in accordance with the 2023 Share Option Scheme Rules and their terms of grant.

13. Alteration of share capital

In the event of a capitalisation issue, bonus issue with price-dilutive element (as referred to in the Supplementary Guidance), rights issue, open offer with price-dilutive element (as referred to in the Supplementary Guidance), consolidation, subdivision or reduction of the share capital of the Company or such other event(s) as may be specified in the Listing Rules or the Supplementary Guidance from time to time under which an adjustment to the exercise or purchase price and/or the number of shares subject to options or awards granted under a share scheme of a listed issuer is allowed whilst any Option has been granted and remains exercisable, corresponding adjustments (if any) may be made to the following:

- 13.1. the number or nominal amount of Shares subject to any Option so far as such Option remains unexercised; and/or
- 13.2. the Subscription Price; and/or
- 13.3. in the manner as the members of the Board may deem appropriate,

provided that:

- (a) no such adjustments shall be made in respect of an issue of securities by the Company as consideration in a transaction;

- (b) any such adjustments must be made so that each Grantee is given the same proportion of the equity capital of the Company, rounded to the nearest integral whole Share, as that to which he was entitled immediately prior to the occurrence of such event of alteration in the capital structure of the Company;
- (c) no such adjustments shall be made which would result in the Subscription Price for a Share being less than its nominal value;
- (d) any such adjustments must be fair and reasonable having regard to the Supplementary Guidance and satisfy the requirements of the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange including the Supplementary Guidance;
- (e) any such adjustments, save as those made on a capitalisation issue, shall be confirmed by the Auditors or the independent financial adviser in writing to the members of the Board as satisfying the requirements of sub-paragraphs (b) and (c) above and the requirements of the relevant provisions of the Listing Rules; and
- (f) any such adjustments made pursuant to a subdivision or consolidation of share capital shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was immediately prior to the occurrence of such event of alteration in the capital structure of the Company.

14. Cancellation of Options

The Board in its absolute discretion may cancel an Option granted but not exercised with the approval of the grantee of such Option.

Options may be granted to a Participant in place of his cancelled Options provided that there are available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders from time to time. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

15. Transferability of Options

An Option shall be personal to the Grantee to whom it is made and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber, or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do, save for (i) exercise of Options by the Grantee's Personal Representative(s) or its nominee(s) pursuant to the provisions of the 2023 Share Option Scheme Rules; or (ii) the Board has expressly consented in writing and the Stock Exchange has given an express waiver.

16. Alteration of the 2023 Share Option Scheme and to the Options

16.1. The 2023 Share Option Scheme may be altered in any respect by the Board except that:

- (a) any alterations to the terms and conditions of the 2023 Share Option Scheme which are of a material nature including the provisions of the 2023 Share Option Scheme as to the definitions of “Participant”, “Employee Participant”, “Related Entity”, “Related Entity Participant”, “Service Providers” and “Grantee” must be approved by the Shareholders in general meeting;
- (b) any alterations to the provisions of the 2023 Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or prospective Grantees must be approved by the Shareholders in general meeting;
- (c) any change to the authority of the Board or the administrators of the 2023 Share Option Scheme to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in general meeting; and
- (d) no such alterations shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alterations except with the consent or sanction of such majority of the Grantees (calculated on the basis of one vote per Share underlying the Option(s) held by such Grantees for the time being), as would be required of the Shareholders under the Articles for the time being of the Company for a variation of the rights attached to the Shares as if the Options constituted a separate class of share capital and as if the provisions under the Articles for the time being of the Company applied *mutatis mutandis* thereto.

16.2. Notwithstanding any provisions contained in the 2023 Share Option Scheme Rules or any terms or conditions stated in the Offer but subject always to the applicable laws, rules and regulations including the Listing Rules, the Company may at any time and at its sole and absolute discretion alter the terms and conditions of the Options granted to a Participant, provided that any such alteration to the terms of Options granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in the manner set out in the Listing Rules (as the case may be) if the initial grant of the Options requires such approval (except where the change takes effect automatically under the existing terms of the 2023 Share Option Scheme).

16.3. The amended terms of the 2023 Share Option Scheme or the Options must comply with the relevant requirements of Chapter 17 of the Listing Rules.

17. Clawback

The Company may exercise the clawback right in circumstances where, in the absolute opinion of the Board, it may be regarded as inequitable for any Option to be vested on and/or (in case such Option has been exercised) the underlying Shares issued and allotted upon exercise of such Option be held by any Participant, including but not limited to where there has been a material misstatement or omission in the financial reports of the Group or if the relevant Participant has committed any fraud or serious misconduct. Without limiting the generality of the foregoing, any Option and any Shares issued and fall to be issued upon exercise of any Option may be subject to clawback pursuant to the Company's policy on clawback, as amended from time to time.

APPENDIX II SUMMARY OF PRINCIPAL TERMS OF 2023 SHARE AWARD SCHEME

The following is a summary of the principal terms of the rules of the 2023 Share Award Scheme. It does not form part of, nor is it intended to be part of the rules of the 2023 Share Award Scheme and it should not be taken as affecting the interpretation of the rules of the 2023 Share Award Scheme. The Directors reserve the right at any time prior to the EGM to make such amendments to the 2023 Share Award Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix II.

1. Purposes of the 2023 Share Award Scheme

The purposes of the 2023 Share Award Scheme are (i) to recognise and acknowledge the contribution of the Participants and to motivate Participants to contribute to, and promote the interests of, the Company by granting Awards to them as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group; (iii) to develop, maintain and strengthen long-term relationships that the Participants may have with the Group for the benefit of the Group; and (iv) to align the interest of the Selected Persons with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group.

2. Participants and basis of determining the eligibility of Participants

The Participants of the 2023 Share Award Scheme include the Employee Participants, the Related Entity Participants and the Service Providers, and provided that if and only if an Award is to be made in the form of existing Shares, Participant in respect of such Award shall also include Other Participants, i.e. any other person(s) whom the Board in its sole discretion considers may contribute or have contributed to the Group (including but not limited to employees and officers of any invested entities of the Company, of any affiliated entities of the Company and/or of any Service Provider).

The categories of Service Providers include agents, distributors, contractors, vendors, suppliers, advisers, consultants and other service providers of any member of the Group who provide services (including but not limited to (i) business support services, being operational and management services relating to the ordinary and usual course of the Group's business and/or goods, including but not limited to logistics services, warehousing services, waste management services, processing services, planning and operation management services, sales optimisation services, after-sale and repair services, industry solution services and support services in relation to intelligent system and software provision services, etc.; and (ii) operation support services, being services relating to the Group's day-to-day operation, including but not limited to administrative services, financial management and supporting services, research and development services, natural resources management services, human resources services, business consultation and management services, market promotion services, information technology and internet support services and other relevant information technology related services, etc.) to the Group to support the Group's business activities for the time being (including but not limited to the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices, independent development of home internet services, and innovative business) and in the future. Amongst the Service Providers,

APPENDIX II SUMMARY OF PRINCIPAL TERMS OF 2023 SHARE AWARD SCHEME

- (a) agents, distributors, contractors, vendors and suppliers are those that directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business, as their work is closely connected with various areas of the Group's day-to-day operations, including but not limited to the production, distribution and sales of raw materials for the manufacturing of consumer electronic products such as smart screens and mobile communication devices, and their performances will contribute to the operating performance and financial results of the Group; and
- (b) advisers, consultants and other service providers are those who would play relevant roles in the Group's business development by contributing their specialised skills and knowledge in the business activities of the Group on a continuing and recurring basis, taking into account the industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the operational, business, financial or commercial areas of the Group that such advisers, consultants and service providers possess, such that their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are comparable to contributions of employees of the Group.

The eligibility of any of the Participants for the grant of Award shall be determined by the Board from time to time on the basis of the Board's opinion as to the Participant's contribution to the development and growth of the Group. In assessing whether an Award is to be granted to any Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions which have been provided or could be provided by such Participant to the Group, the special skills or technical knowledge or experience possessed by them which is beneficial to the continuing development of the Group, the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) which such Participant has brought to or is likely to be able to bring to the Group's business, development and success and whether granting an Award to such Participant is an appropriate incentive to motivate such Participant to continue to contribute towards the betterment of the Group.

- (a) In assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including, among others (i) his/her skills, knowledge, experience, expertise and other relevant personal qualities; (ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (iii) his/her contribution made or expected to be made to the growth of the Group; (iv) his/her length of engagement or employment with the Group; and (v) his/her educational and professional qualifications, and knowledge in the industry.
- (b) in assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including, among others: (i) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits, an addition of expertise to the Group and/or other aspects in support of the development and/or growth of the Group's business; (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship

the Related Entity Participant has established with the Group via its role and position held with the Related Entity; (iii) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increasing its market share; and (vi) the materiality and nature of the business relation between the Related Entity of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship.

- (c) In assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others:
- (i) In respect of agents, distributors, contractors, vendors and suppliers: (a) the scale of the Service Provider's business dealings with the Group with regard to factors such as purchases or sales attributable to such Service Provider, the materiality and nature of such business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (b) the ability of the Service Provider to maintain the quality of services; (c) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (d) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects with regard factors such as the actual or expected change in the Group's profits and/or income which is or may be attributable to the Service Provider's collaboration with the Group; (e) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and (f) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group;
 - (ii) In respect of advisers, consultants and service providers: (a) the expertise, professional qualifications and industry experience of the Service Provider; (b) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (c) the materiality and nature of the business relationship of the Service Provider with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (d) the prevailing market fees chargeable by other services providers; (e) the Group's period of engagement of or collaboration with the Service Provider; and (f) the Service Provider's actual or potential contribution to the Group with regard to factors such as the actual or expected reduction in costs of the Group or increase in turnover or profit of the Group; and

- (iii) In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length, type and nature of services and strategic benefit provided to the Group by such Service Provider, and the recurrences and regularity of such services, and whether such services form part of or are directly ancillary to the businesses conducted by the Group.

- (d) In assessing the eligibility of Other Participants, the Board will consider all relevant factors as appropriate, including, among others: (i) the skills, knowledge, experience, expertise and other relevant personal qualities; (ii) the contribution made or expected to be made to the growth of the Group; (iii) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Other Participant on the Group's business development in terms of an increase in turnover or profits, an addition of expertise to the Group and/or other aspects in support of the development and growth of the Group's business; (iv) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Other Participant has established with the Group; (v) the number, scale and nature of the projects which promote the business, development and group growth of the Group in which the Other Participant is involved; (vi) the materiality and nature of the relation between the Other Participant on the one hand and the Group on the other hand; and (vii) if the contribution of such Other Participant made or expected to be made to the Group is not as a result of his/her direct relationship with the Group but indirectly via his/her role held with other entities, the position held and role played by such Other Participant in such other entities and the materiality and nature of the relationship between such other entities and the Group.

3. Scheme Mandate Limit and Service Provider Sublimit

- 3.1. Subject to refreshment and adjustment upon Share consolidation or subdivision, the maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under the 2023 Share Award Scheme, and all share options and all share awards to be granted under any Other Schemes (i.e. the Scheme Mandate Limit) must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, and the maximum number of Shares which may be allotted and issued in respect of all Awards, all share options and all share awards to be granted to Service Providers under the 2023 Share Award Scheme and any Other Schemes (i.e. the Service Provider Sublimit) must not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date, unless the Company has obtained separate approval by Shareholders in general meeting.

- 3.2. For the purposes of calculating the Scheme Mandate Limit and Service Provider Sublimit, Awards, any share options and share awards that have already lapsed in accordance with the respective terms of the 2023 Share Award Scheme and any Other Schemes shall not be regarded as utilised and hence shall not be counted for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

- 3.3. The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment, provided that the total number of Shares which may be issued in respect of all Awards to be granted under the 2023 Share Award Scheme and all share options and all share awards to be granted under any Other Schemes under the Scheme Mandate Limit as refreshed (the "**New Scheme Mandate Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such New Scheme Mandate Limit (and New Service Provider Sublimit). Any Awards, any share options and share awards previously granted under the 2023 Share Award Scheme and any Other Schemes (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the 2023 Share Award Scheme or any Other Schemes) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Mandate Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Awards, share options and share awards that are already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment.
- 3.4. Any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, subject to the following:
- (a) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules.
- 3.5. The requirements under paragraphs 3.4(a) and 3.4(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (or the New Scheme Mandate Limit, as the case may be) (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit (or the New Scheme Mandate Limit, as the case may be) immediately before the issue of securities, rounded to the nearest integral whole Share.
- 3.6. The Company may seek separate Shareholders' approval in general meeting to grant Awards under the 2023 Share Award Scheme beyond the Scheme Mandate Limit (or the Service Provider Sublimit) or, if applicable, the refreshed limits, provided that:
- (a) the Awards in excess of the Scheme Mandate Limit (or the Service Provider Sublimit) are granted only to Participants specifically identified by the Company before such approval is sought;

- (b) the Company must send a circular to the Shareholders containing the name of each specified Participant who may be granted such Awards, the number and terms of the Awards to be granted to each Participant, and the purpose of granting Awards to the specified Participants with an explanation as to how the terms of the Awards serve such purpose; and
 - (c) the number and terms of Awards to be granted to such Participant must be fixed before the Shareholders' approval.
- 3.7 If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit (or New Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the New Service Provider Sublimit, as the case may be) has been approved by Shareholders in general meeting, the maximum number of Awarded Shares that may be issued in respect of all Awards to be granted under the 2023 Share Award Scheme and all share options and share awards to be granted under any Other Schemes under the Scheme Mandate Limit (or New Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the New Service Provider Sublimit, as the case may be) as a percentage of the total number of the issued Share at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest integral whole Share.

4. Maximum entitlements to each Participant and Awards granted to certain connected persons

- 4.1. The total number of Shares issued and to be issued in respect of all Awards granted under the 2023 Share Award Scheme and all share options and all share awards granted under any Other Schemes (including both exercised or outstanding share options and vested or outstanding Awarded Shares and share awards but excluding any Awards, share options and share awards lapsed in accordance with the terms of the 2023 Share Award Scheme or such Other Scheme(s)) to each Participant in any 12-month period up to and including the relevant date of grant shall not exceed 1% of the total number of Shares in issue ("**Individual Limit**").
- 4.2. Where it is proposed that any grant of Awards be made to a Participant which would result in the Shares issued and to be issued in respect of all Awards, share options or share awards granted and proposed to be granted to such Participant (including both exercised or outstanding share options and vested or outstanding Awarded Shares and share awards but excluding any Awards, share options and share awards lapsed in accordance with the terms of the 2023 Share Award Scheme or such Other Scheme(s)) to each Participant in any 12-month period up to and including the relevant proposed date of grant exceeding the Individual Limit, such proposed further grant of Awards shall be subject to and conditional upon the following conditions:
- (a) such proposed grant of Awards having been separately approved by the Shareholders in general meeting of the Company with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting; and

- (b) where required by the Listing Rules, the Company having first sent a circular to Shareholders within such time as may be specified in the Listing Rules disclosing such information required under the Listing Rules (which may include, where required, the identity of the Participant, the number and terms of the Awards to be granted (and Awards, share options or share awards previously granted to such Participant in the aforesaid 12-month period), the purpose of granting the Awards to the Participant, an explanation as to how the terms of the Awards serve such purpose).
- 4.3. Each grant of Award(s) to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Select Person of the Awards).
- 4.4. Where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all Awards and awards granted (excluding any Awards and awards lapsed in accordance with the terms of the 2023 Share Award Scheme or any Other Schemes) to such Selected Person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued Shares, such further grant of Awards shall be subject to and conditional upon the conditions set out in paragraph 4.6.
- 4.5. Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Awards granted under the 2023 Share Award Scheme and all share options and all share awards granted under any Other Schemes (including both exercised or outstanding share options and vested or outstanding Awarded Shares and share awards but excluding any Awards, share options and share awards lapsed in accordance with the terms of the 2023 Share Award Scheme or such Other Scheme(s)) to such person in the 12-month period up to and including the relevant date of grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Awards shall be subject to and conditional upon the conditions set out in paragraph 4.6.
- 4.6. The conditions referred to in paragraphs 4.4 and 4.5 are:
 - (a) where required under the Listing Rules, the Company having sent a circular to the Shareholders containing details of the number and terms of the Awards to be granted to each Selected Person, the views of the independent non-executive Directors (excluding any independent non-executive Director who is the Selected Person of the Awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and its Shareholders as a whole, and their recommendation to the independent Shareholders as to voting, and/or such information as required under the Listing Rules within such time as may be specified in the Listing Rules; and

- (b) where required under the Listing Rules, such grant of Awards having been approved by the Shareholders in general meeting of the Company at which the Selected Person, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting, and the Company having complied with Rules 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules.

5. Offer and Acceptance of Awards

5.1. The Board shall be entitled at any time within the Scheme Period to select any Selected Person(s) and determine the number of Awarded Shares for each of them and the purchase price (i.e. the price payable by a Selected Person to purchase the Awarded Shares) (if any) payable by the Selected Person per Awarded Share, provided that an Award must not be made after an inside information has occurred or an inside information has been the subject of a decision, until such inside information has been duly published and announced. In particular, no Award shall be made or granted during the period commencing one month immediately before the earlier of:

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

and ending on the date of the results announcement (and for the avoidance of doubt, no Award shall be made or granted during any period of delay in publishing a results announcement). Further, no Award shall be made or granted to any Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company. No instructions to acquire Shares shall be given to the relevant Trustee, no acquisition shall be carried out by the Trustee, and no new Shares shall be allotted and issued under the 2023 Share Award Scheme during the aforesaid period.

5.2. The Board is entitled to specify such terms and impose any conditions, restrictions and/or limitations (including, without limitation, where the Board considers appropriate, a period of continuous service within the Group after the Grant Date, any performance targets to be achieved as well as the vesting period of Awarded Shares on a case-by-case basis), as it deems appropriate with respect to the entitlement of the Selected Person to the Awarded Shares and the Related Distributions, provided that such terms, conditions, restrictions and/or limitations shall not be inconsistent with any other terms and conditions of the 2023 Share Award Scheme and the applicable laws, rules and regulations (including the Listing Rules).

- 5.3. A Grant Letter shall be given to the Selected Person for each grant of Award. The Award to be granted is subject to acceptance of the Selected Persons within the time as stipulated in the Grant Letter. An Award which has not been accepted by the Selected Person shall lapse forthwith and any Awarded Shares under such Award shall become Returned Shares.
- 5.4. The purchase price of the Awarded Shares (i.e. the price payable by a Selected Person to purchase the Awarded Shares), if any, shall be such price which shall be determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the Award and the characteristics and profile of the Selected Person. Where there is a purchase price, the Grant Letter shall set out the period within which payments for such purchase price must be made.

6. Vesting of Awarded Shares

The Vesting Period in respect of any Awarded Share shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Awards granted to Employee Participants may be subject to a shorter Vesting Period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager of the Company, under any of the following circumstances:

- (a) grants of “make-whole” Awards to a new Employee Participant to replace the share awards or share options that such Employee Participant forfeited when leaving his or her previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
- (c) grants of Awards with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;
- (d) grants of Awards that are made in batches during a year for administrative and compliance reasons;
- (e) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; and
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

7. Lapse of Awards

- 7.1. In the event that prior to or on the Vesting Date, any or more of the following event (each of these, an event of “**Total Lapse**”) occurs:
- (a) where the Selected Person (being an Employee Participant as at the Grant Date) ceases to be an Employee Participant (whether by reason of termination of employment, death, mental or physical disability, incapacity or otherwise); or
 - (b) where the Selected Person (being a Related Entity Participant as at the Grant Date) ceases to be a Related Entity Participant (whether by reason of termination of employment, death, mental or physical disability, incapacity or otherwise); or
 - (c) where the Selected Person sells, transfers, charges, mortgages, encumbers, or otherwise disposes of or creates any interest whatsoever in favour of any third party over or in relation to either the Reference Amount or the Awarded Shares (and/or the Related Distributions, if any) referable to him pursuant to such Award or any of the Returned Shares and/or Further Shares or enters into any agreement so to do, in breach of the 2023 Share Award Scheme Rules; or
 - (d) in respect of the Selected Person being a Service Provider as at the Grant Date (whether individual or corporation), where the Board at its sole and absolute discretion determines that such Selected Person has breached or otherwise failed to comply with any provisions of the relevant contract entered into between the Selected Person on the one part and any member of the Group on the other part, or that the Selected Person has breached its fiduciary duty owed to any member of the Group under the common law, or that the Selected Person could no longer make any contribution to the growth and development of any member of the Group by reason of cessation of its relationships with the Group or for any other reasons whatsoever; or
 - (e) in respect of the Selected Person (being an Other Participant as at the Grant Date), where the Board at its sole and absolute discretion determines that such Selected Person could no longer make any contribution to the growth and development of any member of the Group by reason of cessation of its relationships with the Group or for any other reasons whatsoever; or
 - (f) the relevant Selected Person fails to satisfy any or more of the vesting conditions such as the performance target(s) or such other condition(s) as set out in the Grant Letter; or
 - (g) the Selected Person has, prior to the Vesting Date, become bankrupt or failed to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally; or

- (h) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or
- (i) where the Board is of the view that an Award is subject to clawback in its entirety and that the Board resolves to exercise the right to clawback pursuant to the Company's policy on clawback, as amended from time to time,

then unless the Board in its sole and absolute discretion determines otherwise, the Award shall automatically lapse forthwith and all the Awarded Shares of such Award (and, if applicable, the Related Distributions) shall not vest on the relevant Vesting Date and such Awarded Shares shall become Returned Shares whereas the Related Distributions (if any) shall be treated as Returned Shares and Cash Income (as the case may be) for the purposes of the 2023 Share Award Scheme.

7.2. In the event that prior to or on the Vesting Date, any or more of the following event (each of these, an event of "**Partial Lapse**") occurs:

- (a) a Selected Person is found to be an Excluded Person; or
- (b) a Selected Person fails to return duly executed transfer documents (if any) or other documents prescribed by the relevant Trustee for the relevant Awarded Shares within the stipulated period; or
- (c) where the Board is of the view that part of the Award is subject to clawback and that the Board resolves to exercise the right to clawback pursuant to the Company's policy on clawback, as amended from time to time; or
- (d) where the Company forfeits certain number of the Awarded Shares and the Related Distributions in accordance with the 2023 Share Award Scheme Rules in relation to payment of tax by the Company for and on behalf of the Selected Person; or
- (e) where the Selected Person surrenders the Award by written confirmation to the Company,

then unless the Board in its sole and absolute discretion determines otherwise, the relevant part of the Award (or such part of Award as determined by the Board in its sole and absolute discretion) made to such Selected Person shall automatically lapse forthwith and the relevant portion of Awarded Shares (and, if applicable, the corresponding portion of the Related Distributions) shall not vest on the relevant Vesting Date and such portion of the Awarded Shares shall become Returned Shares whereas such portion of the Related Distributions (if any) shall be treated as Returned Shares and Cash Income (as the case may be) for the purposes of the 2023 Share Award Scheme.

7.3. If an Award (or any part thereof) lapses solely because the Selected Person is found to be an Excluded Person prior to or on the Vesting Date, unless otherwise determined by the Board in its sole and absolute discretion, the Company may (but is not obliged to) pay the Selected Person in cash an amount equal to the sum of the closing price of the Shares under the relevant Award which should have been so vested upon such Selected Person but for his being found to be an Excluded Person as quoted on the Stock Exchange as at the Grant Date (or in such other amount or in such other manner as agreed between the Company and the relevant Selected Person in writing). Such Awarded Shares which have not been so vested upon such Selected Person shall become Returned Shares of the 2023 Share Award Scheme which shall be dealt with in accordance with the 2023 Share Award Scheme Rules. The Board, in exercising its discretion, may determine that nil amount is to be paid to the Selected Person.

7.4. For the purpose of paragraphs 7.1 and 7.2:

- (a) transfer of employment or secondment of a Selected Person who is an Employee Participant from one member of the Group to another member of the Group or to a Related Entity and transfer of employment or secondment of a Selected Person who is a Related Entity Participant from a Related Entity to another Related Entity or to any member of the Group shall not be considered cessation of employment;
- (b) if a Selected Person being an Employee Participant or a Related Entity Participant is granted an Award in the form of existing Shares, so far as such Award is concerned, transfer of employment or secondment of such Selected person to other entities at the request of either the Company, the relevant member of the Group or the relevant Related Entity (as the case may be) shall not be considered cessation of employment, provided that such Selected person can still fall within the definition of Other Participant; and
- (c) any Selected Person who is an Employee Participant or Related Entity Participant is on such leave of absence with prior approval by the directors of the relevant member of the Group or Related Entity is not to be considered cessation of employment of the Selected Person.

8. Performance targets

Unless otherwise determined by the Board and specified in the Grant Letter, there is no performance target that needs to be achieved before the vesting of Awarded Shares on a Selected Person, provided that in respect of any Selected Person who is a Director or senior manager of the Company, the Remuneration Committee may, or in respect of any other Selected Person, the Board or such committee of the Board authorised by the Board for such purpose may, establish performance targets against the attainment of which the Awards granted to the Selected Person concerned, and to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the original performance targets and are considered fair and reasonable.

Proposed performance targets may include business, finance, operations and creation of capital, commercial and market value for the Group (such as increase in revenue and net profit) as well as that for the Selected Persons based on individual performance indicators relevant to their roles and responsibilities, and are subject to the performance targets policies of the Company from time to time in place. The Board (or, as the case may be, the Remuneration Committee, such committee of the Board or such other person authorised by the Board for such purpose) will conduct assessment at the end of a performance period by comparing the relevant performance with the pre-agreed targets to determine whether and the extents to which the performance targets have been met.

9. Rights attached to the Awards

A Selected Person shall only have a contingent interest in the Awarded Shares (and, if applicable, the Related Distributions) which are referable to him subject to the vesting of such Awarded Shares (and, if applicable, the Related Distributions) in accordance with the terms and conditions as set out in the Grant Letter, and in no circumstance shall a Selected Person have any contingent interest in any Cash Income derived from the Awarded Shares referable to him other than (if and to the extent applicable) the Related Distributions.

A Selected Person shall have no rights in the Residual Cash, any of the Returned Shares or the interest, if any, accrued on the Related Distributions.

No instructions may be given by a Selected Person to the relevant Trustee in respect of the Awarded Shares that have not vested, the Related Distributions and such other properties of the Trust Funds managed by the relevant Trustee.

The Trustee (or each of the Trustees if there are more than one Trustee appointed for the 2023 Share Award Scheme) shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any) (including but not limited to the Awarded Shares, the Returned Shares and any bonus Shares and scrip Shares derived therefrom), unless otherwise required by law to vote in accordance with the beneficial owner(s)' direction and such a direction is given.

Any Awarded Shares transferred to a Selected Person will be subject to the Company's memorandum of association and Articles and any applicable laws, rules and regulations (including the Listing Rules) for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue as at the date of the transfer (or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members), and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of transfer (or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of transfer.

10. Duration and termination of the 2023 Share Award Scheme

The 2023 Share Award Scheme shall be effective from the Adoption Date and shall be valid and effective for the Scheme Period unless sooner terminated. The 2023 Share Award Scheme may be terminated at any time by the Board or by the Company by resolution in general meeting.

After the expiry or termination of the 2023 Share Award Scheme, no further Award shall be offered or granted under the 2023 Share Award Scheme, but in all other respects the provisions of the 2023 Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Awarded Shares (together with, if applicable, the Related Distributions) granted under the 2023 Share Award Scheme prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Share Award Scheme, and the Awarded Shares (together with, if applicable, the Related Distributions) which are granted and subsisting under the 2023 Share Award Scheme prior to such expiry or termination shall continue to be in full force and effect in accordance with the 2023 Share Award Scheme and their terms of grant.

11. Alteration of share capital

In the event the Company undertakes a capitalisation issue, bonus issue with price-dilutive element (as referred to in the Supplementary Guidance), rights issue, open offer with price-dilutive element (as referred to in the Supplementary Guidance), consolidation, subdivision or reduction of the share capital of the Company, corresponding adjustments (if any) may be made to the number of the then outstanding Awarded Shares or in the manner as members of the Board may deem appropriate, provided that:

- (a) no such adjustments shall be made in respect of an issue of securities by the Company as consideration in a transaction;
- (b) any such adjustments must give a Selected Person the same proportion of the equity capital, rounded to the nearest integral whole share, as that to which that person is previously entitled immediately prior to the occurrence of such event of alteration in the capital structure of the Company as referred to in this paragraph;
- (c) no such adjustments may be made to the extent that a Share would be issued at less than its nominal value;
- (d) any such adjustments, save as those made on a capitalisation issue, shall be confirmed by the Auditors or the independent financial adviser in writing to the Board as satisfying the requirements of paragraphs (b) and (c) above and the requirements of the relevant provisions of the Listing Rules; and
- (e) all fractional Shares arising from such consolidation or subdivision in respect of the Awarded Shares of a Selected Person shall be deemed as Returned Shares for the purposes of the 2023 Share Award Scheme and shall not be transferred to the relevant Selected Person on the relevant Vesting Date.

12. Cancellation of Awards

The Board in its sole discretion may cancel an Award granted but remained unvested with the approval of the relevant Selected Person in respect of such Award.

Awards may be granted to a Participant in place of his cancelled Awards provided that there are available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders from time to time. The Awarded Shares cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

13. Transferability of the Awards

An Award shall be personal to the Selected Person to whom it is made and shall not be assignable nor transferable, and no Selected Person shall in any way sell, transfer, charge, mortgage, encumber, or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to either the Reference Amount or the Awarded Shares (and/or the Related Distributions, if any) referable to him pursuant to such Award or any of the Returned Shares and/or Further Shares or enter into any agreement so to do, save and except for (i) vesting of Awarded Shares on the Personal Representative(s) or its nominee(s) pursuant to the provisions of 2023 Share Award Scheme; or (ii) the Board has expressly consented in writing and the Stock Exchange has given an express waiver.

14. Alteration of the 2023 Share Award Scheme and to the Awards

14.1. The 2023 Share Award Scheme may be altered in any respect by the Board except that:

- (a) any alterations to the terms and conditions of the 2023 Share Award Scheme which are of a material nature including the provisions of the 2023 Share Award Scheme as to the definitions of “Participant”, “Employee Participant”, “Related Entity”, “Related Entity Participant”, “Service Provider”, “Other Participant” and “Selected Person” must be approved by the Shareholders in general meeting;
- (b) any alterations to the provisions of the 2023 Share Award Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Person or prospective Selected Person must be approved by the Shareholders in general meeting;
- (c) any change to the authority of the Board or the administrators of the 2023 Share Award Scheme to alter the terms of the 2023 Share Award Scheme must be approved by the Shareholders in general meeting; and

- (d) no such alteration shall operate to affect adversely the terms of issue of any Awards granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Persons as would be required of the Shareholders under the Articles for the time being of the Company for a variation of the rights attached to the Shares as if the Awarded Shares constituted a separate class of share capital and as if the provisions under the Articles for the time being of the Company applied *mutatis mutandis* thereto.

14.2. Notwithstanding any provisions contained in the 2023 Share Award Scheme Rules or any terms or conditions stated in the Grant Letter but subject always to the applicable laws, rules and regulations including the Listing Rules, the Company may, at any time during the subsistence of the relevant Trust in respect of the 2023 Share Award Scheme, and at its sole and absolute discretion, alter the terms and conditions of the Awards granted to a Selected Person, provided that any such alteration to the terms of Awards granted to a Selected Person must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in the manner set out in the Listing Rules (as the case may be) if the initial grant of the Awards requires such approval (except where the change takes effect automatically under the existing terms of the 2023 Share Award Scheme).

14.3. The amended terms of the 2023 Share Award Scheme or the Awards must comply with the relevant requirements of Chapter 17 of the Listing Rules

15. Clawback

The Company may exercise the clawback right in circumstances where, in the absolute opinion of the Board, it may be regarded as inequitable for any Awarded Shares (together with the Related Distribution, if any) to be vested or retained (as the case may be) by any Selected Person, including but not limited to where there has been a material misstatement or omission in the financial reports of the Group or if the relevant Selected Person has committed any fraud or serious misconduct. Without limiting the generality of the foregoing, any Awarded Shares (together with the Related Distribution) may be subject to the clawback pursuant to the Company's policy on clawback, as amended from time to time.

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TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

(the “**Company**”, and together with its subsidiaries, the “**Group**”)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company (the “**Meeting**”) will be held at 8/F, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong, on 3 November 2023, Friday, at 2:30 p.m., for the following purposes:

ORDINARY RESOLUTION(S)

To consider and, if thought fit, pass the following resolutions(s) (with or without modifications) as ordinary resolution(s) of the Company:

1. “**THAT**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the approval for the listing of, and the permission to deal in, the ordinary shares of the Company (or such shares as shall result from a capitalisation issue, rights issue, open offer with price-dilutive element and bonus issue with price-dilutive element as referred to in the Supplementary Guidance (as defined in the circular of the Company dated 17 October 2023, “**Circular**”), subdivision, consolidation or reduction of share capital of the Company from time to time) (the “**Share(s)**”) which may be issued in respect of the share options to be granted under the 2023 Share Option Scheme (as defined in the Circular), a copy of which is tabled at the meeting and marked “A” and initialled by the chairperson of the meeting for identification purpose, the 2023 Share Option Scheme be and is hereby approved and adopted; and any director of the Company and/or his/her delegate(s) be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme, including but without limitation:
- (i) to administer the 2023 Share Option Scheme under which share options will be granted to the participants under the 2023 Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the share options in accordance with the terms of the 2023 Share Option Scheme;

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- (ii) to modify and/or amend the 2023 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”);
 - (iii) to grant share options under the 2023 Share Option Scheme and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued in respect of the share options to be granted under the 2023 Share Option Scheme and subject to the Listing Rules;
 - (iv) to make application at appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued in respect of the share options to be granted under the 2023 Share Option Scheme and subject to the Listing Rules; and
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Option Scheme and subject to the Listing Rules; and
- (b) the total number of Shares which may be issued in respect of all share options and share awards to be granted under the 2023 Share Option Scheme and any other share schemes of the Company (“**Scheme Mandate Limit**”) must not in aggregate exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue as at the date of passing of this resolution or the relevant date of approval of the refreshment of the Scheme Mandate Limit.”

2. **“THAT**

Conditional upon resolution no. 1 above being passed, the 2016 Share Option Scheme which was adopted by the Company on 18 May 2016 be and is hereby terminated with effect from the adoption of the 2023 Share Option Scheme.”

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3. **“THAT**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Shares to be issued in respect of the awarded shares to be granted under the 2023 Share Award Scheme (as defined in the Circular), a copy of which is tabled at the meeting and marked “B” and initialled by the chairperson of the meeting for identification purpose, the 2023 Share Award Scheme be and is hereby approved and adopted; and any director of the Company or his/her delegate(s) be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Award Scheme, including but without limitation:
- (i) to administer the 2023 Share Award Scheme under which awarded shares will be granted to the participants under the 2023 Share Award Scheme, including but not limited to determining and granting the awarded shares in accordance with the terms of the 2023 Share Award Scheme;
 - (ii) to modify and/or amend the 2023 Share Award Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Award Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Listing Rules;
 - (iii) to grant awarded shares under the 2023 Share Award Scheme and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be allotted and issued in respect of the awarded shares to be granted under the 2023 Share Award Scheme and subject to the Listing Rules;
 - (iv) to make application at appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued in respect of the awarded shares to be granted under the 2023 Share Award Scheme and subject to the Listing Rules; and
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Award Scheme and subject to the Listing Rules;

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- (b) the total number of Shares which may be issued in respect of all share options and share awards to be granted under the 2023 Share Award Scheme and any other share schemes of the Company (i.e. the Scheme Mandate Limit) must not in aggregate exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue as at the date of passing this resolution or the relevant date of approval of the refreshment of the Scheme Mandate Limit.”

4. **“THAT**

Conditional upon either one or both of resolution no. 1 and resolution no. 3 above being passed, within the Scheme Mandate Limit, the Service Provider Sublimit (as defined in the Circular) on the total number of Shares that may be issued in respect of all share options and share awards to be granted to the Service Providers (as defined in the Circular) under all share schemes of the Company (i.e. 1% of the total number of Shares in issue as at the date of passing of this resolution or the relevant date of approval of the refreshment of the Service Provider Sublimit) be and is hereby approved and adopted, and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

On behalf of the Board
DU Juan
Chairperson

Hong Kong, 17 October 2023

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her/its behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her/its form of proxy will be deemed to have been revoked.
2. A form of proxy for the Meeting is enclosed to the notice of the Meeting. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment or postponement thereof.
3. The record date for determining the entitlements of the shareholders to attend and vote at the Meeting is 30 October 2023, Monday. In order to qualify to attend and vote at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 30 October 2023, Monday.

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4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

As at the date of this notice, the Board comprises Ms. DU Juan, Mr. YAN Xiaolin and Mr. PENG Pan as executive directors of the Company, Mr. WANG Cheng, Mr. SUN Li and Mr. LI Yuhao as non-executive directors of the Company and Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive directors of the Company.