
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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Alibaba Pictures Group Limited
阿里巴巴影业集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

**PROPOSED RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES,
PROPOSED AMENDMENTS TO THE 2021 SHARE OPTION SCHEME,
PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME,
PROPOSED ADOPTION OF SCHEME MANDATE LIMIT,
PROPOSED ADOPTION OF SERVICE PROVIDER SUBLIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (“AGM”) of Alibaba Pictures Group Limited (the “Company”) to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Wednesday, August 30, 2023 at 11:00 a.m. is set out on pages AGM-1 to AGM-6 of this circular. If you are not able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjourned meeting). Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the AGM (or at any adjourned meeting) if they so wish.

July 28, 2023

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DEFINITIONS

In this circular (other than the notice of the AGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“2021 Share Option Scheme”	the share option scheme of the Company adopted on August 31, 2021 as amended from time to time
“ADS(s)”	American depositary share(s)
“AGH”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its ADS, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988)
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
“Alibaba Group”	a group of companies comprising AGH and its subsidiaries
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Wednesday, August 30, 2023 at 11:00 a.m.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Associated Company”	any company in which the Group may have a direct or indirect investment in 20% or more of its voting powers
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended, modified or otherwise supplemented from time to time
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Alibaba Pictures Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1060)

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Eligible Participants”	in the context of the Share Award Scheme, (i) any employee (whether full time or part time) and directors (including any executive director, non-executive director and independent non-executive director) of any member of the Group, any Related Entity or any Associated Company; and/or (ii) any Service Provider
“Executive Committee”	the executive committee of the Company
“Group”	the Company and its subsidiaries, and a “member of the Group” means any or a specific one of them
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	in the context of the 2021 Share Option Scheme and the Share Award Scheme, Shareholders other than (i) its controlling shareholder(s) and their associates; or (ii) if the Company has no controlling shareholder, the Directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates
“Latest Practicable Date”	July 18, 2023, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM operated by the Stock Exchange. For the avoidance of doubt, Main Board excludes the GEM operated by the Stock Exchange
“New Share Buy-back Mandate”	has the meaning ascribed to it under the paragraph headed “GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES” of the “LETTER FROM THE BOARD” section of this circular

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“New Share Issue Mandate”	has the meaning ascribed to it under the paragraph headed “GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES” of the “LETTER FROM THE BOARD” section of this circular
“Nomination Committee”	the nomination committee of the Company
“Participant”	<p>in the context of the 2021 Share Option Scheme, any person belonging to any of the following classes of participants:</p> <ul style="list-style-type: none">(a) any employee (including both full-time and part-time) of the Company or any Subsidiary, including (without limitation) any executive director of the Company or any Subsidiary, who is in employment of the Company or any Subsidiary;(b) any executive or non-executive director (including independent non-executive director) of the Company, any Subsidiary, any Associated Company or any Related Entity;(c) any Related Entity Employee; or(d) any Service Provider; <p>who the Board considers, in its sole discretion, has contributed or will contribute to the Company</p>
“PRC”	the People’s Republic of China
“Related Entity”	a company which is a holding company or a fellow subsidiary (i.e. a subsidiary of a holding company) of the Company
“Related Entity Employee”	in the context of the 2021 Share Option Scheme, any employee (including both full-time and part-time) of any Related Entity or any Associated Company, including (without limitation) any executive director of any Related Entity or any Associated Company, who is in employment of any Related Entity or any Associated Company
“Remuneration Committee”	the remuneration committee of the Company

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“Scheme Mandate Limit”	the limit on the total number of Shares (i) available for issue upon exercise of all Shares Options which have been or may be granted under the 2021 Share Option Scheme; (ii) available for issue in respect of the Share Awards which have been or may be granted under the Share Award Scheme; and (iii) available for issue in respect of any options or awards which have been or may be granted under any other share scheme(s) of the Company, which must not exceed 8% of the issued shares of the Company as at the date of the Shareholders’ approval of the limit
“Service Provider”	any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or others) or consultants to any area of business or business development of any member of the Group, provided that any placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers for the purpose of the 2021 Share Option Scheme and the Share Award Scheme
“Service Provider Sublimit”	in the context of each of the 2021 Share Option Scheme and the Share Award Scheme, the limit on the total number of Shares that may be issued in respect of all Share Options or Share Awards granted to Service Providers under the 2021 Share Option Scheme or the Share Award Scheme (as the case may be), which must not exceed 1% of the Shares in issue provided always that any utilization under such limit shall be regarded as utilization within the Scheme Mandate Limit
“SFC”	the Securities and Future Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.25 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Award(s)”	share awards granted under the Share Award Scheme

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“Share Award Scheme”	the share award scheme of the Company adopted on December 30, 2016 as amended from time to time
“Share Buy-backs Code”	the Code on Share Buy-backs published by the SFC
“Share Buy-back Mandate”	has the meaning ascribed to it under the paragraph headed “GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES” of the “LETTER FROM THE BOARD” section of this circular
“Share Issue Mandate”	has the meaning ascribed to it under the paragraph headed “GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES” of the “LETTER FROM THE BOARD” section of this circular
“Share Option(s)”	share option(s) granted under the 2021 Share Option Scheme
“share scheme(s)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is a subsidiary (within the meaning of section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as modified from time to time) of the Company whether incorporated in Hong Kong, Bermuda, the PRC or elsewhere and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“%”	per cent

LETTER FROM THE BOARD



Alibaba Pictures Group Limited 阿里巴巴影业集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

Executive Directors

Mr. Fan Luyuan (*Chairman & Chief Executive Officer*)

Mr. Li Jie (*President*)

Mr. Meng Jun (*Chief Financial Officer*)

Non-executive Director

Mr. Tung Pen Hung

Independent non-executive Directors

Ms. Song Lixin

Mr. Tong Xiaomeng

Mr. Johnny Chen

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business in Hong Kong

26/F Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

July 28, 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES,
PROPOSED AMENDMENTS TO THE 2021 SHARE OPTION SCHEME,
PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME,
PROPOSED ADOPTION OF SCHEME MANDATE LIMIT,
PROPOSED ADOPTION OF SERVICE PROVIDER SUBLIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; (ii) the granting to the Directors of general mandates for the issue of securities and the buy-back of Shares up to 20% and 10%, respectively, of the total number of the issued Shares as at the date of passing of the relevant resolutions; (iii) the proposed amendments to the 2021 Share Option Scheme; (iv) the proposed amendments to the Share Award Scheme; (v) the proposed adoption of the Scheme Mandate Limit; and (vi) the proposed adoption of the Service Provider Sublimit.

LETTER FROM THE BOARD

This circular contains details of the Directors proposed for re-election, an explanatory statement, the proposed amended terms of the 2021 Share Option Scheme and the proposed amended terms of the Share Award Scheme, and gives all the information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions proposed at the AGM.

PROPOSED RE-ELECTION OF DIRECTORS

The Board currently consists of seven Directors, namely Mr. Fan Luyuan, Mr. Li Jie, Mr. Meng Jun, Mr. Tung Pen Hung, Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen.

Pursuant to bye-laws 87(1) and (2) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation such that each Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Accordingly, Mr. Fan Luyuan, Ms. Song Lixin and Mr. Tong Xiaomeng shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Pursuant to bye-law 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, as an addition to the existing Board but the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any Director so appointed shall hold office until the first general meeting of Shareholders after his appointment and shall then be eligible for re-election. In addition, pursuant to bye-law 87(2) of the Bye-laws, any Director appointed pursuant to bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation. Accordingly, Mr. Tung Pen Hung shall hold office only until the AGM and, being eligible, offer himself for re-election at the AGM.

Bye-law 88 of the Bye-laws provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless no earlier than the day after the despatch of the notice of the meeting and not less than seven (7) days before the date appointed for such meeting there shall have been lodged at the head office or at the registration office of the Company a notice in writing signed by a registered Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice in writing signed by the person to be proposed of his/her willingness to be elected.

Accordingly, if a registered Shareholder wishes to nominate a person to stand for election as a Director at the AGM, a notice of his/her intention to propose such person for election as a Director and a notice executed by the nominee of his/her willingness to be elected must be validly served at the head office and principal place of business in Hong Kong of the Company at 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on or before August 22, 2023.

LETTER FROM THE BOARD

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting.

Brief biographical details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular. If a valid notice from a registered Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

The Board is of the view that the appointments of Ms. Song Lixin and Mr. Tong Xiaomeng will contribute to the diversity of the Board. Ms. Song Lixin has more than 20 years of experience in the cultural and business sector, while Mr. Tong Xiaomeng served as a director at a number of publicly-listed and privately-held companies. In particular, the appointment of Ms. Song Lixin can increase the female representation in the Board. They can demonstrate continued independent judgement which contributes positively to the development of the Company's strategy and policies.

The Nomination Committee has considered the biographical details and working profile of Ms. Song Lixin and Mr. Tong Xiaomeng and is of the view that each of them has extensive experience, skills and knowledge that are relevant to the Company's business and corporate strategy, and had actively participated in the Company's board meetings, board committee meetings and general meetings, demonstrated his/her ability to exercise independence of judgment and provide a balanced and objective view in relation to the Company's affairs, and made valuable contributions to the Board.

The Nomination Committee has also assessed the independence of Ms. Song Lixin and Mr. Tong Xiaomeng by reviewing the annual written confirmation of independence provided by each of them to the Company pursuant to Rule 3.13 of the Listing Rules and has confirmed that both directors have remained independent.

According to code provision B.2.3 of the CG Code, if an independent non-executive Director serves more than nine years, such Director's further appointment should be subject to a separate resolution to be approved by Shareholders. Among the retiring Directors, Mr. Tong Xiaomeng will act as an independent non-executive Director for more than nine years as at the date of the forthcoming AGM and Ms. Song Lixin will have acted as an independent non-executive Director for nine years by December 2023. As such, separate resolutions will be proposed at the AGM for re-election of Mr. Tong Xiaomeng and Ms. Song Lixin as the independent non-executive Directors in accordance with code provision B.2.3 of the CG Code.

The Board, with the recommendation of the Nomination Committee, considers Mr. Tong Xiaomeng and Ms. Song Lixin satisfy the independence criteria under Rule 3.13 of the Listing Rules. Taking into consideration of the independent nature of Mr. Tong's and Ms. Song's role and duties in the past years, the Board, considers that the long service of Mr. Tong and Ms. Song would not diminish their independence and affect their exercise of independent judgment and their continuous tenure brings considerable benefits and stability to the management and operation of the Group, and therefore considers Mr. Tong Xiaomeng and Ms. Song Lixin to be independent. Further biographical details and working profiles of Mr. Tong and Ms. Song, please refer to Appendix I to this circular.

LETTER FROM THE BOARD

The Nomination Committee believes that each of Ms. Song Lixin and Mr. Tong Xiaomeng has the required character, integrity and experience to continuously fulfil his/her role as an independent non-executive Director effectively. Accordingly, as recommended by the Nomination Committee, the Board has proposed that Ms. Song Lixin and Mr. Tong Xiaomeng stand for re-election as independent non-executive Directors at the AGM.

GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES

At the annual general meeting of the Company held on August 26, 2022, ordinary resolutions were passed for the granting of general mandates to the Directors, among other things, (i) to allot, issue or otherwise deal with additional securities of the Company not exceeding 20% of the total number of the issued Shares as at that date (the “Share Issue Mandate”); and (ii) to buy back Shares representing up to a maximum of 10% of the total number of the issued Shares as at that date (the “Share Buy-back Mandate”).

Resolutions authorizing new general mandates to allot, issue or otherwise deal with additional securities of the Company of up to 20% (the “New Share Issue Mandate”) and to buy back Shares of up to 10% of the total number of the issued Shares as at the date of passing the resolutions (the “New Share Buy-back Mandate”) as set out in resolutions numbered 4 and 5 respectively of the notice of Annual General Meeting will be proposed at the AGM. A resolution authorizing the extension of the general mandate to the Directors to issue Shares to include the total number of such Shares bought back (if any) under the New Share Buy-back Mandate is to be proposed at the AGM as the resolution numbered 6 of the notice of Annual General Meeting.

The New Share Issue Mandate and the New Share Buy-back Mandate, if granted, will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda and other relevant jurisdiction to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

The total number of Shares in issue as at the Latest Practicable Date was 26,975,740,156. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the AGM, (i) the maximum number of Shares to be issued pursuant to the New Share Issue Mandate is 5,395,148,031 Shares; and (ii) the maximum number of Shares to be repurchased pursuant to the New Share Buy-back Mandate is 2,697,574,015 Shares.

With regard to the proposed New Share Issue Mandate and the proposed New Share Buy-back Mandate, the Directors, as at the date hereof, wish to state that the Company has no immediate plan to issue any new securities of the Company or buy back any Shares pursuant to the relevant mandates.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against resolution numbered 5 to be proposed at the AGM in relation to the proposed New Share Buy-back Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

PROPOSED AMENDED TERMS OF THE 2021 SHARE OPTION SCHEME AND THE SHARE AWARD SCHEME

The Board proposes to amend the terms of the 2021 Share Option Scheme and the Share Award Scheme to conform with the amendments to the Listing Rules relating to share schemes of listed issuers, which took effect from January 1, 2023.

Pursuant to the amended Listing Rules, alterations to the terms and conditions of a share scheme which are of a material nature must be approved by Shareholders in general meeting. As the proposed amendments to the 2021 Share Option Scheme and the Share Award Scheme are of a material nature, such proposed amendments will be subject to, among others, Shareholders' approval at the AGM.

(A) Proposed Amendments to the 2021 Share Option Scheme

The key changes entailed by the proposed amendments to the 2021 Share Option Scheme are set out below:

- (a) to amend the definition of "Participants" as (i) any employee (including both full-time and part-time) of the Company or any Subsidiary, including (without limitation) any executive director of the Company or any Subsidiary, who is in employment of the Company or any Subsidiary; (ii) any executive or non-executive director (including independent non-executive director) of the Company, any Subsidiary, any Associated Company or any Related Entity; (iii) any Related Entity Employee or (iv) any Service Provider, who the Board considers, in its sole discretion, has contributed or will contribute to the Company;
- (b) to adopt the Scheme Mandate Limit;
- (c) to specify that the total number of Shares which may be issued upon exercise of all Share Options to be granted under the 2021 Share Option Scheme and may be issued in respect of any options or awards to be granted under any other share scheme(s) of the Company under the Scheme Mandate Limit as "refreshed" shall not exceed 8% of the total number of Shares in issue as at the date of approval of the Shareholders of the refreshed Scheme Mandate Limit;
- (d) to specify that unless otherwise permitted under the Listing Rules, approval by the Shareholders for refreshment of the Scheme Mandate Limit may only take place after three years from the date of the Shareholder's approval for the last refreshment (or, as the case may be, the amendment date of the 2021 Share Option Scheme);
- (e) to require approval by Independent Shareholders for refreshment of the Scheme Mandate Limit within a three-year period from the date of the Shareholders' approval for the last refreshment (or, as the case may be, the amendment date of the 2021 Share Option Scheme);
- (f) to include a Service Provider Sublimit and specify that the Service Provider Sublimit as "refreshed" must not exceed 1% of the Shares in issue;

LETTER FROM THE BOARD

- (g) to specify that where the Company cancels Share Options granted to a Participant and new Share Options are granted to the same Participant, such new grant may only be made under the 2021 Share Option Scheme with available Scheme Mandate Limit and such Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit;
- (h) to specify that the total number of Shares issued and to be issued in respect of the Share Options granted under the 2021 Share Option Scheme and options and awards granted under all other share scheme(s) of the Company to each Participant in any 12-month period must not exceed 1% of the Shares in issue;
- (i) to require approval by the Shareholders in general meeting for grant of Share Options to a Participant, with such Participant and his close associates (or his associates if he is a connected person) abstaining from voting, if the maximum number of Shares issued and to be issued in respect of all the Share Options granted under the 2021 Share Option Scheme and options and awards granted under all other share scheme(s) of the Company to such Participant in any 12-month period up to and including the date of grant of the Share Option will exceed 1% of the Shares in issue;
- (j) to require approval by the Shareholders in general meeting for grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates, with the relevant grantee, his associates and all core connected persons of the Company abstaining from voting, if the maximum number of Shares issued and to be issued in respect of all the Share Options granted under the 2021 Share Option Scheme and options and awards granted under all other share scheme(s) of the Company to such grantee in any 12-month period up to and including the date of grant of the Share Option will exceed 0.1% of the Shares in issue;
- (k) to require a vesting period in respect of any Share Option of not less than 12 months or such other period as the Listing Rules may prescribe or permit, subject to specific circumstances as detailed in Clause 7.7 of the 2021 Share Option Scheme as set out in Appendix III to this circular under which a Share Option may be subject to a shorter vesting period;
- (l) to specify a clawback mechanism that if certain events as detailed in Clause 8A of the 2021 Share Option Scheme as set out in Appendix III to this circular occur, the Board has the right to (i) revoke any and all payments of cash or other property or the issuance of Shares the grantee may have otherwise been entitled to in settlement of the Share Options; (ii) repurchase the Shares received by the grantee from exercising the Share Options at the original subscription price paid by the grantee; (iii) require the grantee to pay the Company any and all payment in cash or other property in lieu of the Shares received by the grantee from exercising the Share Options; and/or (iv) require the grantee to pay to the Company any proceeds, gains and/or other economic benefits the grantee realised in connection with the sale or other disposition of any Shares received in connection with the exercise of any Share Options;
- (m) to specify additional circumstances as detailed in Clause 8 of the 2021 Share Option Scheme as set out in Appendix III to this circular under which a Share Option shall automatically lapse;

LETTER FROM THE BOARD

- (n) to require any change in the terms of any Share Options granted to a Participant who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates to be approved by the Shareholders in general meeting if the initial grant of such Share Options requires such approval;
- (o) to require approval by the Shareholders in general meeting for any alterations which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules;
- (p) to require any change to the terms of the Share Options (save for alterations which take effect automatically under the terms of the 2021 Share Option Scheme) to first be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by such persons and/or bodies; and
- (q) to include other housekeeping amendments for the purpose of making consequential amendments in line with the proposed amendments to the 2021 Share Option Scheme, and to better align the wording with that of the Listing Rules.

Details of the proposed amended terms of the 2021 Share Option Scheme are set out in Appendix III to this circular.

The provisions of the 2021 Share Option Scheme have clearly stated that the purpose of the 2021 Share Option Scheme is to incentivise and/or reward Participants for their contribution and support to the Group, any Associated Company and any Related Entity and/or to recruit and retain high-calibre employees or Related Entity Employees and attract human resources that are valuable to the Group, any Associated Company and any Related Entity. The Board is of the view that the discretion in determining the eligibility of participants, the vesting schedule, the exercise price and clawback mechanism under the 2021 Share Option Scheme gives the Company more flexibility to provide higher incentives to the Participants, which is in line with the purpose of the 2021 Share Option Scheme.

The Board (including the independent non-executive Directors) is of the view that:

- (a) the Related Entity Employees are valuable human resources to the Group as they often engage in projects or other business collaborations in connection with the Group's businesses, which have contributed to the development and growth of the Group's businesses; and
- (b) the Service Providers have played significant roles in the Group's business development and growth by contributing their specialised skills in fields such as research and development, innovation, marketing and other areas relating to the Group's operations.

LETTER FROM THE BOARD

Therefore, the Board (including the independent non-executive Directors) considers that the inclusion of the Related Entity Employees and the Service Providers as Participants of the 2021 Share Option Scheme will induce and provide further incentive to the Related Entity Employees and the Service Providers to contribute to the growth and success of the Group, which is in line with the Company's business needs, the purpose of the 2021 Share Option Scheme, and the long term interests of the Company and the Shareholders.

The Board and the Remuneration Committee are of the view that the vesting period (including the circumstances under which a shorter vesting period may apply), as detailed in Clause 7.7 of the 2021 Share Option Scheme as set out in Appendix III to this circular enables the Company to offer competitive remuneration and reward packages to the Participants, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the 2021 Share Options Scheme.

(B) Proposed Amendments to the Share Award Scheme

The key changes entailed by the proposed amendments to the Share Award Scheme are set out below:

- (a) to add the definition of "Eligible Participants", which includes (i) any employee (whether full time or part time) and directors (including any executive director, non-executive director and independent non-executive director) of any member of the Group, any Related Entity or any Associated Company; and/or (ii) any Service Provider;
- (b) to adopt the Scheme Mandate Limit;
- (c) to specify that the total number of Shares which may be issued in respect of any Share Awards, options or awards to be granted under the Share Award Scheme or any other share scheme(s) of the Company under the Scheme Mandate Limit as "refreshed" shall not exceed 8% of the total number of Shares in issue as at the date of approval of the Shareholders of the refreshed Scheme Mandate Limit;
- (d) to require approval by the Shareholders for refreshment of the Scheme Mandate Limit after three years from the date of the Shareholders' approval for the last refreshment (or, as the case may be, the amendment date of the Share Award Scheme);
- (e) to require approval by Independent Shareholders for refreshment of the Scheme Mandate Limit within a three-year period from the date of the Shareholders' approval for the last refreshment (or, as the case may be, the amendment date of the Share Award Scheme);
- (f) to include a Service Provider Sublimit and specify that the Service Provider Sublimit as "refreshed" must not exceed 1% of the Shares in issue;
- (g) to specify that any Share Awards that have not vested or lapsed may be cancelled if the Eligible Participant so agrees and new Share Awards may be granted to the same Eligible Participant with available Scheme Mandate Limit and such Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit;

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- (h) to specify that the total number of Shares issued and to be issued in respect of the Share Awards granted under the Share Award Scheme and options and awards granted under all other share scheme(s) of the Company to each Eligible Participant in any 12-month period must not exceed 1% of the Shares in issue;
- (i) to require approval by the Shareholders in general meeting for grant of Share Awards to an Eligible Participant, with such Eligible Participant and his close associates (or his associates if he is a connected person) abstaining from voting, if the maximum number of Shares issued and to be issued in respect of all the Share Awards granted under the Share Award Scheme and options and awards granted under all other share scheme(s) of the Company to such Eligible Participant in any 12-month period up to and including the date of grant of the Share Award will exceed 1% of the Shares in issue;
- (j) to specify that any grant of Share Awards to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Eligible Participant in respect of the Share Award in question);
- (k) to require approval by the Shareholders in general meeting for grant of Share Awards to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates, with the relevant grantee, his associates and all core connected persons of the Company abstaining from voting, if the maximum number of Shares issued and to be issued in respect of all the Share Awards granted under the Share Award Scheme and options and awards granted under all other share scheme(s) of the Company to such grantee in any 12-month period up to and including the date of grant of the Share Award will exceed 0.1% of the Shares in issue;
- (l) to require approval by the Shareholders in general meeting for grant of Share Awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates, with the relevant grantee, his associates and all core connected persons of the Company abstaining from voting, if the maximum number of Shares issued and to be issued in respect of all the Share Awards granted under the Share Award Scheme and options and awards granted under all other share scheme(s) of the Company to such grantee in any 12-month period up to and including the date of grant of the Share Award will exceed 0.1% of the Shares in issue;
- (m) to require a vesting period in respect of any Share Award of not less than 12 months or such other period as the Listing Rules may prescribe or permit, subject to specific circumstances as detailed in Paragraph 5.3(B) of the Share Award Scheme as set out in Appendix IV to this circular under which a Share Award may be subject to a shorter vesting period;
- (n) to specify that unless the Board otherwise determines, there is no performance target which must be achieved before any of the Share Awards can become vested;

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- (o) to specify that unless the Remuneration Committee and/or the Board at their absolute discretion otherwise determine on a case-by-case basis, the Share Awards shall be granted to an Eligible Participant at no consideration. The Board or the relevant committees may determine in its absolute discretion the purchase price of the Share Awards (if any) and the period within which any such payments must be made, which shall be based on considerations such as the prevailing market price of the Shares, the purpose of the Share Awards and the characteristics and profile of the relevant Eligible Participant;
- (p) to specify that in the event that any of the event as detailed in Paragraph 5.4(C) of the Share Award Scheme as set out in Appendix IV to this circular occurs, any Share Award, whether vested or unvested, shall automatically lapse;
- (q) to require approval by the Shareholders in general meeting for any alterations which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules;
- (r) to require approval by the Shareholders in general meeting for any changes to the authority of the Board in relation to any alteration of the terms of the Share Award Scheme;
- (s) to require any change to the terms of the Share Awards (save for alterations which take effect automatically under the terms of the Share Award Scheme) to first be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Awards was approved by such persons and/or bodies; and
- (t) to include other housekeeping amendments for the purpose of making consequential amendments in line with the proposed amendments to the Share Award Scheme, and to better align the wording with that of the Listing Rules.

Details of the proposed amended terms of the Share Award Scheme are set out in Appendix IV to this circular.

The provisions of the Share Award Scheme have clearly stated that the purpose of the Share Award Scheme is (i) to recognise the contributions by certain Employees (as defined in the Share Award Scheme) and Service Providers and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Board is of the view that the discretion in determining the eligibility of participants, the vesting schedule, the purchase price and clawback mechanism under the Share Award Scheme gives the Company more flexibility to provide higher incentives to the Eligible Participants, which is in line with the purpose of the Share Award Scheme.

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The Board (including the independent non-executive Directors) is of the view that:

- (a) the employees of Related Entities are valuable human resources to the Group as they often engage in projects or other business collaborations in connection with the Group's businesses, which have contributed to the development and growth of the Group's businesses; and
- (b) the Service Providers have played significant roles in the Group's business development and growth by contributing their specialised skills in fields such as research and development, innovation, marketing and other areas relating to the Group's operations.

Therefore, the Board (including the independent non-executive Directors) considers that the inclusion of the employees of Related Entities and the Service Providers as Eligible Participants of the Share Award Scheme will induce and provide further incentive to the employees of Related Entities and the Service Providers to contribute to the growth and success of the Group, which is in line with the Company's business needs, the purpose of the Share Award Scheme, and the long term interests of the Company and the Shareholders.

The Board and the Remuneration Committee are of the view that the vesting period (including the circumstances in which a shorter vesting period may apply), as detailed in Paragraph 5.3(B) of the Share Award Scheme as set out in Appendix IV to this circular enables the Company to offer competitive remuneration and reward packages to the Eligible Participants, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the Share Award Scheme.

As at the Latest Practicable Date, none of the Directors is a trustee of the Share Award Scheme or has any direct or indirect interest in the trustee of the Share Award Scheme.

(C) Proposed Service Provider Sublimit

The basis for determining the Service Provider Sublimit under each of the 2021 Share Option Scheme and the Share Award Scheme includes the following: (i) the business expansion and development needs of the Group, which may require further engagement of Service Providers; (ii) the expected contribution to the development and growth of the Group attributable to the Service Providers; and (iii) the major portion of the Scheme Mandate Limit to be reserved for grants to the Eligible Participants other than the Service Providers.

The Service Providers have contributed to the long term growth of the business of the Group. The Service Provider Sublimit under each of the 2021 Share Option Scheme and the Share Award Scheme provides the Group with flexibility to provide equity incentives (in addition to expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, any Related Entity or any Associated Company, but who have exceptional expertise in their fields or who may be able to provide valuable expertise and services to the Group, any Related Entity or any Associated Company, which is in line with the purpose of each of the 2021 Share Option Scheme and the Share Award Scheme. Therefore, the Directors (including the non-executive Directors) are of the view that, the Service Provider Sublimit under each of the 2021 Share Option Scheme and the Share Award Scheme is appropriate and reasonable.

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(D) Proposed Adoption of the Scheme Mandate Limit

In light of the amendments to the Listing Rules relating to share schemes of listed issuers, the Board has resolved to propose the adoption of the Scheme Mandate Limit, being a mandate granted to the Board to grant Share Options, Share Awards and any other share options and/or awards over new Shares of the Company under all share schemes of the Company up to the limit of 8% of the total number of issued Shares as at the date of the Shareholders' approval of the limit. The said Scheme Mandate Limit shall be 2,158,059,212 Shares, on the basis that there are a total of 26,975,740,156 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the number of issued Shares during the period from the Latest Practicable Date to the date of the AGM.

(E) General

An application will be made to the Listing Committee for the listing of, and permission to deal in any new Shares which may be allotted and issued for the satisfaction of any Share Options (upon exercise of the subscription rights attaching to such Share options) and any Share Awards not exceeding the Scheme Mandate Limit.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the proposed amendments to the 2021 Share Option Scheme and the Share Award Scheme, therefore, no Shareholder is required to abstain from voting at the AGM on the resolutions relating to the proposed amendments to the 2021 Share Option Scheme and the Share Award Scheme, the proposed adoption of the Scheme Mandate Limit and the Service Provider Sublimit under each of the 2021 Share Option Scheme and the Share Award Scheme.

The Board has sought advice from its Hong Kong legal advisers that the amended 2021 Share Option Scheme and the amended Share Award Scheme do not constitute an offer of shares or debentures under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and hence the prospectus requirements thereunder are not applicable. The Company will continue to observe such requirements and ensure any grant of Share Options or Share Awards do not constitute an offer of shares or debentures thereunder or will qualify under the exemptions thereof.

NOTICE OF ANNUAL GENERAL MEETING

The notice of Annual General Meeting is set out on pages AGM-1 to AGM-6 of this circular. Ordinary resolutions in respect of the re-election of the Directors, the general mandates to issue securities of the Company and to buy back Shares, the proposed amendments to the 2021 Share Option Scheme, the proposed amendments to the Share Award Scheme, the proposed adoption of the Scheme Mandate Limit, and the proposed adoption of the Service Provider Sublimit as referred to above will be proposed at the AGM.

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A form of proxy for the AGM is enclosed with this circular. If you are not able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM (or at any adjourned meeting). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

The record date for determining the entitlement of the shareholders of the Company to attend and vote at the AGM will be Wednesday, August 23, 2023. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, August 23, 2023.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM will therefore demand that all resolutions as set out in the notice of Annual General Meeting will be voted upon by way of poll at the AGM (or at any adjourned meeting) and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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.

RECOMMENDATION

The Directors (including independent non-executive Directors) consider that the proposed resolutions for approval of the re-election of the Directors, the New Share Issue Mandate and the New Share Buy-back Mandate, adding the total number of Shares that may be bought back to the total number of Shares that may be allotted pursuant to the New Share Issue Mandate, the proposed amendments to the 2021 Share Option Scheme, the proposed amendments to the Share Award Scheme, the proposed adoption of the Scheme Mandate Limit, and the proposed adoption of the Service Provider Sublimit are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board
Alibaba Pictures Group Limited
Fan Luyuan
Chairman & Chief Executive Officer

The biographical details of the Directors proposed to be re-elected at the AGM are set out as follows:

Mr. FAN Luyuan, aged 50 and appointed to the Board as executive Director on January 1, 2016, is the chairman of the Board, the chief executive officer, the chairman of each of the Executive Committee and the Nomination Committee and a member of the Remuneration Committee. He is also a director of certain Subsidiaries. Mr. Fan is a member of Alibaba Partnership and is currently the chairman and chief executive officer of Alibaba Digital Media and Entertainment Group. He joined Alipay in 2007, and served consecutively as senior director of Development Department, assistant president, vice president and senior vice president. He was also president of Alipay Business Unit and Wealth Management Business Unit at Ant Financial Services Group. In 2010, he and his team pioneered the first ever Quick Payment, which improved the success rate of online transactions and greatly enhanced user experience. In 2013, Mr. Fan led his team to create Yu'e Bao, which is now one of the world's largest financial products on the internet with over 600 million users, allowing mass consumers to be able to benefit from easy access to financial products. In addition, he and his team made the Alipay APP, one of the most popular internet products in China within three years. He holds an executive master's degree in business administration from Cheung Kong Graduate School of Business.

As at the Latest Practicable Date, Mr. Fan had (i) personal interest in 1,448,276 Shares, 11,175,000 share options of the Company, which entitled him to subscribe for up to 11,175,000 Shares, and 15,735,000 awarded shares of the Company; and (ii) interest in 3,366,712 ordinary shares of AGH, which represented the underlying shares of his (a) personal interest in 18,731 ADSs and 21,251 restricted share units of AGH; and (b) interest in 380,857 ADSs of AGH held by a discretionary trust.

Save as disclosed above, Mr. Fan did not have, and was not deemed to have, any interest or short position in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Fan did not hold any directorships in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years, nor had he held any other major appointments and professional qualifications and was not connected with any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

Mr. Fan has entered into an appointment letter with the Company for a term of one year and the term of his service shall be renewed automatically for successive one-year term or until terminated in accordance with the said appointment letter. His appointment is also subject to the relevant provisions of retirement by rotation and re-election in accordance with the Bye-laws or any other applicable laws whereby he shall vacate his office.

Save that Mr. Fan is entitled to grants of Share Options and Share Awards to be determined by the Board based on the recommendation of the Remuneration Committee, he will not receive any fees or remuneration from the Company for his positions as executive Director, director of Subsidiaries, the chairman of the Board, chief executive officer, chairman of each of the Executive Committee and the Nomination Committee, or a member of the Remuneration Committee.

Mr. Tung Pen Hung, aged 53 and appointed to the Board on May 15, 2023, is a non-executive Director. Mr. Tung has been the president of corporate development department of Alibaba Group since May 2023. From January 2016 to April 2023, he was the chief marketing officer of Alibaba Group. He was also the president of Alimama from November 2017 to November 2018. He was the chief executive officer of VML China, a marketing agency, from October 2010 to January 2016. Prior to joining VML China, he was at PepsiCo China from October 2004 to October 2010 where he served as vice president of marketing. Prior to that, Mr. Tung worked at Proctor & Gamble from 1995 to 1998, Gigamedia from 1998 to 2001 and L'Oréal Paris from 2001 to 2003 in various senior management positions. Mr. Tung has been a director of Weibo Corporation, a Chinese social network company listed on Nasdaq (stock symbol: WB) and the Main Board of the Stock Exchange (SEHK stock code: 9898) and a non-executive director of AGTech Holdings Limited, a company listed on GEM of the Stock Exchange (SEHK stock code: 8279), since January 2022 and May 2023, respectively. He received a bachelor of science in electrical engineering from the Taiwan University and a master of science in engineering from the University of Michigan, Ann Arbor, the United States in 1992 and 1995, respectively.

As at the Latest Practicable Date, Mr. Tung had personal interest in 637,408 ordinary shares of AGH, which represented the underlying share interest in 61,926 ADSs and 17,750 restricted share units of AGH.

Save as disclosed above, Mr. Tung did not have, and was not deemed to have, any interest or short position in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Tung did not hold any directorships in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years, nor had he held any other major appointments and professional qualifications and was not connected with any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

Mr. Tung has entered into an appointment letter with the Company for a term of one year, which is renewable for a one-year period upon expiry of each term. His appointment is also subject to the relevant provisions of retirement by rotation and re-election in accordance with the Bye-laws or any other applicable laws whereby he shall vacate his office. Mr. Tung will not receive any fees or remuneration from the Company for his position as non-executive Director.

Ms. SONG Lixin, aged 55 and appointed to the Board on December 22, 2014, is an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee. She has been the chairperson of the board of directors of Yingcai Yuan Investment Management Co., Ltd.* (英才元投資管理有限公司) since December 2015. Ms. Song has more than 20 years of experience in the cultural and business sector. Ms. Song also founded the China Annual Management Summit in 2001 which has continued to run for 21 consecutive years to date. Ms. Song has been an independent director of Bona Film Group Co., Limited (Shenzhen Stock Exchange stock code: 001330) since May 2023. Ms. Song holds a bachelor's degree in law from Renmin University of China and received an MBA degree from Tsinghua University.

As at the Latest Practicable Date, Ms. Song did not have, and was not deemed to have, any interest or short position in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Song did not hold any directorships in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years, nor had she held any other major appointments and professional qualifications and was not connected with any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at the Latest Practicable Date.

Ms. Song has entered into an appointment letter with the Company for a term of one year and the term of her service shall be renewed automatically for successive one-year term or until terminated in accordance with the said appointment letter. Her appointment is also subject to the relevant provisions of retirement by rotation and re-election in accordance with the Bye-laws or any other applicable laws whereby she shall vacate her office. Ms. Song is entitled to receive a total fee of HK\$280,000 per annum, comprising HK\$200,000 for her directorship and HK\$40,000 each for acting as member of the Audit Committee and the Remuneration Committee. Her remuneration is determined with reference to her experience, the prevailing market rate of director's fees for independent non-executive directors and the terms of the Company's remuneration policy.

By December 2023, Ms. Song will have served as an independent non-executive Director for nine years. The Board is of the view that Ms. Song has thorough understanding of the Company's operations and business. Ms. Song has actively and objectively contributed to advising the Board and the senior management, expressing objective views, and giving valuable independent guidance to the Company in her capacity as independent non-executive Director over the years. Ms. Song has been continuously demonstrating firm commitments to her role. Ms. Song always places great importance on high standards of corporate governance. Ms. Song has never been engaged in any executive management of the Group and did not participate in the management of the Group. The Board has received from Ms. Song a confirmation of independence according to Rule 3.13 of the Listing Rules.

The Board, with the recommendation of the Nomination Committee, considers Ms. Song satisfies the independence criteria under Rule 3.13 of the Listing Rules. Taking into consideration of the above and the independent nature of Ms. Song's role and duties in the past years, the Board, considers that the long service of Ms. Song would not diminish her independence and affect her exercise of independent judgment and her continuous tenure brings considerable benefits and stability to the management and operation of the Group, and therefore considers Ms. Song to be independent and recommends Ms. Song to be re-elected.

Mr. TONG Xiaomeng, aged 49 and appointed to the Board on June 27, 2014, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. He is a co-founder and managing partner at Boyu Capital. Prior to founding Boyu Capital, Mr. Tong was a managing director at General Atlantic and Providence Equity Partners, where he headed both firms' Greater China practice and served as a director at a number of publicly-listed and privately-held companies. Mr. Tong graduated from Harvard University where he was a member of Phi Beta Kappa.

Mr. Tong is currently a non-executive director of WuXi AppTec Co., Ltd.* (Shanghai Stock Exchange stock code: 603259 and the SEHK stock code: 2359).

As at the Latest Practicable Date, Mr. Tong had personal interest in 941,176 ordinary shares of AGH, which represented the underlying share interest in 117,647 ADSs of AGH.

Save as disclosed above, Mr. Tong did not have, and was not deemed to have, any interest or short position in any Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Tong did not hold any directorships in any other public companies the securities of which were listed on any securities market in Hong Kong or overseas in the last three years, nor had he held any other major appointments and professional qualifications and was not connected with any other Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company as at Latest Practicable Date.

Mr. Tong has entered into an appointment letter with the Company for a term of one year and the term of his service shall be renewed automatically for successive one-year term or until terminated in accordance with the said appointment letter. His appointment is also subject to the relevant provisions of retirement by rotation and re-election in accordance with the Bye-laws or any other applicable laws whereby he shall vacate his office. Mr. Tong is entitled to receive a total fee of HK\$340,000 per annum, comprising HK\$200,000 for his directorship, HK\$60,000 for acting as the chairman of the Remuneration Committee and HK\$40,000 each for acting as member of the Audit Committee and the Nomination Committee. His remuneration is determined with reference to his experience, the prevailing market rate of director's fees for independent non-executive directors and the terms of the Company's remuneration policy.

Mr. Tong has served as an independent non-executive Director for nine years. The Board is of the view that Mr. Tong has thorough understanding of the Company's operations and business. Mr. Tong has actively and objectively contributed to advising the Board and the senior management, expressing objective views, and giving valuable independent guidance to the Company in his capacity as independent non-executive Director over the years. He is currently the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Tong has been continuously demonstrating firm commitments to his role. Mr. Tong always places great importance on high standards of corporate governance. Mr. Tong has never been engaged in any executive management of the Group and did not participate in the management of the Group. The Board has received from Mr. Tong a confirmation of independence according to Rule 3.13 of the Listing Rules.

The Board, with the recommendation of the Nomination Committee, considers Mr. Tong satisfies the independence criteria under Rule 3.13 of the Listing Rules. Taking into consideration of the above and the independent nature of Mr. Tong's role and duties in the past years, the Board, considers that the long service of Mr. Tong would not diminish his independence and affect his exercise of independent judgment and his continuous tenure brings considerable benefits and stability to the management and operation of the Group, and therefore considers Mr. Tong to be independent and recommends Mr. Tong to be re-elected.

Save as disclosed herein, there is no other matter concerning the above Directors that needs to be brought to the attention of the Shareholders nor is there any other information relating to the above Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

** For identification purpose only*

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed New Share Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$6,743,935,039 divided into 26,975,740,156 Shares.

Subject to the passing of the resolution granting the proposed mandate to buy back its own Shares and on the basis that no further Shares are issued or bought back before the AGM, the Company will be allowed to buy back a maximum of 2,697,574,015 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

2. REASONS FOR THE BUY-BACK

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to buy back its Shares on the Stock Exchange. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders.

3. FUNDING OF BUY-BACK

Buy-backs made pursuant to the proposed New Share Buy-back Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Bye-laws and the laws of Bermuda.

The Directors have no present intention to buy back any Shares and they would only exercise the power to buy back in circumstances where they consider that the buy-back would be in the best interests of the Company and in circumstances where they consider that the Shares can be bought back on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at March 31, 2023, being the date to which the latest published audited financial statements of the Company were made up, the Directors consider that if the New Share Buy-back Mandate were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position and gearing level of the Company.

The Directors do not propose to exercise the New Share Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company (as compared with the position disclosed in the latest published audited financial statements) which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. INTENTION OF DEALINGS

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their close associates (as defined in the Listing Rules) currently intend to sell Shares to the Company or its subsidiaries in the event that the proposal is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares held by them to the Company, or have undertaken not to do so in the event that the Company is authorized to make buy-backs of the Shares.

5. SHARE PRICE

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months:

	Shares	
	Highest	Lowest
	<i>(HK\$)</i>	<i>(HK\$)</i>
2022		
July	0.780	0.650
August	0.670	0.590
September	0.620	0.395
October	0.425	0.280
November	0.500	0.290
December	0.710	0.435
2023		
January	0.730	0.560
February	0.600	0.485
March	0.560	0.450
April	0.550	0.480
May	0.520	0.390
June	0.450	0.380
July (up to the Latest Practicable Date)	0.495	0.410

6. SHARES BOUGHT BACK

In the six months immediately preceding the Latest Practicable Date, the Company did not buy back any Shares on the Stock Exchange or otherwise.

7. UNDERTAKING OF DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the New Share Buy-back Mandate pursuant to the relevant proposed resolution at the AGM to buy back Shares in accordance with the Listing Rules and the laws of Bermuda.

8. EFFECTS OF THE TAKEOVERS CODE

If as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code and Rule 6 of the Share Buy-backs Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and may become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Ali CV was beneficially interested in 13,488,058,846 Shares, representing approximately 50.0007% of the issued Shares. On the basis that no further Shares are issued or bought back and in the event that the New Share Buy-back Mandate is exercised in full and that there is no change in the shareholding of Ali CV, the exercise in full of the New Share Buy-back Mandate would cause the aggregate shareholding of Ali CV in the Company to increase from approximately 50.0007% to approximately 55.5563%. To the best of the knowledge and belief of the Directors, the increase in the shareholding of Ali CV as a result of the exercise in full of the New Share Buy-back Mandate would not give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Directors do not propose to exercise the New Share Buy-back Mandate to such extent that would, in the circumstances, result in the number of Shares held by the public to fall below 25%. As at the Latest Practicable Date, the public float of the Company was approximately 49.99%. Assuming that the New Share Buy-back Mandate is exercised in full, the public float of the Company will be approximately 44.44%.

ALIBABA PICTURES GROUP LIMITED
(Incorporated in Bermuda with limited liability)

SHARE OPTION SCHEME

**Approved by the Shareholders on August 31, 2021 and
adopted by the Company on September 6, 2021 and
amended on August 30, 2023**

CCCW/18569407

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SHARE OPTION SCHEME

1. DEFINITIONS

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

“Acceptance Form”	the form of acceptance (including in hard copy, electronic format or any other format as specified in the Offer Letter) accompanying the Offer Letter;
“Adoption Date”	September 6, 2021, being the date on which this Scheme becomes unconditional pursuant to <u>Clause 3</u> hereof;
“Approval Date”	August 31, 2021, being the date on which this Scheme is being approved by the Shareholders in general meeting;
“associate(s)”, “close associate(s)”, “connected person(s)”, “core connected person(s)”, “inside information” and “substantial shareholder(s)”	each has the meaning ascribed thereto under the Listing Rules;
<u>“Associated Company”</u>	<u>any company in which the Group may have a direct or indirect investment in 20% or more of its voting powers;</u>
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of Directors or a duly authorised committee thereof;
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Bye-laws”	the bye-laws of the Company, to be amended from time to time;
<u>“Cause”</u>	<u>has the meaning as defined in Clause 8(e);</u>
“Company”	Alibaba Pictures Group Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;

<u>“Competitor”</u>	<u>any government authority, company, partnership, joint venture, trust, wholly-owned company, firm or other profit-making business being or to be engaged in any activity which the Board conclusively determines competing with the product, process, technology, procedure, equipment or service of the Company or any Subsidiary or any Associated Company or any Related Entity in nature, and shall be deemed to be inclusive of any related company of the above-mentioned government authority, company, partnership, joint venture, trust, wholly-owned company, firm or other profit-making business;</u>
“Date of Grant”	in respect of any particular Option, the business day on which an offer of the grant of an Option is made to a Participant in accordance with this Scheme;
“Directors”	the directors of the Company from time to time and “Director” shall be construed accordingly;
“Employee”	any employee <u>(including both full-time and part-time)</u> of the Company; <u>or any Subsidiary</u> or any Invested Entity , including (without limitation) any executive director of the Company; <u>or any Subsidiary</u> or any Invested Entity , who is in employment of the Company; <u>or any Subsidiary</u> or any Invested Entity ;
<u>“Exercise Date”</u>	<u>has the meaning as defined in Clause 7.4;</u>
“Financial Year”	financial year of the Company, being the period of twelve (12) months from April 1 to March 31;
“Grantee”	any Participant who accepts the offer of the grant of any Option in accordance with the terms of this Scheme or (where the context so permits) a person entitled to any such Option in accordance with the terms of this Scheme in consequence of the death of the original Grantee;
“Group”	the Company and the Subsidiaries from time to time and “member of the Group” shall be construed accordingly;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Financial Adviser”	the independent financial adviser for the time being of the Company;
“ Invested Entity Independent Shareholders”	any entity in which the Group holds any equity interests Shareholders other than (i) its controlling shareholder(s) and their associates; or (ii) if the Company has no controlling shareholder, the Directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates;
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time);
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM operated by the Stock Exchange. For the avoidance of doubt, Main Board excludes the GEM operated by the Stock Exchange;
“Offer Letter”	has the meaning as defined in <u>Clause 5.02</u> ;
“Offeree”	a Participant to whom any offer of the grant of an Option is made;
“Option”	an option to subscribe for Share(s) granted pursuant to this Scheme;
“Option Period”	a period of ten 10 years commencing on the Date of Grant and expiring on the last day of the said 10-year period;
“ <u>Other Scheme(s)</u> ”	<u>other than this Scheme, any share scheme(s) (that is governed by Chapter 17 of the Listing Rules) adopted by the Company from time to time, including but not limited to any share option scheme(s) and any share award scheme(s)</u>

“Participant”

any person belonging to any of the following classes of participants:

- (a) any Employee;
- (b) any executive or non-executive director (including independent non-executive director) of the Company, any Subsidiary, any Associated Company or any ~~Invested~~Related Entity;
- (c) ~~any supplier of goods or services to any member of the Group or any Invested~~Related Entity Employee; or
- (d) any Service Provider;
- ~~(d) any person or entity that provides research, development or other technical support to the Group or any Invested Entity;~~
- ~~(e) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;~~
- ~~(f) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and~~
- ~~(g) any joint venture partner or counterparty to business operation or business arrangements of the Group;~~

who the Board considers, in its sole discretion, has contributed or will contribute to the Company; ~~and for the purposes of this Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants;~~

“Related Entity”

a company which is a holding company or a fellow subsidiary (i.e. a subsidiary of a holding company) of the Company;

<u>“Related Entity Employee”</u>	<u>any employee (including both full-time and part-time) of any Related Entity or any Associated Company, including (without limitation) any executive director of any Related Entity or any Associated Company, who is in employment of any Related Entity or any Associated Company;</u>
“Scheme Period”	period commencing on the date on which this Scheme becomes unconditional (i.e. the Adoption Date) and expiring on the earlier of: (a) the date on which 10 years from the date on which this Scheme becomes unconditional (i.e. the Adoption Date) expires; and (b) the date on which this Scheme is terminated under <u>Clause 14</u> ;
<u>“Scheme Mandate Limit”</u>	<u>has the meaning as defined in Clause 9.3;</u>
<u>“Service Provider”</u>	<u>any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or others) or consultants to any area of business or business development of any member of the Group, provided that any placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers for the purpose of this Scheme;</u>
<u>“Service Provider Sublimit”</u>	<u>has the meaning as defined in Clause 9;</u>
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.25 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the share capital of the Company and “Share” shall be construed accordingly;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in <u>Clause 6</u> , subject to adjustment in accordance with this Scheme;
“Subsidiary”	a company which is a subsidiary (within the meaning of section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as modified from time to time) of the Company whether incorporated in Hong Kong, Bermuda, the People’s Republic of China or elsewhere and “Subsidiaries” shall be construed accordingly; and
“Vesting Period”	<u>in respect of any particular Option, the period between the Date of Grant and the day on which such Option vests and becomes exercisable, both days inclusive, and such period shall not be less than 12 months or such other period as the Listing Rules may prescribe or permit except otherwise permitted under this Scheme and/or the Listing Rules in respect of any particular Option granted to an Employee or Related Entity Employee; and</u>
“%”	per cent.

- 1.2 References to “**this Scheme**” are to these rules of the share option scheme approved by the Shareholders on the Approval Date and adopted by the Company on the Adoption Date, as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.3 Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme. References herein to “**Clauses**” are to clauses in this Scheme.
- 1.4 Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing a gender include every gender.
- 1.5 References in this Scheme to any document are to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- 1.6 References (express or implied) in this Scheme to ordinances and to statutory and regulatory provisions and the Listing Rules shall be construed as references to those ordinances or statutory and regulatory provisions and the Listing Rules as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date hereof) from time to time and shall include any provisions of which there are re-enactments (whether with or without modification) and any orders, regulations, instruments, other subordinate legislation or practice notes under the relevant ordinance, statutory or regulatory provision or the Listing Rules.

1.7 In construing this Scheme:

- (a) the rule known as the ejusdem generis rule shall not apply and, accordingly, general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (b) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

2. PURPOSE OF THIS SCHEME

The purpose of this Scheme is to enable the Company to grant Options to selected Participants as incentives and/or rewards for their contribution and support to the Group, any Associated Company and any ~~Invested~~Related Entity and/or to recruit and retain high-calibre Employees or Related Entity Employee and attract human resources that are valuable to the Group, any Associated Company and any ~~Invested~~Related Entity. The basis of eligibility of any of the Participants for the grant of Options shall be determined by the Board from time to time on the basis of the Board’s opinion as to his/~~her~~ contribution or potential contribution to the development and growth of the Group.

3. CONDITIONS

3.1 This Scheme shall take effect subject to:

- (a) the passing of the necessary resolution to approve and adopt (or subject to Clause 13.1, to amend) this Scheme by the Shareholders in general meeting;
- (b) the granting by resolution of the Shareholders in general meeting of a ~~general~~ mandate to the Board to issue Options under this Scheme and any awards or options under Other Schemes up to the limit referred to in Clause 9 ~~Scheme Mandate Limit~~; and
- (c) the Listing Committee granting approval of the listing of, and permission to deal in any new Shares which may be allotted and issued upon exercise of the subscription rights attaching to the Options to be granted under this Scheme not exceeding ~~10% of the total number of Shares in issue as at the date of approval of this~~ the Scheme Mandate Limit.

3.2 References in ~~Clause 3-0~~Clause 13.1 to the Listing Committee granting approval and permission shall include any such approval and permission which is subject to conditions.

4. DURATION AND ADMINISTRATION

- 4.1 Subject to Clause 14, this Scheme shall be valid and effective for the Scheme Period, after which period no further Options will be granted or accepted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the Scheme Period and remain unexercised immediately prior to the end thereof shall continue to be exercisable in accordance with their terms of grant within the Option Period for which such Options are granted notwithstanding the expiry of the Scheme Period.
- 4.2 Subject to Clause 12, this Scheme shall be subject to the administration of the Board (including the independent non-executive Directors) whose decision as to all matters relating to the Scheme or its interpretations or effect (save as otherwise provided therein) shall be final and binding on all parties.
- 4.3 The Board shall have the power from time to time to make and/or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme, the Bye-laws and the Listing Rules.

5. GRANT OF OPTIONS

- 5.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time and from time to time during the Scheme Period to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions (including but not limited to imposing vesting period(s) for the Options) (which shall not be inconsistent with the terms of this Scheme) as the Board may think fit, an Option to subscribe for such number of Shares (as may be permitted under the terms of this Scheme) as the Board may determine at the Subscription Price.
- 5.2 An offer of the grant of an Option shall be made to a Participant by letter in such form or means (including in hard copy or electronic format) as the Board may from time to time determine requiring the Offeree to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme (the “**Offer Letter**”). Such offer shall be personal to the Offeree and shall not be transferable and shall remain open for acceptance by the Offeree for a period of 21 days from the Date of Grant provided that no such offer shall be open for acceptance after the expiry of the Scheme Period.
- 5.3 The Offer Letter shall state, in addition to the matters specified in Clause 5.025.2, the following:
- (a) the name, address and position (if any) of the Offeree;
 - (b) the number of Shares in respect of which the offer of the grant of the Option is made and the Subscription Price for such Shares;
 - (c) the Option Period during which the relevant Option may be exercised;
 - (d) the last date by which the offer of the grant of the Option must be accepted;

- (e) the procedure for acceptance;
 - (f) such other terms and conditions of the offer of the grant of the Option as may be imposed by the Board (which shall not be inconsistent with the terms of this Scheme); and
 - (g) a statement requiring the Offeree to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme.
- 5.4 An Option shall be deemed to have been accepted when (a) (where applicable) the duplicate of the Offer Letter; and/or (b) the Acceptance Form of such offer is duly signed and dated by the Offeree in such form and means as specified in the Offer Letter, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received or deemed to be received by the Company within the period referred to in Clause 5-025.2. Such remittance shall in no circumstances be refundable.
- 5.5 Any offer of the grant of an Option may be accepted in part provided that if accepted it is accepted in respect of such number of Shares as represents a board lot for the time being for the purposes of trading on the Main Board or an integral multiple thereof and such number is clearly stated in the Acceptance Form duly signed by the Offeree in the manner as specified in Clause 5-045.4. To the extent that the offer of the grant of an Option is not accepted within 21 days (or such shorter period referred to in Clause 5-025.2) in accordance with Clause 5-045.4, it will be deemed to have been irrevocably declined and lapsed automatically.
- 5.6 For so long as the Shares are listed on the Main Board, the Board may not grant any Option after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it may not grant any Option during the period commencing one (1) month immediately before the earlier of (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of 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, provided that the period during which no Option may be granted will cover any period of delay in the publication of a results announcement. The Board may not grant any Option to a Participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any other code or securities dealing restrictions adopted by the Company.
- 5.7 The grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates under this Scheme shall be approved by all independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Option(s) in question).

- 5.8 Where the grant of Options to an independent non-executive Director or a substantial shareholder of the Company or ~~an independent non-executive Director or~~ any of their respective associates would result in the Shares issued and to be issued ~~upon exercise of~~in respect of all the Options ~~already granted and to be granted (including all the exercised, cancelled and outstanding Options) to such connected,~~ options and awards under the Other Schemes granted (excluding any Options, options or awards under the Other Schemes lapsed in accordance with the terms of this Scheme or the Other Schemes) to such person in any 12-month period up to and including the Date of Grant, representing in aggregate more than 0.1% of the Shares in issue for the time being ~~and having the aggregate value (based on the closing price of the Shares) of which is in excess of HK\$5,000,000,~~ such further grant of Options must be approved by the Shareholders in general meeting. The Company shall issue a circular to the Shareholders. The relevant Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour in such general meeting in connection with obtaining the aforesaid approval. Any vote taken at the meeting of the Shareholders to approve the grant of such Options must be taken on a poll and the Company must comply with the requirements under rules 13.39(5), 13.40, 13.41 and 13.42 of the Listing Rules.
- 5.9 For the purposes of approving the proposed grant of Options as described under Clause ~~5.085.8,~~ 5.8, the Company shall (where necessary or applicable) issue a circular to the Shareholders (i) explaining the proposed grant, disclosing the number and terms (including the Subscription Price information required under rules 17.03(5) to 17.03(10) and rule 17.03(19) of the Listing Rules) of the Options to be granted to each Grantee (which must be fixed before the Shareholders' meeting), and the date of the meeting of the Board for proposing such further grant is to be taken as the Date of Grant for the purpose of calculating the Subscription Price; (ii) containing a recommendation from the views of the independent non-executive Directors (excluding any independent non-executive Director who is a 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 ~~on whether or not to vote in favour of the proposed resolution for approving the proposed grant~~ as to voting; (iii) containing the information required under rules ~~rule~~ 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules; and (iv) containing the information required under rule 2.17 of the Listing Rules.
- 5.10 Any change in the terms of any Options granted to a Grantee who is a Director, chief executive or substantial shareholder of the Company; ~~an independent non-executive Director~~ or any of their respective associates, shall be approved by the Shareholders in general meeting as required under Clause ~~5.085.8~~ 5.8 if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).

6. SUBSCRIPTION PRICE

- 6.1 The Subscription Price shall be a price notified by the Board to the Offeree (subject to any adjustments made pursuant to Clause 10) and shall be at least the highest of:
- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant which must be a business day;
 - (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Date of Grant; and
 - (c) the nominal value of a Share.
- 6.2 Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Scheme Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out in Clause 6.016.1.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in, over or to any Option in favour of any third party. The Company may, after having reasonably satisfied itself that the Grantee shall have committed a breach of this Clause 7.017.1, revoke any Option granted to such Grantee (to the extent that it has become exercisable and not already exercised by notice). Such revocation shall be final and binding on such Grantee.
- 7.2 An Option, to the extent it is vested and has not expired, may be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Main Board from time to time or an integral multiple thereof) in the manner as set out in Clauses 7.037.3 and 7.047.4 by the Grantee (or, as the case may be, his legal personal representative(s)) giving notice in writing to the Company in such form and means (including in hard copy or electronic format) as the Board prescribes from time to time stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised (the "**Exercise Notice**"). Each Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the Option is exercised. Within 28 days after receipt of any Exercise Notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Independent Financial Adviser's or the Auditors' certificate pursuant to Clause 10, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or his legal personal representative(s)) credited as fully paid and (where applicable) issue to the Grantee (or his legal personal representative(s)) a share certificate in respect of the Shares so allotted.

7.3 Subject as hereinafter provided in this Scheme, the Offer Letter and any restrictions which may be imposed by the Board or applicable under the Listing Rules and notwithstanding the terms of grant thereof, the Option, to the extent it is vested and has not expired, may be exercised by the Grantee at any time during the Option Period, provided that:

- (a) subject to ~~Clauses 7.037.3(b), 7.037.3(c) and 7.037.3(d)~~, at the time of exercise of the Option, the Grantee (as an Employee or a Related Entity Employee) shall have already been and remains as an Employee or a Related Entity Employee for a period of twelve (12) months or more;
- (b) in the event that the Grantee ceases to be a Participant by reason other than of his death or (where in the case of an Employee or a Related Entity Employee) the termination of his employment or directorship ~~on one or more of the grounds specified in Clause 8(e) for Cause~~, the Grantee shall be entitled from the date of such cessation until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of one (1) month following the date of such cessation (where in the case of an Employee or a Related Entity Employee, which date shall be the last actual working day with the Company or the relevant Subsidiary or the ~~Invested~~ Associated Company or the Related Entity whether salary is paid in lieu of notice or not) to exercise the Option up to his entitlement at the date of cessation (to the extent not already exercised) or to the extent specified in the Exercise Notice;
- (c) in the event that the Grantee ceases to be a Participant by reason of death and (where in the case of an Employee or a Related Entity Employee) none of the events which would be a ground for termination of his employment or directorship under Clause 8(e) (i.e. for Cause) arises, the legal personal representative(s) of the Grantee shall be entitled until whichever is the earlier of the date of expiry of the Option Period or the last day of the twelve (12) months from the date of death to exercise the Option in full (to the extent not already exercised) or to the extent specified in the Exercise Notice;
- (d) in the event of the Grantee (as an Employee or a Related Entity Employee) ceases to be a Participant by reason of the termination of his employment or directorship ~~on one or more of the grounds specified in Clause 8(e) for Cause~~ and the Grantee has exercised the Option in whole or in part pursuant to Clause 7.027.2, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option;
- (e) in the event of a Grantee who is not an Employee ceases to be a Participant as and when determined by the Board by resolution for any reason other than his death the Board may by written notice to such Grantee within one (1) month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation;

- (f) if a general offer (including any takeover) to acquire Shares is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer, having been approved in accordance with the applicable laws and regulations, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional or to the extent specified in the Exercise Notice to exercise such Option at any time within 14 days after the date on which the offer becomes or is declared unconditional;
- (g) 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 or as soon as practicable after it despatches such notice to its members give notice thereof in such form and means (including in hard copy or electronic format) as the Board may prescribe to all Grantees (together with a notice of the existence of the provisions of this Clause 7.037.3(g)) and thereupon, each Grantee (or where permitted under Clause 7.037.3(c), his legal personal representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the date of the proposed general meeting of the Company by giving the Exercise Notice to the Company, accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the Option is exercised whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid; or

- (h) if, pursuant to the relevant laws and regulations in Bermuda, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof in such form and means (including in hard copy or electronic format) as the Board may prescribe to all Grantees (together with a notice of the existence of the provisions of this ~~Clause 7.03~~7.3(h)) on the same date or as soon as practicable after it despatches to its members or creditors a notice summoning a meeting to consider such compromise or arrangement, and thereupon each Grantee (or where permitted under ~~Clause 7.03~~7.3(c), his legal personal representative(s)) shall be entitled to exercise his Options in full (to the extent not already exercised) or in part to the extent specified in the Exercise Notice at any time not later than two (2) business days prior to the date of the proposed meeting for the purposes of considering such compromise or arrangement and the Company shall, as soon as possible and in any event not later than 12:00 noon on the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be allotted and issued on such exercise, credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this ~~Clause 7.03~~Clause7.3(h) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by any court in Bermuda (whether upon the terms presented to the court in Bermuda or upon any other terms as may be approved by such court in Bermuda) the rights of Grantees to exercise their respective outstanding Options (which have been suspended in accordance with the foregoing provisions of this ~~Clause 7.03~~7.3(h)) shall with effect from the date of the making of the order by the court in Bermuda disapproving such compromise or arrangement be restored in full and shall thereupon become exercisable (but subject to the other terms of this Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall be made against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

- 7.4 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first business day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders to participate in all dividends or other distributions (including distributions or any return of capital upon the winding up of the Company) paid or made on or after the Exercise Date 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 Exercise Date. Save for the exercise of Options into Shares and subject to the terms and conditions contained in this Scheme, the Options do not carry any right to vote at general meetings of the Company, or any dividend, distribution or other rights. A Share allotted upon the exercise of an Option shall not carry any voting rights until the name of the Grantee has been duly entered into the register of members of the Company as the holder thereof.
- 7.5 The Company shall use all reasonable endeavours to procure that Shares to be issued upon the exercise of an Option shall, upon the issue thereof (or as soon thereafter as reasonably practicable), become listed on the Main Board as well as any other stock exchanges upon which Shares already in issue are listed.
- 7.6 Unless the Board otherwise determines and states in the offer of the grant of Options to the Grantee, there is no performance target which must be achieved by the Grantee before any of the Options can ~~be exercised~~ become vested and exercisable.
- 7.7 Subject to the exceptions set out in this Clause 7.7 below, an Option shall be held for a minimum period, being the Vesting Period, and the performance target (if any) as set out in Clause 7.6 must be achieved before it can become vested and exercisable and the Vesting Period shall be determined by the Board from time to time. An Option granted to a Grantee may be subject to a shorter Vesting Period under specific circumstances which include but not limited to those as set out below:
- ~~7.7 There is no general requirement that an Option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of an offer of the grant of an Option.~~
- (a) grants of “make-whole” Options to a Participant (who is a new joiner) to replace the awards or options he forfeited when leaving his previous employer(s). In such case, the Vesting Period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or options;
- (b) grants of “make-whole” Options to a Participant who is an existing key personnel of a newly acquired Subsidiary of the Company to replace the awards or options he forfeited upon the acquisition of the Subsidiary by the Company. In such case, the Vesting Period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or options;

- (c) grants to a Participant whose employment is terminated due to retirement, death, disability, or reasons other than resignation or Cause. In such circumstance(s), the vesting of an Option may accelerate;
- (d) grants of Options with performance-based vesting condition(s) as provided in this Scheme, in lieu of time-based vesting criteria;
- (e) grants that are made in batches during a year for administrative and compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an Option would have been granted;
- (f) grants of Options with a mixed or accelerated vesting schedule such as where such Options may vest evenly over a period of 12 months; or
- (g) grants of Options with a total Vesting Period and holding period of more than 12 months.

8. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provision of this Scheme);
- (b) the expiry of any of the periods or dates referred to in the event(s) set out in Clauses ~~7.03~~7.3(b), (c), (g) or (h);
- (c) the date of the commencement of the winding-up of the Company;
- (d) the proposed compromise or arrangement as referred to in Clause ~~7.03~~7.3(h) becomes effective;

- (e) the date on which the Grantee (as an Employee or Related Entity Employee) ceases to be a Participant by reason of the termination of his employment on any one or more of the grounds (“Cause”) that he (i) has been guilty of misconduct or breach of ethical code, or (ii) has committed an act of bankruptcy, or (iii) has become insolvent or has made any arrangement or composition with his creditors generally, or (iv) has been convicted of any criminal offence involving his integrity or honesty ~~or (including but not limited to offences relating to theft, misappropriation, fraud or dishonesty),~~ or (v) has materially violated any agreement or understanding between the Grantee and the Company, including, without limitation, any applicable intellectual property and/or invention assignment, employment, non-competition, confidentiality or other similar agreement, or (vi) has made misstatement or omission of any material facts relating to his employment with, or service for, the Company or any Subsidiary or any Associated Company or any Related Entity, or (vii) has substantially breached his duty as an employee, consultant or director to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of the Company or any Subsidiary or any Associated Company or any Related Entity, or (viii) has taken any action which has a material adverse effect on the name, reputation or interests of the Company or any Subsidiary or any Associated Company or any Related Entity, or (ix) (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee’s service contract with the Company or any Subsidiary or any ~~Invested~~ Associated Company or any Related Entity. A resolution of the Board, the board of directors of the relevant Subsidiary or the ~~Invested~~ Associated Company or the Related Entity to the effect that the employment of a Grantee has or has not been terminated ~~on one or more of the grounds specified in this Clause 8(e)~~ for Cause shall be conclusive and binding on the Grantee, and where appropriate, his legal personal representative(s);
- (f) the date on which the Board shall exercise the Company’s rights to ~~cancel~~ revoke the Option as a result of the Grantee’s breach of the provisions referred to in ~~Clause 7.017.1;~~ ~~or~~
- (g) subject to ~~Clause 7.037.3(b)~~ and (e), the date the Grantee ceases to be a Participant for any other reason;
- (h) the date of revocation of any unvested Options pursuant to Clause 8A;
- (i) the date of failure to satisfy any vesting conditions (if any); or
- (j) the date (whichever is earlier) when the Grantee:
- (i) directly or indirectly, establishes, incorporates, forms, enters into, or participates in any business as an owner, partner, principal or shareholder or other proprietor (other than through a purchase on the open market, solely as a passive investment, of not more than five percent (5%) of the interest) of any Competitor;
 - (ii) has become, is or becomes an officer, director, employee, consultant, adviser of, or otherwise, directly or indirectly, enters the employ of, continues any employment with or render any services to or for, any Competitor; or

- (iii) knowingly performs or has performed any act that may confer a competitive benefit or advantage upon any Competitor.

8A. CLAWBACK

8A.1 The Board has the right to, at any time, (i) revoke any and all payments of cash or other property or the issuance of Shares the Grantee may have otherwise been entitled to in settlement of the Options; (ii) repurchase the Shares received by the Grantee from exercising the Options at the original Subscription Price paid by the Grantee; (iii) require the Grantee to pay the Company any and all payment in cash or other property in lieu of the Shares received by the Grantee from exercising the Options; and/or (iv) require the Grantee to pay to the Company any proceeds, gains and/or other economic benefits the Grantee realized in connection with the sale or other disposition of any Shares received in connection with the exercise of any Options, if one or more of the following events occur:

- (a) the Company, any Subsidiary, any Associated Company, or any Related Entity terminates the employment or service of the Grantee on account of the Cause; or
- (b) At any time within 12 months before or after the Company terminates the employment or service of the Grantee for any reason, the Grantee:
- (A) directly or indirectly, establishes, incorporates, forms, enters into, or participates in any business as an owner, partner, principal or shareholder or other proprietor (other than through a purchase on the open market, solely as a passive investment, of not more than five percent (5%) of the interest) of any Competitor;
- (B) has become, is or becomes an officer, director, employee, consultant, adviser of, or otherwise, directly or indirectly, enters the employ of, continues any employment with or render any services to or for, any Competitor; or
- (C) knowingly performs or has performed any act that may confer a competitive benefit or advantage upon any Competitor.

8A.2 For the avoidance of doubt, no taxes or charge paid by the Grantee in connection with (i) the grant, exercise or vesting of the Options, (ii) the issuance or delivery of the Shares underlying the Options or payment in lieu of the Shares, or (iii) the sale or transfer of the Shares underlying the Options shall be refunded to the Grantee in the event of revocation of the Options, repurchase of the Shares underlying the Options, or payment by the Grantee to the Company of any and all payments in cash or other property in lieu of the Shares the Grantee has received from the Company, or payment by the Grantee to the Company of any proceeds, gains, and/or other economic benefits the Grantee realized in connection with the sale or disposition of any Shares received in connection with the exercise of any Options pursuant to this Clause 8A.

8A.3 For the avoidance of doubt, the Company may direct that the Grantee return, transfer or cause to be transferred any Shares that are subject to repurchase pursuant to this Clause 8A to a trust or other entity that the Company may establish to act as a holding vehicle for the Shares, in which case the Grantee will be required to return, transfer or cause to be transferred such Shares to such holding vehicle and such holding vehicle may make any required payment pursuant to this Clause 8A in place of the Company.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

~~9.1 For the purposes of this Clause 9, “Other Schemes” means any other schemes for the time being of the Company involving the issue or grant of options over Shares or other securities by the Company to, or for the benefit of the Participants.~~

~~9.1 [DELETED]~~

~~9.2 [DELETED]~~

~~9.2 The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any Other Schemes shall not exceed 30% of the Shares in issue from time to time. No Option may be granted under this Scheme and any Other Schemes if this will result in the maximum number of the Shares referred to in this Clause 9.02 being exceeded. Options lapsed or cancelled in accordance with the terms of this Scheme or any Other Schemes shall not be counted for the purposes of calculating the said 30% limit.~~

9.3 Subject to Clauses 9.02, 9.049.5 and 9.059.6, the total number of Shares (i) available for issue upon exercise of all Options which have been or may be granted under this Scheme and ~~any~~ (ii) available for issue in respect of any options or awards which have been or may be granted under the Other Schemes must not, in aggregate, exceed 2,683,678,641 Shares representing 108% of the Shares in issue as at the Approval Date (the “**Scheme Mandate Limit**”) unless an approval by the Shareholders at general meeting has been obtained pursuant to Clause 9.049.6. Options lapsed in accordance with the terms of this Scheme and awards or options lapsed in accordance with the terms of the Other Schemes will not be counted for the purpose of calculating the ~~10% limit~~ Scheme Mandate Limit. The Company may seek the approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit and a circular shall be issued to the Shareholders.

If the Company conducts a share consolidation or subdivision after the ~~108%~~ limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under this Scheme and any Other Schemes under the ~~108%~~ limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

9.4 Subject to the Scheme Mandate Limit, the total number of Shares that may be issued in respect of all Options granted to Service Providers under this Scheme must not exceed 1% of the Shares in issue provided always that any utilization under the Service Provider Sublimit shall be regarded as utilization within the Scheme Mandate Limit (“Service Provider Sublimit”).

~~9.4~~9.5 The Company may seek the approval of the Shareholders in general meeting for “refreshing” the Scheme Mandate Limit such that the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and ~~any~~ may be issued in respect of ~~any options or awards to be granted under the Other Schemes under the limit as “refreshed” shall not exceed 10%~~ shall not exceed ~~10%~~ of the total number of Shares in issue as at the date of the approval of the Shareholders ~~(and the Service Provider Sublimit as “refreshed” shall not exceed 1% of the Shares in issue as at the date of approval of the refreshed Service Provider Sublimit by the Shareholders in general meeting)~~, provided that Options previously granted under this Scheme or any awards or options previously granted under the Other Schemes (including Options, options or awards outstanding, cancelled, lapsed or exercised ~~(as the case may be)~~) in accordance with the terms of this Scheme or ~~any~~ the Other Schemes will not be counted for the purposes of calculating the limit as “refreshed”. Unless otherwise permitted under the Listing Rules, any “refreshment” provided for under this Clause 9.5 may only take place after three years from the date of Shareholders’ approval for the last “refreshment” (or the Adoption Date). Any proposal for refreshing the Scheme Mandate Limit before the end of such three-year period must be approved by Independent Shareholders. For the purpose of seeking the approval of the Shareholders under this Clause 9.4, the Company shall issue to the Shareholders a circular containing the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules, number of Options, options and awards that were already granted under the existing Scheme Mandate Limit, and the reason(s) for the “refreshment”.

~~9.5~~9.6 The Company may seek separate approval of the Shareholders in general meeting to grant Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought and the Company shall issue a circular to the Shareholders containing ~~a generic description of the~~ the name of each specified ~~Offeree~~ 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 ~~such~~ Options to the ~~Offeree~~ specified Participants with an ~~explanation~~ explanations as to how the terms of the Options serve such purpose ~~and the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.~~ The number and terms of the Options (including the Subscription Price) to be granted to such Participants must be fixed before the Shareholders’ approval. In respect of the Options to be granted, the date of the Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

~~9.69.7~~ The total number of Shares issued and to be issued ~~upon exercise~~ in respect of the Options granted under this Scheme and options and awards granted under the Other Schemes to each Grantee (including ~~both exercised, cancelled and outstanding Options/unvested Options, options and awards, but excluding any Options, options and awards lapsed in accordance with the terms of this Scheme or the Other Schemes~~) in any 12-month period must not exceed 1% of the aggregate number of Shares for the time being in issue. Where any further grant of Options to a Grantee would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under this Scheme and options and awards granted under the Other Schemes to such Grantee (including exercised, cancelled and outstanding ~~Options/unvested Options, options and awards, but excluding any Options, options and awards lapsed in accordance with the terms of this Scheme or the Other Schemes~~) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the aggregate number of Shares for the time being in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if he is a connected person) abstaining from voting. The Company shall issue a circular to the Shareholders disclosing the identity of the Grantees, the number and terms of the Options granted and to be granted (including Options previously granted) ~~and the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules to such Grantees in the 12-month period~~, the purpose of granting Options to the Grantees and an explanation as to how the terms of the Options serve such purpose. The number and terms (including the Subscription Price) of the Options to be granted to such Grantee must be fixed before the Shareholders' approval is sought and the date of the meeting of the Board for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

10. REORGANISATION OF CAPITAL STRUCTURE

10.1 Subject to ~~Clause 9.039.3~~ and ~~10.03~~10.3 and provided that the Listing Rules and the Bye-laws have been complied with, in the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is party), such corresponding alterations (if any and if applicable) shall be made to:

- (a) the number or nominal amount of Shares subject to the Option so far as not being exercised; and/or
- (b) the Subscription Price subject to the Option so far as not being exercised; and/or
- (c) the maximum number of Shares referred to in Clause 9 to which the Option relates; and/or
- (d) the method of exercise of the Option,

as the Independent Financial Adviser or the Auditors shall at the request of the Company certify in writing to the Board either generally or with regard to any particular Grantee to be in their opinion fair and reasonable, provided that:

- (i) any such alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration (rounded to the nearest whole Share), but no such alteration shall be made to the extent that the effect of which would be to enable any Share to be issued at less than its nominal value; and
- (ii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such alteration, and

in respect of any alteration referred to in this Clause ~~10.0~~10.1, other than any made on a capitalisation issue, the Independent Financial Adviser or the Auditors must confirm to the Board in writing that the alteration satisfy the requirements of the relevant provisions of the Listing Rules.

10.2 The capacity of the Independent Financial Adviser or the Auditors in this Clause 10 is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Independent Financial Adviser or the Auditors shall be borne by the Company.

10.3 If there has been any alteration in the capital structure of the Company as referred to in Clause ~~10.0~~10.1, the Company shall within 28 days after receipt of the Independent Financial Adviser's or Auditors' certificate as referred to in Clause ~~10.0~~10.1, inform each Grantee of such alteration and of any adjustment to be made in accordance with the Independent Financial Adviser's or Auditors' certificate obtained by the Company for such purposes.

11. SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements of issue of Shares on the exercise of all outstanding Options from time to time.

12. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Independent Financial Adviser or the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Independent Financial Adviser or the Auditors shall be borne by the party/parties against whom the Independent Financial Adviser or the Auditors may decide.

13. ALTERATION OF THIS SCHEME

13.1 This Scheme may be altered by resolution of the Board without the approval of the Shareholders ~~except certain specified provisions~~, save that any alterations to the terms and conditions of this Scheme (which are of a material nature or any alterations to the provisions relating to the matters ~~referred to set out~~ in rule 17.03 of the Listing Rules) ~~shall not be altered to the advantage of Grantees or prospective Grantees (as the case may be) except with the prior sanction of a resolution~~ shall first be approved by the Shareholders ~~who are not Grantees of the Company~~ in general meeting, with any persons to whom or for whose benefit any Shares may be issued under this Scheme and their associates abstaining from voting.

13.2 Any ~~alterations to the terms and conditions of this Scheme which are of a material nature or any~~ change to the terms of Options granted to a Grantee shall first be approved by the ~~Shareholders, except~~ Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where such alterations take effect automatically under the existing terms of this Scheme.

13.3 The amended terms of this Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

13.4 Any change to the authority of the Board or the scheme administrators ~~in relation to any alteration to~~ alter the terms of this Scheme must first be approved by the Shareholders in general meeting.

14. TERMINATION OF THIS SCHEME

The Company by ordinary resolution in general meeting or by resolution of the Board may terminate the operation of this Scheme and in such event no further Options will be offered but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

15. CANCELLATION OF OPTIONS

Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the same Grantee under this Scheme with available ~~unissued Options (excluding the cancelled Options)~~ provided such new Options fall within the limits Scheme Mandate Limit and Service Provider Sublimit (as applicable) prescribed by Clause 9 ~~and otherwise comply with the terms of this Scheme~~. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

16. MISCELLANEOUS

- 16.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary, any Associated Company or any ~~Invested~~Related Entity and any Employee or any Related Entity Employee and the rights and obligations of any Employee or any Related Entity Employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Employee or Related Entity Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 16.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or, other than in relation to the rights attached to the Options themselves, give rise to any cause of action at law or in equity against the Company.
- 16.3 The Company shall bear the costs of establishing and administering this Scheme.
- 16.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company (in hard copy or electronic format) to the Shareholders generally.
- 16.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery or through any form of electronic communication to, in the case of the Company, its principal place of business in Hong Kong at 26/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or (where applicable) an electronic address as notified by the Company from time to time or such other addresses and methods as notified to the Grantees from time to time and, in the case of the Grantee, his address in Hong Kong or electronic address as notified to the Company from time to time.
- 16.6 Any notice or other communication served:
- (a) by the Company shall, if served by post, be deemed to have been served 24 hours after the same was put in the post or, if delivered by hand or sent by any other electronic means, be deemed to be served when delivered;
 - (b) by the Grantee shall, if served by post or by hand, not be deemed to have been received until the same shall have been received by the Company; and
 - (c) by email by the Company or the Grantee shall be deemed to have been received on the business day on which recipient receives the email in readable form.
- 16.7 A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. A Grantee shall pay all taxes and discharge all other liabilities to which he may become subject to as a result of the participation in this Scheme or the exercise of any Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of

his participation in this Scheme. A Grantee shall indemnify the Company fully against all claims and demands which may be made against the Company (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to hereinabove or to pay any tax or other liability referred to hereinabove and against all incidental costs and expenses which may be incurred or spent by the Company.

16.8 A Grantee who is a Director may, subject to and in accordance with the Bye-laws, notwithstanding his interest, vote on any Board resolution concerning this Scheme (other than in respect of his own participation therein) and may retain any benefits under this Scheme.

16.9 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

16.10 The Board or the scheme administrators shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme. The Board or the scheme administrators shall also have the power to delegate its powers to grant Options to Participants and to determine the Subscription Price to any of the Directors from time to time.

16.11 No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to this Scheme, unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option.

ALIBABA PICTURES GROUP LIMITED

**REVISED RULES RELATING TO
ALIBABA PICTURES GROUP LIMITED
SHARE AWARD SCHEME**

(Adopted by the Board on December 30, 2016 and as amended on March 29, 2019 and further amended on January 17, 2020 and on August 30, 2023)

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

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APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

1. DEFINITIONS AND INTERPRETATION

(A) In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the meaning shown opposite to them below:-

“Adoption Date”	December 30, 2016, being the date on which the Scheme is adopted by the Company;
“Approval Date”	<u>August 30, 2023, being the date on which this Scheme is being approved by the Shareholders in general meeting;</u>
“Associated Entity Company”	any company in which a Group Company may have a direct or indirect investment in 20% or more of its voting powers and any company which is a controlling shareholder of the Company including subsidiaries of such controlling shareholder;
“Auditors”	<u>the auditors for the time being of the Company;</u>
“Award”	an award of the Awarded Shares by the Board pursuant to Paragraph 5.2(A) to a Selected Employee Participant;
“Awarded Share(s)”	in respect of a Selected Employee Participant, such number of Shares as awarded by the Board;
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time;
“Board”	the board of directors of the Company and if the context so permits, it shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme;
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Bye-laws”	the bye-laws of the Company from time to time;

“Cause”

with respect to a Selected ~~Employee~~Participant:

- (i) any commission of an act of theft, embezzlement, fraud, dishonesty, serious misconduct, ethical breach or other similar acts, or commission of a felony or a lesser crime involving moral turpitude as determined by the Board in its sole discretion, whether or not in connection with his employment or engagement by any member of the Group or Associated Company and Related Entity and whether or not it has resulted in his employment or engagement being terminated;
- (ii) any conviction of any criminal offence or any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time;
- (iii) any material breach of any agreement or understanding between the Selected ~~Employee~~Participant and a Group Company as determined by the Board in its sole discretion including, without limitation, any applicable intellectual property and/or invention assignment, employment, non-competition, confidentiality or other similar agreement;
- (iv) any material misrepresentation or omission of any material fact as determined by the Board in its sole discretion in connection with the Selected ~~Employee's~~Participant's employment with any Group Company;
- (v) any material failure to perform the customary duties as a Selected ~~Employee~~Participant, to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of any Group Company as determined by the Board in its sole discretion; or
- (vi) any conduct that is materially adverse to the name, reputation or interests of the Group as determined by the Board in its sole discretion;

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“Company”	Alibaba Pictures Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Competitor”	any business that is engaged in or is about to become engaged in any activity of any nature that as determined by the Board in its sole discretion competes with a product, process, technique, procedure, device or service of any Group Company. The Board shall determine from time to time in its sole discretion a list of Competitors applicable to the forfeiture provisions set out in Paragraph 5.4(C);
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Group, the Group Company and/or Associated Entity <u>Company</u> as permitted under the Scheme to the Trust as determined by the Board from time to time;
“Deed of Confirmation”	has the meaning ascribed to it in Paragraph 4(D);
“Director”	directors of the Company;
“Electronic Administration”	has the meaning ascribed to it in Paragraph 4(C);
“ <u>Eligible Participant</u> ”	<u>any Employee(s) and/or Service Provider(s);</u>
“Employee”	any <u>individual being an employee</u> (whether full time or part time), consultant, executive or officers, <u>and</u> directors (including any executive director, non-executive director and independent non-executive director) of any member of the Group, <u>any Related Entity</u> or any Associated Entity <u>Company</u> ;
“ Excluded Employee <u>Participant</u> ”	any Employee <u>Eligible Participant</u> who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee <u>Eligible Participant</u> ;

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“General Mandate”	the general mandate granted or to be granted by the shareholders of the Company at general meetings from time to time;
“Grant Agreement”	has the meaning ascribed to it in Paragraph 5.2(F);
“Grant Notice”	has the meaning ascribed to it in Paragraph 5.2(F);
“Group”	the Company and its Subsidiaries from time to time, “member of the Group” means any or a specific one of them, and “Group Company” shall be construed accordingly;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
<u>“Independent Shareholders”</u>	<u>Shareholders other than (i) its controlling shareholder(s) and their associates; or (ii) if the Company has no controlling shareholder, the Directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates;</u>
<u>“Independent Financial Adviser”</u>	<u>the independent financial adviser for the time being of the Company;</u>
<u>“Initial Mandate Limit”</u>	<u>has the meaning ascribed to it in Paragraph 7(A);</u>
<u>“Initial Sublimit”</u>	<u>has the meaning ascribed to it in Paragraph 7(C);</u>
<u>“Listing Committee”</u>	<u>the listing sub-committee of the directors of the Stock Exchange;</u>
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Manager’s Nonfeasance”	act(s) or omission(s) (as determined by the Board in its sole discretion) that have caused material losses to any Group Company due to a Selected Employee’s Participant’s failure to fully perform his or her management duties;
<u>“Mandate”</u>	<u>the mandate granted or to be granted by the Shareholders at general meetings to grant Awards, options or awards pursuant to this Scheme or any other schemes of the Company up to the Scheme Mandate Limit;</u>

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“Online Platform”	has the meaning ascribed to it in Paragraph 4(C);
<u>“Refreshed Mandate Limit”</u>	<u>has the meaning ascribed to it in Paragraph 7(B);</u>
<u>“Refreshed Sublimit”</u>	<u>has the meaning ascribed to it in Paragraph 7(D);</u>
<u>“Related Entity”</u>	<u>a company which is a holding company or a fellow subsidiary (i.e. a subsidiary of a holding company) of the Company;</u>
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares;
“Scheme”	the “Alibaba Pictures Group Limited Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof;
<u>“Scheme Mandate Limit”</u>	<u>the Initial Mandate Limit or the Refreshed Mandate Limit (as the case may be);</u>
“Selected Employee Participant(s)”	Employee(s) <u>any Eligible Participant</u> selected by the Board pursuant to Paragraph 5.2(A) for participation in the Scheme;
<u>“Service Provider”</u>	<u>any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including: (a) suppliers of services to any member of the Group; and (b) advisors (professional or others) or consultants to any area of business or business development of any member of the Group, provided that any placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers for the purpose of this Scheme;</u>

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<u>“Service Provider Sublimit”</u>	<u>the Initial Sublimit or the Refreshed Sublimit (as the case may be);</u>
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shares”	ordinary shares of HK\$0.25 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
<u>“Shareholder(s)”</u>	<u>holder(s) of Shares of the Company;</u>
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
<u>“subsidiary(ies)”</u>	<u>has the meaning ascribed to it in the Listing Rules;</u>
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed entered into between the Company and the Trustee dated December 30, 2016 (as restated, supplemented and amended from time to time);
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Employees <u>Eligible Participants</u> (other than the Excluded Employees <u>Participants</u>), including without limitation: (a) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust; (b) any Residual Cash;

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- (c) any Awarded Shares or other property to be vested or not vested with the Selected ~~Employee~~Participant under the terms of the Scheme; and
- (d) all other properties from time to time representing (a), (b) and (c) above;
- “Trust Period” the period beginning with the Adoption Date and ending upon the first to happen of the following, namely:
- (a) the ~~fifteenth~~tenth (~~15th~~10th) anniversary of the Adoption Date;
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise 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
- (c) the date as may be informed by the Company that the Scheme shall be terminated;
- “Trustee” Bank of Communications Trustee Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed;
- “Vesting Date” in respect of a Selected ~~Employee~~Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected ~~Employee~~Participant in accordance with Paragraph 5.3(A) and other terms of the Scheme; and
- “Vesting Notice” has the meaning ascribed to it in Paragraph 5.3(B).
- (B) In these rules of the Scheme, save where the context otherwise requires:-
- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of the Scheme;
- (ii) references to Paragraphs and Schedules are references to paragraphs and schedules of these rules of the Scheme;

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- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders; and
- (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2. PURPOSES AND OBJECTIVES

- (A) The specific objectives of the Scheme are:-
 - (i) to recognise the contributions by certain Employees and Service Providers and to provide them with incentives in order to retain them for the continual operation and development of the Group; and
 - (ii) to attract suitable personnel for further development of the Group.
- (B) These rules serve to set out the terms and conditions upon which the incentive arrangement for the Employees and Service Providers shall operate.

3. DURATION

Subject to any early termination as may be determined by the Board pursuant to Paragraph 10, the Scheme shall be valid and effective for a term commencing on the Adoption Date and ending on the expiry of the Trust Period.

4. ADMINISTRATION

- (A) The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding.
- (B) The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.
- (C) The Board may opt to administer any Awards (the “**Electronic Administration**”) through an online platform such as the Company’s intranet online platform or such other online platform designated by the Company from time to time (the “**Online Platform**”). If Electronic Administration is adopted for any Awards, the Company shall notify each relevant Selected ~~Employee~~Participant of the access details to the Online Platform including the link to the Online Platform and the relevant login account and password assigned to each such Selected ~~Employee~~Participant. All communications between the Company and each such Selected ~~Employee~~Participant in connection with the Scheme, including the granting and acceptance of the

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

Awarded Shares and the vesting of the Awarded Shares managed through Electronic Administration shall be communicated via the Online Platform, and the Company and each such Selected ~~Employee~~ Participant shall be entitled to rely on the information exchanged via the Online Platform. Notwithstanding anything to the contrary in the Scheme Rules, despite the adoption of Electronic Administration, the Board shall have the power to request that communication be made in any electronic means other than on the Online Platform or in any non-electronic written format.

(D) The Company shall keep a record of all information that is necessary for the Trustee to carry out the Scheme (including without limitation the identification information of the Selected ~~Employees~~ Participants, the number of Awarded Shares granted to each Selected ~~Employee~~ Participant, vesting schedule and conditions with respect to each Selected ~~Employee~~ Participant and details of each Selected ~~Employee's~~ Participant's securities account to receive the Awarded Shares) and as soon as practicable provide the Trustee with such records (or any update thereof). The Trustee shall be entitled to rely on such information as provided by the Company and/or the Board and the Trustee shall not have any duty or obligation to verify the accuracy of such information as provided. Each Selected ~~Employee~~ Participant shall execute a deed in substantially the form set out in Appendix 2 (the "**Deed of Confirmation**") to confirm that the Trustee may rely on the information so provided by Company and/or the Board.

(E) This Scheme shall take effect subject to:

- (i) the passing of the necessary resolution to approve and adopt (or subject to Paragraph 9(A), to amend) this Scheme by the Shareholders in general meeting;
- (ii) the granting by resolution of the Shareholders in general meeting of a mandate to the Board to grant Awards under this Scheme and any awards or options under other schemes of the Company up to the Scheme Mandate Limit;
- (iii) the Listing Committee granting approval of the listing of, and permission to deal in any new Shares which may be allotted and issued for satisfaction of any Awards granted under this Scheme and any awards or options granted under any other schemes of the Company not exceeding the Scheme Mandate Limit.

References in Paragraph 4(E) to the Listing Committee granting approval and permission shall include any such approval and permission which is subject to conditions.

5. OPERATION OF SCHEME

5.1 Contribution of funds to the Trust

(A) The Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary or Associated ~~Entity~~ Company as directed by the Board which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

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- (B) Subject to Paragraphs ~~5.5.6(B)~~, 7(A), 7(B), 7(C) and 7(~~A~~D), in the event that the Awarded Shares are to be allotted and issued as new Shares under the ~~General Mandate or a specific mandate~~ for the purpose of the Trust, the Board shall cause an amount not less than the nominal value of such new Shares to be allotted and issued be transferred from the Company's resources as soon as practicable but in any event not later than five (5) Business Days prior to the allotment and issuance of such Shares as subscription monies for the new Shares and cause to issue and allot such new Shares to the Trustee, which shall be held upon trust for the relevant Selected ~~Employee~~Participant subject to the terms and conditions set out herein and in the Trust Deed. The Company shall comply with the relevant Listing Rules, in particular Chapter 17 of the Listing Rules, when allotting and issuing any new Shares under ~~General~~the Mandate ~~or a specific mandate~~ and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued (if such application has not been made).
- (C) Subject to Paragraphs ~~5.5.6(B)~~ and 7(A), the Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange. Once purchased, the Shares are to be held by the Trustee for the benefit of ~~Employees~~Selected Participant under the Trust on and subject to the terms and conditions of the Scheme Rules and the Trust Deed. On each occasion when the Board instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.
- (D) As soon as practicable after receiving the notice setting out the instructions from the Company under Paragraph 5.1(C) with respect to the purchase of the Shares on the Stock Exchange and during such period until being notified by the Board to suspend or cease the purchase, the Trustee shall apply such amount of Residual Cash towards the purchase of such maximum board lot of Shares at the prevailing market price according to the instructions set out in the notice. The Trustee shall also pay the related purchase expenses (including for the time being, the brokerage fee, stamp duty, the Securities and Futures Commission transaction levy ~~and~~ Stock Exchange trading fee and AFRC fee if applicable) and such other necessary expenses required for the completion of the purchase of the Shares out of the Residual Cash. For the avoidance of doubt, the Shares so purchased and the remaining balance of any Residual Cash shall form part of the Trust Fund. The Trustee is not obliged to purchase any Shares unless the prevailing market price of the Shares falls within the range of prices in accordance with ~~Clause Paragraph~~ 5.1(C) and that the Trustee has sufficient funds in the Trust to undertake the purchase of such Shares.
- (E) The Trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. If, for any reason, the Trustee shall not be able to purchase any or all of the Shares with the maximum amount of funds (where a ~~the~~ range of prices at which such Shares are to be purchased has been specified by the Board) so specified in the notice within ten (10) Business Days on which the trading of the Shares has not been suspended on the Stock Exchange after being instructed by the Board to do so, the Trustee shall notify the Board in writing. The Board shall then decide on whether to instruct the Trustee to continue with such purchase and the conditions thereof.

5.2 Award of Awarded Shares to Selected ~~Employees~~Participants

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- (A) Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs ~~5.5.6(B), 7(A) and 7(B)~~, the Board may, from time to time, at its absolute discretion select any ~~Employee~~Eligible Participant (other than any Excluded ~~Employee~~Participant) for participation in the Scheme as a Selected ~~Employee~~Participant, and grant such number of Awarded Shares to any Selected ~~Employee~~Participant at no consideration (unless the Remuneration Committee and/or the Board at their absolute discretion otherwise determine on a case-by-case basis and state in the Grant Notice to the Selected Participant) and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.
- (B) In determining the number of Awarded Shares to be granted to any Selected ~~Employee~~Participant (excluding any Excluded ~~Employee~~Participant), the Board or the Scheme Selection Team (as defined below) shall take into consideration matters including, but without limitation to,
- (a) the present contribution and expected contribution of the relevant Selected ~~Employee~~Participant to the profits of the Group;
 - (b) the general financial condition of the Group;
 - (c) the Group's overall business objectives and future development plan; and
 - (d) any other matter which the Board considers relevant.
- (C) ~~The~~Subject to Paragraph 5.3(B), the Board is entitled to impose any condition (including but not limited to a period of continued service within the Group after the Award), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected ~~Employee~~Participant, and shall inform the Trustee and such Selected ~~Employee~~Participant the relevant conditions of the Award and the Awarded Shares. Notwithstanding any other provisions of the Scheme, subject to applicable laws and regulations, the Listing Rules and this Scheme, the Board shall be at liberty to waive any vesting conditions referred to in this Paragraph 5.2(C).
- (D) For the purpose of administering the Scheme and subject to Paragraphs 7(E), 7(F), 7(G) and 7(H), the Board may delegate its powers as follows:
- (a) if the Selected ~~Employee~~Participant is a Director or a member of senior management of the Company:
 - (i) the Board may form a scheme selection team ("**Scheme Selection Team**") comprising of (x) the chief executive officer, (y) the chief people's officer and (z) an independent non-executive Director, who will be responsible for selecting Director or member of senior management of the Company for participation in the Scheme and making proposals to the remuneration committee of the Company ("**Remuneration Committee**");
 - (ii) the Remuneration Committee will review and consider the proposals made by the Scheme Selection Team and make recommendations to the Board for approval; and

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- (iii) the Board will consider and approve the recommendations made by the ~~Remuneration~~Remuneration Committee, determine the maximum amount of funds to be used and the range of prices at which such Awarded Shares are to be purchased and notify the Trustee of the same;
- (b) if the Selected ~~Employee~~Participant is not a Director or a member of senior management of the Company:
 - (i) the Board may formulate a general policy setting out the standard amount to be awarded to each grade of ~~employees~~Employees with special consideration given to new hire, promotion and bonus payment;
 - (ii) in the case of new hire and promotion, the head of human resources department will submit proposals in respect of the proposed grants to all ~~employees~~Employees in each grade based on the Board's policy; in the case of bonus payment, the supervisors of the relevant ~~employees~~Employees may select ~~employees~~Employees for participation in the Scheme based on the Board's policy; and
 - (iii) the Board may also form a scheme execution team ("**Scheme Execution Team**") comprising the chief executive officer and an independent non-executive Director, who will be responsible for considering and approving the proposals made by the human resources department or the relevant supervisors, determining the maximum amount of funds to be used and the range of prices at which such Awarded Shares are to be purchased and notifying the Trustee of the same;

provided that, in the case where proposed grant of any Awarded Shares is to be made to a member of the Scheme Selection Team, the Remuneration Committee, the Board, the Scheme Execution Team, the head of human resources or the supervisors, such member or person shall abstain from the selection, recommendation or approval process in respect of such proposed grant and such grant must be approved by all the other members of the relevant administrator of the Scheme, as the case may be.

- (E) Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.
- (F) After the Board has decided to make a grant of Awarded Shares to any Selected ~~Employee~~Participant, the Board shall send or cause to be sent a grant notice (the "**Grant Notice**") to such Selected ~~Employee~~Participant (i) notifying him of the details of the Award, including the number of Awarded Shares, the proposed Vesting Date and vesting conditions in accordance with the resolutions passed by the Board, and (ii) requiring such Selected ~~Employee~~Participant to sign a grant agreement in such form as the Board may determine ("**Grant Agreement**"). If the Awards to such Selected ~~Employee~~Participant are managed by way of Electronic Administration, the Company shall issue the Grant Notice via the Online Platform and shall send an email alert to the Selected ~~Employee~~Participant.

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- (G) Each Selected ~~EmployeeParticipant~~ who received the Grant Notice in accordance with Paragraph 5.2(F) shall accept the grant of Awarded Shares by signing the Grant Agreement electronically through the Online Platform should the grant be made by way of Electronic Administration, or otherwise by signing and delivering a physical original. In the case of the grant of Awarded Shares to a Selected ~~EmployeeParticipant~~ for the first time, the Selected ~~EmployeeParticipant~~ shall additionally execute the Deed of Confirmation. If the Selected ~~EmployeeParticipant~~ does not sign the documents as required in this paragraph within ten (10) Business Days from the date of the Grant Notice, the Board may determine that such grant shall be revoked and the Awards thereunder shall ~~be forfeited immediately~~ lapse forthwith automatically.
- (H) As soon as practicable after the receipt of the Grant Agreement and, if applicable, the Deed of Confirmation signed by the Selected ~~EmployeeParticipant~~, the Board shall in writing notify the Trustee of the details of the Award granted to and accepted by the relevant Selected ~~EmployeeParticipant~~, including the number of Awarded Shares, the proposed Vesting Date, and vesting conditions (if any), and forward to the Trustee the original executed Deed of Confirmation. The number of Awarded Shares as notified by the Board to the relevant Selected ~~EmployeeParticipant~~ and the Trustee shall constitute the definitive number of Awarded Shares being granted to him.
- (I) Unless the Board otherwise determines and states in the Grant Notice to the Selected Participant, there is no performance target which must be achieved by the Selected Participant before any of the Awards can become vested.
- (J) The Board or the relevant committees may determine in its absolute discretion the purchase price of the Award Shares (if any) and the period within which any such payments must be made in the Grant Notice, which shall be based on considerations such as the prevailing market price of the Shares, the purpose of the Awarded Shares and the characteristics and profile of the relevant Selected Participant.

5.3 Vesting of Awarded Shares

- (A) Subject to the terms and conditions of the Scheme Rules and the fulfillment of all conditions for the vesting of the Awarded Shares in the relevant Selected ~~EmployeeParticipant~~ as specified in the Scheme and the Grant Notice, and the receipt by the Trustee of the Deed of Confirmation duly signed by the relevant Selected ~~EmployeeParticipant~~, the respective Awarded Shares held by the Trustee on behalf of the Selected ~~EmployeeParticipant~~ pursuant to the provision hereof shall vest in such Selected ~~EmployeeParticipant~~ in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected ~~EmployeeParticipant~~ in accordance with Paragraph 5.3(~~BC~~)(iv).
- (B) Subject to the exceptions set out in this paragraph below, the vesting period for the Awarded Shares shall not be less than 12 months or such other period as the Listing Rules may prescribe or permit. Awards granted to a Selected Participant may be subject to a shorter vesting period under specific circumstances as set out below:

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- (a) Grants of “make-whole” Awards to a Selected Participant who is a new joiner to replace the share awards he forfeited when leaving his previous employer(s). In such cases, the vesting period may be shorter to reflect the remaining vesting period in respect of the forfeited share awards;
- (b) Grants of “make-whole” Awards to a Selected Participant who is an existing key personnel of a newly acquired Subsidiary of the Company to replace the awards or options he forfeited upon the acquisition of the Subsidiary by the Company. In such case, the vesting period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or options;
- (c) Grants of Awards to a Selected Participant whose employment is terminated due to retirement, death, disability, or reasons other than resignation or Cause. In such circumstance(s), the vesting of an Award may accelerate;
- (d) Grants of Awards with performance-based vesting conditions as provided in this Scheme in lieu of time-based vesting criteria;
- (e) Grants of Awards that are made in batches during a year for administrative and compliance reasons. They may include Awards that have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting period may be shorter to reflect the time from which an Award would have been granted;
- (f) Grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; or
- (g) Grants of Awards with a total vesting and holding period of more than 12 months.

~~(B)~~(C) Upon the vesting of the Awarded Shares,

- ~~(i)~~(a) barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, at least thirty (30) Business Days prior to the Vesting Date, the Board shall send to the relevant Selected ~~Employee~~Participant (or his legal personal representative or lawful successor as the case may be) a notice relating to the vesting of the Awarded Shares, including the number of Awarded Shares which shall become vested on the Vesting Date and any vesting condition (the “**Vesting Notice**”). The Vesting Notice may be made in the form set out in Appendix 1 or in such other form as the Board may determine from time to time. If the Awards to be vested are managed by way of Electronic Administration, the Company shall issue the Vesting Notice via the Online Platform and shall send an email alert to the Selected ~~Employee~~Participant;
- ~~(ii)~~(b) upon receipt of the Vesting Notice, the Selected ~~Employee~~Participant (or his legal personal representative or lawful successor as the case may be) is required to reply and confirm the vesting of the Awarded Shares and provide such information as required in the Vesting Notice, including the details of the recipient securities account. If the Awards to be vested are managed by way of Electronic Administration, the Selected ~~Employees~~Participants shall reply via the Online Platform;

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~~(iii)~~(c) unless otherwise determined by the Board, in the event that the Board does not receive the reply from the Selected ~~Employee~~Participant at least ten (10) Business Days prior to the Vesting Date, the Awarded Shares which would have otherwise vested in such Selected ~~Employee~~Participant shall be automatically forfeited, lapsed and remain as part of the Trust Fund; and

~~(iv)~~(d) subject to the receipt by the Trustee of (a) a notice from the Company confirmation all vesting conditions having been fulfilled and providing vesting details (including without limitation the identification information of the relevant Selected ~~Employee~~Participant, the number of vested Awarded Shares, and the details of the recipient securities account), and (b) certified copies of the identification documents of the relevant Selected ~~Employee~~Participant, the Trustee shall transfer the relevant Awarded Shares to the Selected ~~Employee~~Participant as soon as practicable on or after the Vesting Date and in any event not later than ten (10) Business Days after the Vesting Date. Notwithstanding anything to the contrary in the Scheme ~~Rules~~, for proper transfer of the Awarded Shares, the Trustee may require certain transfer documents to be signed by such Selected ~~Employee~~Participant, in which case the Trustee shall notify the Board at least thirty (30) Business Days before the vesting and the Board shall as soon as practicable arrange for such documents to be signed by such Selected ~~Employee~~Participant. The Trustee may refuse to carry out the vesting arrangements unless the required signed documents have been received from the Board.

~~(C)~~(D) Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected ~~Employee~~Participant to whom it is made and shall not be assignable and no Selected ~~Employee~~Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.

~~(D)~~(E) The Board may at its absolute discretion, with or without further conditions, grant additional Shares or cash award out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to a Selected ~~Employee~~Participant upon the vesting of any Awarded Shares. In such case the Board shall notify the Selected ~~Employee~~Participant and the Trustee and specify the number of additional Shares and cash amount to be granted to the Selected ~~Employee~~Participant. The Trustee shall transfer the specified number of additional Shares and the cash award, together with the Awarded Shares, to the Selected ~~Employee~~Participant in accordance with Paragraph 5.3~~(B)~~(iv).

5.4 Disqualification of Selected ~~Employee~~Participant

(A) In the event that prior to or on the Vesting Date, a Selected ~~Employee~~Participant is found to be an Excluded ~~Employee~~Participant or is deemed to cease to be an ~~Employee~~Eligible Participant pursuant to Paragraph 5.4(B), the relevant Award made to such Selected ~~Employee~~Participant shall, to the extent not yet vested, automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such ~~Employee~~Selected Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.

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- (B) Unless the Board determines otherwise, the circumstances under which a Selected ~~EmployeeParticipant~~ shall be treated as having ceased to be a Selected ~~EmployeeParticipant~~ shall include, without limitation, the following:
- (i) a Selected ~~EmployeeParticipant~~ has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
 - (ii) a Selected ~~EmployeeParticipant~~ who is a Director (including independent non-executive Director) ceases to be a Director, unless such Selected ~~EmployeeParticipant~~ remains as an ~~employeeEmployee~~ of the Group, a Related Entity or an Associated EntityCompany;
 - (iii) a Selected ~~EmployeeParticipant~~ ceases to be an ~~employeeEmployee~~ or a Service Provider of a Group Company, a Related Entity or an Associated EntityCompany;
 - (iv) the company by which a Selected ~~EmployeeParticipant~~ is employed ceases to be a Group Company or as the case may be, a Related Entity or an Associated EntityCompany;
 - (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise 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);
 - (vi) a Selected ~~EmployeeParticipant~~ (whether intentionally or otherwise) commits a breach of Paragraph 5.3(~~ED~~); or
 - (vii) the condition(s) to vesting are not capable of being satisfied, as determined by the Board.
- (C) In the event that any of the following event occurs,
- (i) a Selected ~~EmployeeParticipant~~ ceases to be an ~~employeeEmployee~~ or a Service Provider of a Group Company, a Related Entity or an Associated EntityCompany for Cause;
 - (ii) a Selected ~~EmployeeParticipant~~, during his term of employment or within twelve (12) months of termination of his employment with a Group Company, a Related Entity or an Associated EntityCompany (in each case as determined by the Board):
 - (A) directly or indirectly, establishes, incorporates, forms, enters into, or participates in the business as an owner, partner, principal or shareholder or other proprietor (other than through a purchase on the open market, solely as a passive investment, of not more than five percent (5%) of the interest) of any Competitor;
 - (B) has become, is or becomes an officer, director, employee, consultant, adviser of, or otherwise, directly or indirectly, enters the employ of, continue any employment with or render any services to or for, any Competitor; or

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(C) knowingly performs or has performed any act that may confer a competitive benefit or advantage upon any Competitor

(each of (A), (B) and (C) above a “**Competitive Offence**”);

(iii) a Selected ~~Employee~~Participant has committed any Manager’s Nonfeasance; or

(iv) a Selected ~~Employee~~Participant has violated the confidentiality obligation(s) under any Grant Notice;

the Award, whether vested or unvested, shall automatically ~~be cancelled~~lapse as of the date of: (a) the termination for Cause, (b) the commission of a Competitive Offence by such Selected ~~Employee~~Participant, (c) the commission of a Manager’s Nonfeasance, or (d) the violation of the confidentiality obligation(s) under any Grant Notice, in each case as determined by the Board in its sole discretion and such determination shall be binding on such Selected ~~Employee~~Participant, and the Company shall have the right to:

- (1) repurchase or procure the purchase of some or all of the vested Awarded Shares from such Selected ~~Employee~~Participant or his transferee for no consideration; and
- (2) require such Selected ~~Employee~~Participant to pay the Company any and all payment in cash or other property in lieu of the vested Awarded Shares which such Selected ~~Employee~~Participant has received from the Company pursuant to the Award.

For the avoidance of doubt, no tax or charge paid by the Selected ~~Employee~~Participant in connection with (x) the grant or vesting of the Awarded Shares, (y) the issuance or delivery of the Awarded Shares or payment in lieu of the Awarded Shares, or (z) the sale or transfer of the Awarded Shares shall be refunded to such Selected ~~Employee~~Participant in the event of ~~cancellation~~lapse of the Awarded Shares pursuant to this Paragraph 5.4(C), repurchase of the Awarded Shares, or payment by such Selected ~~Employee~~Participant to the Company of any and all payment in cash or other property in lieu of the Awarded Shares the Selected ~~Employee~~Participant has received from the Company, upon his termination for Cause, commission of a Competitive Offence or a Manager’s Nonfeasance, or violation of the confidentiality obligation(s) under any Grant Notice.

The Trustee shall have no obligation to purchase any vested Awarded Shares under this paragraph and accordingly shall have no liability in this regard.

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- (D) In respect of a Selected ~~Employee~~Participant who (i) in the sole opinion of the Company, has suffered disability as a result of or in connection with performance of his duty during the course of employment with a Group Company, a Related Entity or Associated ~~Entity~~Company at any time prior to a Vesting Date and is unable to perform his duties; (ii) has died during his employment with a Group Company, a Related Entity or Associated ~~Entity~~Company; or (iii) has retired by agreement with a member of the Group, a Related Entity or Associated ~~Entity~~Company or resigned at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected ~~Employee~~Participant shall, to the extent not yet vested, automatically lapse on the last day of employment unless the Board determines otherwise and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such ~~Employee~~Selected Participant shall have no right or claim against the Company, any other member of the Group, a Related Entity or Associated ~~Entity~~Company, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way. In the event that a Selected ~~Employee~~Participant has taken unpaid leave of absence, the original Vesting Date of any unvested Awarded Shares may be deferred with such rules as the Board shall determine.
- (E) (i) In the event of the death of a Selected ~~Employee~~Participant, the Trustee shall hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust and to transfer the same to the legal personal representatives of the Selected ~~Employee~~Participant and subject as aforesaid the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within (a) two years of the death of the Selected ~~Employee~~Participant (or such longer period as the Trustee and the Board shall agree from time to time), or (b) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected ~~Employee~~Participant.
- (ii) If the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall remain part of the Trust Fund.
- (iii) Notwithstanding the foregoing, the Benefits held upon the Trust hereof shall until transfer is made in accordance herewith be retained and otherwise dealt with by the Trustee in every way as if they had remained part of the ~~trust fund~~Trust Fund of the Trust.

5.5 Cancellation of Awards

Any Awards that have not vested or lapsed may be cancelled if the Selected Participant so agrees and new Awards may be granted to the same Selected Participant under this Scheme with available Scheme Mandate Limit and Service Provider Sublimit (as applicable) prescribed by Paragraphs 7(A), 7(B), 7(C) and 7(D). The Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate limit and Service Provider Sublimit.

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5.5.6 Other terms and conditions

(A) For the avoidance of doubt,

- (i) subject to Paragraph 5.3(~~DE~~), a Selected ~~Employee~~Participant shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares and non-cash income derived from such Awarded Shares prior to the Vesting Date;
- (ii) a Selected ~~Employee~~Participant shall have no rights in the Residual Cash or Shares or such other Trust Fund or property held by the Trust;
- (iii) no instructions shall be given by a Selected ~~Employee~~Participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee;
- (iv) the Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom);
- (v) subject to Paragraph 5.3(~~DE~~), all cash income and the sale proceeds of non-scrip distribution declared in respect of a Share held upon the Trust will be applied towards (a) the payment of the fees, costs and expenses of the Trust, and (b) the remainder, if any, remain as part of the Trust Fund;
- (vi) unless otherwise waived by the Board, in the event that the vesting conditions specified in the Grant Notice are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and the Selected ~~Employee~~Participant shall have no claims against the Company, the Board, the Trust or the Trustee;
- (vii) in the case of the death of a Selected ~~Employee~~Participant, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected ~~Employee~~Participant is made within the period prescribed in Paragraph 5.4(E), and the legal personal representatives of the Selected ~~Employee~~Participant shall have no claims against the Company or the Trustee; and
- (viii) ~~for the avoidance of doubt,~~ the Board has, at all times, an overriding power to refuse to direct or procure the Trustee to deal in, sell, transfer or dispose of any Awarded Shares in circumstances including if the Board considers that complying with the instructions of a Selected ~~Employee~~Participant may breach or contravene any law, rule or regulation.

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(B) No Award shall be made by the Board pursuant to Paragraph 5.2(A) and no instructions to acquire any Shares shall be given to the Trustee under the Scheme pursuant to Paragraphs 5.1(B) and (C) where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the application laws and the Listing Rules;
- (ii) during the period of ~~sixty (60) days~~ one month immediately preceding the ~~publication~~ date of the Board meeting for approving the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant the deadline for the Company to announce its annual results for any financial period up to the publication date of the results ~~Company, whichever is the earlier;~~
- (iii) during the period of ~~thirty (30) days~~ one month immediately preceding the ~~publication~~ date of the Board meeting for approving the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or the deadline for the Company to announce its interim results for any financial period of the Company, whichever is the earlier;
- (iv) during any period of delay in publishing a results announcement; and
- ~~(v)~~ in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

The Board may, at any time after it has instructed the Trustee to purchase or acquire any Shares in accordance with Paragraphs 5.1(B) and (C), instruct the Trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice (without specifying any reasons therefor).

(C) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations and approval requirements including without limitation those imposed by the Listing Rules from time to time.

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

~~6. TAKEOVER, RIGHTS ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME, ETC~~

6. CHANGE OF CONTROL EVENT AND REORGANISATION OF CAPITAL STRUCTURE

- (A) Notwithstanding any other provision provided herein, if there occurs an event of change in control or alteration in the capital structure of the Company, whether by way of capitalisation issue, offer, merger, sub-division or consolidation of shares, reduction of share capital, scheme of arrangement, compromise or arrangement pursuant to the Bermuda Companies Act or otherwise, and such change in control or alteration in capital structure event becomes or is declared unconditional prior to the Vesting Date, the Board shall determine at its sole discretion whether such Awarded Shares shall vest in the Selected ~~Employee~~Participant and the time at which such Awarded Shares shall vest, by reference to factors which may include: (a) the extent to which any performance or other conditions to vesting have been satisfied, and (b) the proportion of the vesting period that has expired, in each case as at the occurrence of the change of control or alteration in capital structure event, and the Company shall notify the Selected ~~Employee~~Participant of the date on which and the extent to which his Award will vest. Such date shall be deemed the Vesting Date. For the avoidance of doubt, the Board may in its absolute discretion determine that all or any of the Award shall or shall not vest. If the Board determines that any Award shall vest in part only, the balance of the Award shall lapse and be held as part of the Trust Fund. Any Award, to the extent not vested as provided in this Paragraph 6(A), shall lapse automatically on (i) in the case of offer, the date on which the offer closes; (ii) in the case of scheme of arrangement, the record date for determining entitlements; or (iii) in the case of compromise or arrangement pursuant to the Bermuda Companies Act, the date on which such compromise or arrangement becomes effective. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within seven (7) Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares to the Selected ~~Employee~~Participant in accordance with Paragraph 5.3(~~BC~~)(iv). For the purpose of this Paragraph 6(A), “control” shall have the meaning as specified in the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs from time to time.
- (B) In the event the Company undertakes a capitalisation of profits or reserves, rights issue, reduction, subdivision or consolidation of the Shares (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is party), such Selected ~~Employee~~Participant shall be entitled to those Awarded Shares as ~~so subdivided or consolidated~~ altered and the Board shall as soon as reasonably practicable after such ~~subdivision or consolidation~~ alteration has been effected, notify each such Selected ~~Employee~~Participant of the altered number of Awarded Shares that he has become entitled to on vesting after such ~~subdivision or consolidation~~ (as the case may be) alteration and the altered purchase price (if any).
- (C) Any alterations made in respect of the Awarded Shares as referred to in Paragraph 6(B) shall be certified in writing by the Independent Financial Adviser or the Auditors at the request of the Company to the Board to be either generally or with regard to any particular Selected Participant in their opinion fair and reasonable, provided that:

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- (i) any such alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Selected Participant is entitled after such alteration shall remain the same as that to which he was entitled before such alteration, but no such alteration shall be made to the extent that the effect of which would be to enable any Share to be issued at less than its nominal value, and
- (ii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance regarding any such alteration, and

in respect of any alteration referred to in this Paragraph 6(C), other than any made on a capitalisation issue, the Independent Financial Adviser or the Auditors must confirm to the Board in writing that the alteration satisfies the requirements of the relevant provisions of the Listing Rules.

~~(C)(D)~~ In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall sell such amount of the nil-paid rights allotted to it on the market as is appropriate and, subject to Paragraph 5.3(~~DE~~), the net proceeds of sale of such rights shall be held as part of the Trust Fund.

~~(D)(E)~~ In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it on the market, subject to Paragraph 5.3(~~DE~~), the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.

~~(E)(F)~~ In the event that the Company undertakes an issue of bonus Shares, subject to Paragraph 5.3(~~DE~~), the bonus Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.

~~(F)(G)~~ In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip Shares and, subject to Paragraph 5.3(~~DE~~), scrip Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.

~~(G)(H)~~ In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held upon the Trust, the Trustee shall dispose of such distribution and, subject to Paragraph 5.3(D), the net sale proceeds thereof shall be deemed as cash income of a Share held as part of the Trust Fund.

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~~(H)~~(I) If notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering a resolution 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 an order of winding up of the Company is made, the Board shall determine at its discretion whether such Awarded Shares shall vest in the Selected ~~Employee~~Participant and the time at which such Awarded Shares shall vest. If the Board determines that any Awarded Shares shall vest, it shall promptly notify the Selected ~~Employee~~Participant and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the Awarded Shares which are to become vested in such Selected ~~Employee~~Participant to such Selected ~~Employee~~Participant.

7. SCHEME LIMIT

- (A) ~~The maximum aggregate number of Shares which can be held by the Trustee under~~ in respect of which Awards may be granted pursuant to the Scheme ~~at any single point in time shall and any other schemes of the Company must not exceed two~~eight per cent (28%) of the ~~total issued share capital of the Company from time to time. The Board shall not make any further Award which will result in the aggregate number of Shares held by the Trustee under the Scheme exceeding two per cent (2%) of the issued share capital of the Company from time to time. For the avoidance of doubt, such limit shall not include any Shares which have been vested in and transferred out to the Selected Employees.~~Shares in issue as at the Approval Date (the "**Initial Mandate Limit**").
- (B) ~~The Company may refresh the Scheme Mandate Limit by ordinary resolution of the Shareholders after three years from the date of the shareholders' approval for the last refreshment. Any proposal for refreshing the Scheme Mandate Limit before the end of such three-year period must be approved by Independent Shareholders. The maximum aggregate number of Shares which may be issued in respect of any Awards, options or awards to be granted under this Scheme or any other schemes of the Company under the Scheme Mandate Limit as refreshed (the "**Refreshed Mandate Limit**") must not exceed eight per cent (8%) of the Shares in issue as at the date of approval of the Refreshed Mandate Limit. For the avoidance of doubt, any Shares which have been vested in and transferred out to the Selected Participant shall be considered as utilised for the purpose of calculating the Scheme Mandate Limit.~~
- (C) ~~Subject to the Scheme Mandate Limit, the total number of Shares in respect of which Awards may be granted to Service Providers under this Scheme must not exceed one per cent (1%) of the Shares in issue as at the Approval Date (the "**Initial Sublimit**") provided always that any utilisation under the Service Provider Sublimit shall be regarded as utilisation within the Scheme Mandate Limit.~~
- (D) ~~The Company may, conditional upon the obtaining of the required approval for the Refreshed Mandate Limit, refresh the Service Provider Sublimit by a separate ordinary resolution of the Shareholders (or Independent Shareholders, as the case may be). The maximum number of Shares which may be issued in respect of any Awards to be granted to Service Providers under the Service Provider Sublimit as refreshed (the "**Refreshed Sublimit**") must not exceed one per cent (1%) of the Shares in issue as at the date of approval of the Refreshed Sublimit.~~

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- (E) Any grant of Awards to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Selected Participant in respect of the Award in question).
- ~~(B)~~(F) The maximum total number of Shares (including both vested and non-vested Shares) which may be awarded to a Selected Employee under the Scheme shall not exceed issued and to be issued in respect of the Awards granted under this Scheme and options and awards granted under any other schemes of the Company to each Selected Participant (excluding any options, awards and Awards lapsed in accordance with the terms of this Scheme or other schemes of the Company, as the case may be) in any 12-month period must not exceed 1% of the Shares in issue. Where any grant of Awards to a Selected Participant would result in the Shares issued and to be issued in respect of all options, awards and Awards granted to such Selected Participant under this Scheme and any other schemes of the Company (excluding any options, awards and Awards lapsed in accordance with the terms of this Scheme or other schemes of the Company, as the case may be) in the 12-month period up to and including the date of such grant representing in aggregate over one per cent (1%) of the issued share capital of the Company from time to time. Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Selected Participant and his close associates (or associates if the Selected Participant is a connected person) abstaining from voting.
- (G) Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company or any of his associates would result in the Shares issued and to be issued in respect of all options, awards and Awards granted under this Scheme and any other schemes of the Company (excluding any options, awards and Awards lapsed in accordance with the terms of this Scheme or other schemes of the Company, as the case may be) to such Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1 per cent of the Shares in issue, such further grant of Awards must be approved by the Shareholders in the Company's general meeting with such Selected Participant, his associates, and all core connected persons of the Company abstaining from voting in favour at such general meeting.
- (H) 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 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 this Scheme or other schemes of the Company, if any and as the case may be) to such Selected Participant in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1 per cent of the Shares in issue, such further grant of Awards must be approved by the Shareholders in the Company's general meeting with such Selected Participant, his associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

8. DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board whose decision shall be final and binding.

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9. ALTERATION OF THE SCHEME

- (A) ~~The Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Employee hereunder except with:~~ except that any alterations to the terms of the Scheme which are of a material nature or are related to matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants must be approved by the Shareholders in general meeting. The Board's determination as to whether any proposed alteration to the terms of this Scheme is material shall be conclusive.
- (i) ~~the consent in writing of Selected Employees amounting to three-fourths of number of Shares so held by the Trustee on that date; or~~
- (B) Any changes to the authority of the Board in relation to any alteration of the terms of this Scheme shall not be made without the prior approval of the Shareholders in general meeting.
- (ii) ~~the sanction of a special resolution passed at a meeting of the Selected Employees.~~
- (C) Save for alterations which take effect automatically under the terms of this Scheme, any change to the terms of the Awards granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the same body(ies).
- (B) ~~For any such meeting of Selected Employees referred to in Paragraph 9(A), all the provisions of the Bye-laws as to general meetings of the Company shall *mutatis mutandis* apply as though the Shares then held by the Trustee on behalf of Selected Employees were a separate class of shares forming part of the share capital of the Company except that:~~
- (i) ~~not less than seven (7) days' notice of such meeting shall be given;~~
- (ii) ~~a quorum at any such meeting shall be two Selected Employees present in person or by proxy;~~
- (iii) ~~every Selected Employee present in person or by proxy at any of such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Awarded Share proposed to be awarded to him and held by the Trustee;~~
- (iv) ~~any Selected Employee present in person or by proxy may demand a poll; and~~
- (v) ~~if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven (7) or more than fourteen (14) days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Selected Employees who are then present in person or by proxy shall form a quorum and at least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Selected Employees who are then present in person or by proxy shall form a quorum.~~

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

~~(C)~~(D) Written notice of any amendment to the Scheme shall be given to all Selected ~~Employees~~Participants and the Trustee.

10. TERMINATION

(A) The Scheme shall terminate on the earlier of:

- (i) the expiry of the Trust Period; and
- (ii) such date of early termination as determined by the Board by a resolution of the Board,

PROVIDED THAT such termination shall not affect any subsisting rights of any Selected ~~Employee~~Participant hereunder.

(B) Upon termination of the Scheme,

- (i) no further grant of Awarded Shares may be made under the Scheme, these rules of the Scheme shall remain in full force and effect in respect of Awards which have been granted during the term of the Scheme and which remain unvested or which have vested but not yet been transferred to a Selected ~~Employee~~Participant immediately prior to the termination of the Scheme;
- (ii) all the Awarded Shares of the Selected ~~Employees~~Participants granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected ~~Employees~~Participants according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected ~~Employee~~Participant;
- (iii) upon the expiration of the Trust Period, all Shares (except for any Awarded Shares subject to vesting on the Selected ~~Employees~~Participants) remaining in the Trust Fund shall be sold by the Trustee within twenty-eight (28) Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine);
- (iv) upon the expiration of the Trust Period all net proceeds of sale referred to in Paragraph 10(B)(iii) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to Paragraph 10(B)(iii)).

(C) For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

11. WITHHOLDING

- (A) The Company, any Subsidiary, Related Entity or Associated Entity Company shall be entitled to withhold, and any Selected Employee Participant shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Awarded Shares.
- (B) The Board may establish appropriate procedures to provide for any such payment so as to ensure that the Group Company or Associated Entity Company receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to such Group Company, Related Entity or Associated Entity Company any tax deduction resulting from the occurrence of such event.
- (C) The Group Company, Related Entity or Associated Entity Company may, by notice to the Selected Employee Participant and subject to any rules as the Board may adopt, require that the Selected Employee Participant pay at the time of the Award an amount estimated by the Group Company or Associated Entity Company to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Award.

12. MISCELLANEOUS

- (A) The Scheme shall not form part of (i) any contract of employment between the Company, Group Company, Related Entity or Associated Entity Company and any Employee and/or (ii) any contract between any Service Provider and the Company or Group Company, and the rights and obligations of any Employee Eligible Participant under the terms of his office ~~or~~, employment or service shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Employee Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office ~~or~~, employment or service for any reason.
- (B) The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Paragraph 12(D), expenses, stamp duty, transaction levies and normal registration fees incurred in the purchase of Shares by the Trustee and the transfer of Awarded Shares to Selected Employees Participants on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any tax or expenses of such other nature payable on the part of any Employee Eligible Participant in respect of any sale, purchase, vesting or transfer of Shares.
- (C) In the event that any tax, duty, levy or social security contribution in any jurisdiction is payable by any Selected Employee Participant in connection with the grant of any Awarded Shares or the vesting (or otherwise the transfer) of any Awarded Shares, such Selected Employee Participant shall be responsible for the prompt payment of such tax, duty, levy or social security contribution (as the case may be) and shall indemnify the Company and the Trustee against any loss, damage, liability, costs and expenses arising from or in connection with any default or delay in the payment thereof.

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

- (D) Any notice or other communication between the Company and any ~~Employee~~Eligible Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its head office and principal place of business in Hong Kong or such other address as notified to the ~~Employee~~Eligible Participant from time to time, and in the case of an ~~Employee~~Eligible Participant, his address as notified to the Company from time to time. Any notice (including Grant Notice and Vesting Notice) or other communication from the Company to any ~~Employee~~Eligible Participant or Selected ~~Employee~~Participant may be given by any electronic means (including via the Online Platform), as the Board considers appropriate.
- (E) Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post. Any notice or other communication served by electronic means shall be deemed to have been received on the day following that on which it was sent.
- (F) The Company, the Board, the Trust and the Trustee shall not be responsible for any failure by any ~~Employee~~Eligible Participant to obtain any consent or approval required for such ~~Employee~~Eligible Participant to participate in the Scheme as a Selected ~~Employee~~Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- (G) Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable in whole or in part. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme, and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.

13. GOVERNING LAW

- (A) The Scheme shall operate subject to the Bye-laws of the Company and any applicable law and regulations to which the Company is subject.
- (B) The Scheme is governed by and shall be construed in accordance with the laws of Hong Kong.

Appendix 1

VESTING NOTICE

[Letterhead of Alibaba Pictures Group Limited]

PRIVATE AND CONFIDENTIAL

[Date]

[Name and address of Selected ~~Employee~~Participant]

Dear Sirs,

Share Award Scheme adopted on

Vesting Notice

We refer to the share award scheme adopted by the Company on _____ (the **Share Award Scheme**). Except as otherwise defined, capitalised terms used herein shall have the same meaning as defined in the rules of the Share Award Scheme (the **Scheme Rules**).

In accordance with the vesting conditions as set out in the Grant Notice dated [•], [insert number] Awarded Shares (the **Vesting Shares**)/cash award in an amount of [•] (“**Cash Award**”) granted to you and currently being held by the Trustee under the Trust will become vested in you on [insert date] (the **Vesting Date**), subject to [you remaining an ~~Employee~~Eligible Participant on such date] [and all of the other conditions being satisfied].

The Vesting Shares/Cash Award will only vest in you if you complete, sign and return the attached reply slip to us not later than [•] (being ten (10) Business Days before the Vesting Date). If you fail to do this, the Vesting Shares/Cash Award will be forfeited in accordance with the terms of the Scheme Rules and you will not have any right or claim against the Company, any other member of the Group, the Board, the Scheme Execution Committee, the Trust or the Trustee or with respect to those Vesting Shares/Cash Award or any right thereto or interest therein in any way.

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

Yours faithfully
For and on behalf of
Board of Directors of
Alibaba Pictures Group Limited

Name:

Position:

Copy: The Trustee
Bank of Communications Trustee Limited

To: Board of Directors of
Alibaba Pictures Group Limited

Copy: The Trustee
Bank of Communications Trustee Limited

Reply Slip

I, _____ (holder of [insert description of identity document] numbered [insert number]), [insert nationality], hereby authorise you to instruct the Trustee to procure the transfer of the Vesting Shares/Cash Award referred to in the above Vesting Notice to me by depositing them into the following securities account/bank account on the Vesting Date:

For Vesting Shares

Name of custodian/broker: _____

CCASS No. of custodian/broker: _____

Contact Person of custodian/broker: _____

Telephone number of custodian/broker: _____

Account Name: _____

(Note: The Account must be in the sole name of the Selected ~~Employee~~ Participant)

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

Account Number: _____

For Cash Award

Name of designated bank: _____

Account name: _____

(Note: The Account must be in the sole name of the Selected ~~Employee~~ Participant)

Account number: _____

Signed by the Selected Employee Participant	Selected Employee's Participant's verified by the Company	Signature
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Name:

Name:

Authorized Signatory of the Company

* *delete as appropriate*

Appendix 2

DEED OF CONFIRMATION

THIS DEED OF CONFIRMATION is made this [date] by:

[~~NAME OF SELECTED EMPLOYEE PARTICIPANT~~] of [~~address of Selected Employee Participant~~]
(the "~~Employee Participant~~")

in favour of:

BANK OF COMMUNICATIONS TRUSTEE LIMITED, a company incorporated in Hong Kong whose registered office is at 1/F., Fast East Consortium Building, 121 Des Voeux Road, Central, Hong Kong (the "**Trustee**").

WHEREAS:

- A A trust known as Alibaba Pictures Group Limited Share Award Scheme (the "**Scheme**") was established pursuant to a trust deed dated December 30, 2016 made between Alibaba Pictures Group Limited as the settlor and the Trustee as the trustee. The said deed of settlement was subsequently replaced and superseded by the amended and restated trust deed dated, ~~20~~ ~~(such~~ March 17, 2020, and further replaced and superseded by the further amended and restated trust deed dated [•], 2023 (such further amended and restated trust deed, the "Trust Deed"). As set forth in Schedule 2 of the Trust Deed, the rules of the Scheme was adopted on December 30, 2016 and as amended and further amended on March 29, 2019 ~~and~~ January 17, 2020 and on August 30, 2023, respectively (such rules as amended, the "Scheme Rules").
- B The Trustee is holding certain Shares (as defined in the Trust Deed) subject to the Trust Deed and the Scheme Rules (as set forth in Schedule 2 of the Trust Deed).
- C Paragraph 4(D) of the Scheme Rules provides that the Company shall keep a record of all information that is necessary for the Trustee to carry out the Scheme (including without limitation the identification information of each Selected ~~Employee Participant~~, the number of Awarded Shares granted to each such Selected ~~Employee Participant~~, vesting schedule and conditions and details with respect to each Selected ~~Employee Participant~~ and details of the Selected ~~Employee's Participant's~~ securities account to receive the Awarded Shares) and as soon as practicable provide the Trustee with such records (or any update thereof). The Trustee shall be entitled to rely on such information as provided by the Company and/or the Board and the Trustee shall not have any duty or obligation to verify the accuracy of such information as provided. Each Selected ~~Employee Participant~~ shall execute this Deed of Confirmation to confirm that the Trustee may rely on the information so provided by Company and/or the Board.

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

NOW THIS DEED WITNESSETH as follows:

- 1. Expressions used in this deed which are defined in the Trust Deed and the Scheme Rules shall have the same meaning given to them in the Trust Deed and the Scheme Rules respectively.
- 2. The EmployeeParticipant hereby confirms and consents to the terms of the Trust Deed and the Scheme Rules.
- 3. The EmployeeParticipant hereby acknowledges and confirms that, in administering the Scheme and any Award which may be granted to the EmployeeParticipant by the Board from time to time, the Trustee shall be entitled to rely on such information as provided by the Company and/or the Board (including without limitation the identification information of the EmployeeParticipant, the number of Awarded Shares granted to the EmployeeParticipant, vesting schedule and conditions and details of the EmployeeParticipant's securities account to receive the Awarded Shares), and the Trustee shall not have any duty or obligation to verify the accuracy of such information as provided (the "**Trustee's Information Reliance**").
- 4. The EmployeeParticipant hereby undertakes, confirms and acknowledges that neither he nor his personal representatives or successors in title will raise make or take any claims, actions or suits against the Trustee and its directors, officers and employees and each of them and their respective successors assigns heirs and personal representatives in relation to the Trustee's Information Reliance and the EmployeeParticipant further undertakes to indemnify the Trustees against all reasonable costs, charges, claims, losses, damages, expenses (legal or otherwise) or liabilities and loss of whatever nature which may be taken against, sustained, incurred or paid by the Trustees, whether directly or indirectly, as a result of the Trustee's Information Reliance.
- 5. The EmployeeParticipant hereby confirms that he or she is currently:-
 - a. a citizen of _____ (*insert country of citizenship*); and
 - b. a tax resident of _____ (*insert place of tax residency*).

The EmployeeParticipant undertakes that, if there is any subsequent change in his/her citizenship and/or tax residency, he or she shall, as soon as practicable, inform the Trustee and the Company of such changes.

- 6. This Deed shall be governed by Hong Kong law.

IN WITNESS whereof the parties hereto have executed this deed on the date stated above.

Signed, sealed and delivered as a deed by)
[NAME OF SELECTED ~~EMPLOYEE~~PARTICIPANT])
 in the presence of:) _____
[NAME OF SELECTED ~~EMPLOYEE~~PARTICIPANT]

APPENDIX IV PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME

Witness

Signature:

Name:

NOTICE OF ANNUAL GENERAL MEETING



Alibaba Pictures Group Limited 阿里巴巴影业集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “Meeting”) of Alibaba Pictures Group Limited (the “Company”) will be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Wednesday, August 30, 2023 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors and the auditor of the Company for the year ended March 31, 2023.
2.
 - (i)
 - (a) To re-elect Mr. Fan Luyuan as an executive director of the Company.
 - (b) To re-elect Mr. Tung Pen Hung as a non-executive director of the Company.
 - (c) To re-elect Ms. Song Lixin as an independent non-executive director of the Company.
 - (d) To re-elect Mr. Tong Xiaomeng as an independent non-executive director of the Company.
 - (ii) To authorize the board of directors of the Company to fix the directors’ remuneration.
3. To re-appoint PricewaterhouseCoopers as auditor of the Company and to authorize the board of directors of the Company to fix its remuneration.

SPECIAL BUSINESS

To consider, and if thought fit, to pass each of the following resolutions, with or without modification, as an ordinary resolution:

4. **“THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval given in paragraph (a) of this resolution shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of any options to subscribe for, or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company from time to time;

shall not exceed 20% of the total number of Shares in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda and other relevant jurisdiction to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

5. “**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back shares in the capital of the Company (the “Shares”) or any other rights to subscribe Shares in each case on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange under the Code on Share Buy-backs published by the SFC, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the total number of Shares which may be bought back by the Company pursuant to paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the total number of Shares in issue at the date of the passing of this resolution and the approval granted under paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda or other relevant jurisdiction to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT**, conditional upon the passing of resolutions numbered 4 and 5 as set out in the notice convening the annual general meeting of the Company dated July 28, 2023 (the “Notice”), the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue or otherwise deal with shares of the Company (the “Shares”) pursuant to resolution numbered 4 as set out in the Notice be and is hereby extended by the addition thereto an amount representing the total number of Shares bought back by the Company under the authority granted pursuant to resolution numbered 5 as set out in the Notice, provided that such amount shall not exceed 10% of the total number of Shares in issue at the date of the passing of this resolution.”

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolution, with or without modification, as an ordinary resolution:

7. “**THAT**
- (a) the proposed amendments to the share option scheme of the Company adopted on August 31, 2021 (the “Proposed SOS Amendments”), the amended terms of which are set out in the section headed “APPENDIX III – PROPOSED AMENDED TERMS OF THE 2021 SHARE OPTION SCHEME” in the circular of the Company dated July 28, 2023, be and are hereby approved, confirmed and adopted; and
 - (b) the directors of the Company be and is/are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Proposed SOS Amendments and any of the foregoing.”
8. “**THAT**
- (a) the proposed amendments to the share award scheme of the Company adopted on December 30, 2016 (the “Proposed SAS Amendments”), the amended terms of which are set out in the section headed “APPENDIX IV – PROPOSED AMENDED TERMS OF THE SHARE AWARD SCHEME” in the circular of the Company dated July 28, 2023, be and are hereby approved, confirmed and adopted; and
 - (b) the directors of the Company be and is/are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Proposed SAS Amendments and any of the foregoing.”
9. “**THAT**
- (a) the proposed adoption of the Scheme Mandate Limit (as defined in the circular of the Company dated July 28, 2023), be and are hereby approved and confirmed; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the directors of the Company be and is/are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Scheme Mandate Limit and any of the foregoing.”

10. “**THAT**

- (a) the proposed adoption of the Service Provider Sublimit (as defined in the circular of the Company dated July 28, 2023), be and are hereby approved and confirmed; and
- (b) the directors of the Company be and is/are hereby authorised to execute all such documents and do all such other acts and things as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to effect the Service Provider Sublimit and any of the foregoing.”

By Order of the Board
Alibaba Pictures Group Limited
Chun Ka Yan
Company Secretary

Hong Kong, July 28, 2023

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*
26/F Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company (the “Shares”) may appoint more than one proxy to represent him to attend and vote on his behalf.
2. Where there are joint registered holders of any Share, any one of such holders may vote at the Meeting (or at any adjourned meeting), either personally or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint registered holders are present at the Meeting (or at any adjourned meeting) personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of the joint holding shall alone be entitled to vote in respect of such Share.
3. To be valid, the form of proxy, duly completed and signed in accordance with the instructions printed thereon, together with any power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the Meeting (or any adjourned meeting). The completion and delivery of the form of proxy will not preclude you from attending and voting at the Meeting (or at any adjourned meeting) if you so wish.

NOTICE OF ANNUAL GENERAL MEETING

4. The record date for determining the entitlement of the shareholders of the Company (the “Shareholders”) to attend and vote at the Meeting will be Wednesday, August 23, 2023. All transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, August 23, 2023.
5. All voting by the members at the Meeting (or at any adjourned meeting) shall be conducted by way of poll.
6. With respect to resolution numbered 2 of this notice, (i) Mr. Fan Luyuan, Ms. Song Lixin and Mr. Tong Xiaomeng shall retire from office of directorship, and (ii) Mr. Tung Pen Hung shall hold office only until the Meeting, and, being eligible, offer themselves for re-election in accordance with the bye-laws of the Company. Details of their information are set out in Appendix I to the circular of the Company dated July 28, 2023.
7. If Typhoon Signal No. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is in effect any time and remains in force 2 hours before the time of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of Company at www.alibabapictures.com and on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk to notify the Shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the board of Directors of the Company comprises Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, being the executive Directors; Mr. Tung Pen Hung, being the non-executive Director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.