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

If you have sold or transferred all your shares in **Activation Group Holdings 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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ACTIVATION GROUP
艾德韦宣
Activation Group Holdings Limited
艾德韋宣集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9919)

**PROPOSED GRANT OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES;
RE-ELECTION OF DIRECTORS;
PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME;
PROPOSED AMENDMENTS TO SHARE AWARD PLAN;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 16 May 2023 at 10:00 a.m. is set out on pages N-1 to N-6 of this circular. The form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.activation-gp.com).

Whether or not you are able to attend the AGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return them to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the holding of the AGM (i.e. not later than 10:00 a.m. on Friday, 12 May 2023). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the AGM if they so wish.

References to dates and time in this circular are to Hong Kong dates and time.

21 April 2023

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DEFINITIONS

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

“2023 Share Option Scheme”	the share option scheme proposed to be approved and adopted by the Shareholders at the AGM;
“Adoption Date”	the date on which the 2023 Share Option Scheme and/or the Proposed Amendments (as the case may be) is approved and adopted by ordinary resolutions to be passed by the Shareholders at the AGM;
“AGM”	the annual general meeting of the Company to be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 16 May 2023 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages N-1 to N-6 of this circular, and any adjournment thereof;
“associate(s)”	shall have the meaning ascribed thereto in the Listing Rules;
“Award”	an award of Share(s) pursuant to the Share Award Plan (as amended by the Proposed Amendments), on such terms and conditions as the Board or the Remuneration Committee may from time to time determine;
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“Board”	the board of Directors;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Companies Act”	the Companies Act, Cap . 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Company”	Activation Group Holdings Limited 艾德韋宣集團控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 27 February 2019, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	shall have the meaning ascribed thereto in the Listing Rules;
“controlling shareholder(s)”	has the meaning prescribed to it under the Listing Rules;

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“Eligible Participant”	any person who is eligible to receive an Award or an Option under the Share Award Plan (as amended by the Proposed Amendments) or the 2023 Share Option Scheme (as the case may be), including (i) an Employee Participant; (ii) a non-executive director of any member of the Group; and (iii) a Related Entity Participant;
“Employee Participant”	any employee (whether full time or part time, including any executive director, but excluding any non-executive director) of the Company or any of its subsidiaries (and including persons who are granted Options or Awards under the Share Scheme(s) as an inducement to enter into employment contracts with these companies);
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 19 December 2019;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	any person who is not a connected person of the Company;
“Individual Limit”	the limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all Share Scheme(s) of the company to any grantee in the 12-month period up to and including the date of the relevant offer, which must not exceed 1% of Shares in issue;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	17 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer”	an offer for the grant of an Option in accordance with the 2023 Share Option Scheme;

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“Option”	an option granted under the 2023 Share Option Scheme, which permits (but does not obligate) such grantee to subscribe for Shares, on such terms and conditions as the Board or the remuneration committee of the Board may from time to time determine;
“Proposed Amendments”	Certain amendments to be made to the Share Award Plan, the details of which were set out in Appendix IV to this circular
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company;
“Remuneration Committee”	the remuneration committee of the Board;
“Repurchase Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Retiring Directors”	Mr. Chan Wai Bun, Ms. Low Wei Mun and Ms. Cheung Siu Wan;
“Scheme Mandate Limit”	the limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all Share Scheme(s) of the Company, which must not exceed 10% of the issued Shares as at the date of approval of such limit by the Shareholders at a general meeting;
“Senior Manager”	a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 to the Listing Rules (as may be amended from time to time);
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time;
“Share(s)”	ordinary shares in the share capital of the Company with a par value of HK\$0.001;
“Share Award Plan”	the share award plan adopted by the Company on 30 March 2020;
“Share Scheme(s)”	having the meaning ascribed to it under Chapter 17 of the Listing Rules;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning prescribed to it under the Listing Rules;

DEFINITIONS

“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, as amended from time to time;
“Termination Date”	the termination date of the 2023 Share Option Scheme, being the close of business of the Company on the date which falls ten (10) years after the Adoption Date; and
“%”	per cent

LETTER FROM THE BOARD

ACTIVATION GROUP
艾德韦宣
Activation Group Holdings Limited
艾德韋宣集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9919)

Executive Directors:

Mr. Lau Kam Yiu

(Joint-chairman & Chief Executive Officer)

Mr. Ng Bo Sing

(Joint-chairman & Chief Operating Officer)

Mr. Chan Wai Bun

Ms. Low Wei Mun

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business in

Hong Kong:

11/F, Gold Union Commercial Building

No. 70-72 Connaught Road West

Hong Kong

Independent Non-executive Directors:

Ms. Cheung Siu Wan

Mr. Yu Longjun

Dr. Cheung Wah Keung

21 April 2023

To the Shareholders

Dear Sir/Madam,

**PROPOSED GRANT OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES;
RE-ELECTION OF DIRECTORS;
PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME AND
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NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF THE REPURCHASE MANDATE AND THE ISSUANCE MANDATE

Pursuant to the resolutions passed by the Shareholders at the annual general meeting of the Company dated 2 June 2022, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Such mandates, to the extent not used by the date of the AGM, will lapse at the conclusion of the AGM.

In order to give the Company the flexibility to repurchase and issue Shares if and when appropriate, the following ordinary resolutions will be proposed at the AGM to approve the granting of new general mandates to the Directors:

- (a) to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares as at the date of passing of such resolution (i.e. a total of 74,474,200 Shares on the basis that the issued share capital of the Company remains unchanged as at the date of the AGM) (the “**Repurchase Mandate**”);
- (b) to allot, issue or deal with new Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of such resolution (i.e. a total of 148,948,400 Shares on the basis that the issued share capital of the Company remains unchanged as at the date of the AGM) (the “**Issuance Mandate**”); and
- (c) to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Repurchase Mandate.

Each of the Repurchase Mandate and the Issuance Mandate will stay in force until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in the proposed ordinary resolutions contained in items 5 and 6 of the notice of the AGM as set out on pages N-1 to N-6 of this circular. With reference to the Repurchase Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any new Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. RE-ELECTION OF DIRECTORS

The Board currently consists of seven Directors, namely, Mr. Lau Kam Yiu, Mr. Ng Bo Sing, Mr. Chan Wai Bun, Ms. Low Wei Mun, Ms. Cheung Siu Wan, Mr. Yu Longjun and Dr. Cheung Wah Keung.

In accordance with Article 105(A) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Chan Wai Bun, Ms. Low Wei Mun and Ms. Cheung Siu Wan will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

The nomination committee of the Company (the “**Nomination Committee**”) has recommended to the Board for the re-election of Directors including an independent non-executive Director, Ms. Cheung Siu Wan, in accordance with the following selection criteria:

1. character and integrity;
2. qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
3. willingness to devote sufficient time to discharge duties as members of the Board and its relevant committees and undertake significant commitments;
4. the number of existing directorships and other commitments that may demand their attention;
5. requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether such director would be considered independent with reference to the independence guidelines set out in the Listing Rules;
6. board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board; and
7. their perspectives provided to the management and operation of the Group as well as other contributions to the Group during the tenure of their directorship.

LETTER FROM THE BOARD

The Nomination Committee has assessed the independence of Ms. Cheung Siu Wan, the independent non-executive Director, based on reviewing her annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules and considered that he remains independent. The Nomination Committee has considered the extensive experience of Ms. Cheung Siu Wan in her other experience and factors as set out in Appendix II to this circular.

The Nomination Committee is satisfied that at all times during the period of directorship with the Company, each of the Retiring Directors have properly discharged their duties and responsibilities as Directors and have made positive contributions to the development of the Company through constructive feedbacks and participation in the business and other affairs relating to the Group. The Retiring Directors have provided valuable contributions and insights to the Board and they have the required character, integrity and experience to continuously and effectively fulfil their respective role as executive Director or independent non-executive Director. The Board is of the view that their re-election as Directors would be in the best interests of the Company and the Shareholders as a whole.

In view of the above, with the recommendation of the Nomination Committee, the Board has proposed that the Retiring Directors stand for re-election as Directors at the AGM.

Further information about the Board's composition and diversity as well as the attendance record at the meetings of the Board and/or its committees and the general meeting of the Directors (including the Retiring Directors) are disclosed in the corporate governance report of the annual report of the Company for the year ended 31 December 2022.

4. RE-APPOINTMENT OF THE AUDITORS

The mandate of the current auditors of the Company, Ernst & Young, will expire at the conclusion of the AGM. At the AGM, an ordinary resolution will be put forward for approval of the re-appointment and remuneration of the auditors.

The re-appointment and remuneration of the auditors of the Company has been reviewed by the audit committee of the Company which made recommendation to the Board that the re-appointment and remuneration of auditors be submitted and proposed for Shareholders' approval at the AGM.

5. ADOPTION OF THE 2023 SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

In light of the amendments of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company proposes to terminate the Existing Share Option Scheme and adopt the 2023 Share Option Scheme for the purpose of, among other things, reflecting the latest changes and requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

5.1 The Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 30 March 2020 and is valid for a period of 10 years from the date of its adoption. According to the terms of the Existing Share Option Scheme, the Company may at any time by an ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme.

Since the adoption of the Existing Share Option Scheme and up to the Latest Practicable Date, no share option was granted, exercised, outstanding, cancelled or lapsed under the Existing Share Option Scheme. The Directors confirmed that no further options will be granted under the Existing Share Option Scheme, provided that (i) the 2023 Share Option Scheme is adopted by the Shareholders at the AGM and (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options granted under the 2023 Share Option Scheme.

5.2 The 2023 Share Option Scheme

A summary of the principal terms of the rules of the 2023 Share Option Scheme is set out in Appendix III to this circular.

Purposes

The purposes of the 2023 Share Option Scheme are (i) to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

Conditions

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

- (i) the passing of an ordinary resolution by the Shareholders in the AGM to approve the adoption of the 2023 Share Option Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme;
- (ii) the passing of an ordinary resolution by the Shareholders in the AGM to terminate the Existing Share Option Scheme; and

LETTER FROM THE BOARD

- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, Shares to be issued pursuant to the exercise of Options granted under the 2023 Share Option Scheme.

Eligible Participants

The Eligible Participants of the 2023 Share Option Scheme shall include (i) any Employee Participants; (ii) any non-executive director of any member of the Group; and (iii) a Related Entity Participant.

The Board (including the independent non-executive Directors) is of the view that, apart from the contributions of employees and directors of the Group, the success of the Group may also come from the efforts and co-operation of other parties, including the Related Entity Participants. Accordingly, the Directors consider that the inclusion of the Related Entity Participants as Eligible Participants of the 2023 Share Option Scheme would allow the Board to have more flexibility to incentivise and/or reward their contribution to the growth and development of the Group in the future.

The eligibility of any Eligible Participants to an Offer shall be determined by the Directors from time to time based on the Directors' opinion as to the contribution of the individual Eligible Participant to the development and growth of the Group. The factors to be considered in the determination of the eligibility of the Eligible Participants would be decided by the Directors on a case-by-case basis taking into account, among other things, the role and position of each Eligible Participants and the circumstances and business needs of the Company at the time of the Offer. The Directors consider that such arrangement aligns with the purposes of the 2023 Share Option Scheme as it would provide more flexibility to the Company in rewarding and/or incentivizing the Eligible Participants.

Vesting period

Under the 2023 Share Option Scheme, the vesting period of the Options shall be not less than 12 months, subject to a shorter vesting period at the discretion of the Board (or the Remuneration Committee) under the following specified circumstances:

- (a) grants of Options to Employee Participants who newly joined the Group to replace the share options they forfeited when leaving the previous employers;
- (b) grants of Options with performance-based vesting conditions provided in this Plan, in lieu of time-based vesting criteria; or

LETTER FROM THE BOARD

- (c) grants that are made in batches during a year for administrative or 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 Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements.

It is considered that by having the flexibility of having a shorter vesting period, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the 2023 Share Option Scheme.

Subject to the terms of the 2023 Share Option Scheme, the vesting period in respect of each Offer shall be determined by the Directors (or the Remuneration Committee, as the case maybe) taking in account various factors including, among other things, the position and role of the proposed grantees and the purpose of the relevant grant and there is no fixed vesting period that is applicable to all grants under the 2023 Share Option Scheme. The Directors consider that such arrangement aligns with the purposes of the 2023 Share Option Scheme as it would provide more flexibility to the Company in rewarding and/or incentivizing the Eligible Participants.

Exercise price of Options

The exercise price in respect of any Option will be a price determined by the Directors, but shall not be less than the highest of:—

- (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Offer, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the Offer; and
- (iii) (where applicable) the nominal value of a Share.

The Directors consider that such basis will serve to preserve the value of the Company and at the same time encourage the Eligible Participants to acquire proprietary interests in the Company.

LETTER FROM THE BOARD

Performance targets and clawback mechanism

The rules of the 2023 Share Option Scheme will give the Directors (or the Remuneration Committee) the discretion (but not obligation) to impose (i) performance targets against the attainment of which the Options granted to the Eligible Participant concerned may be exercised either in whole or in part; and/or (ii) that the Options granted may be subject to clawback or a longer vesting period. Please refer to Appendix III to this circular for details of the performance targets and clawback mechanism in respect of the Options.

The Directors consider that the provision of the flexibility to include performance targets and/or clawback mechanism to a particular grant of Options would allow the Group to better incentivize and/or reward the Eligible Participants according to the particular circumstances of each grant.

General

No Director has a material interest and is required to abstain from voting for the resolutions to approve the adoption of the 2023 Share Option Scheme. None of the Shareholders is required to abstain from voting for such resolutions at the AGM pursuant to the Listing Rules and/or the Articles of Association .

As at the Latest Practicable Date, the Company has no present intention to grant any Options to any Eligible Participants who are connected persons or Independent Third Parties which, upon the adoption of the 2023 Share Option Scheme, would be subject to the approval by the Shareholders.

6. PROPOSED AMENDMENTS TO SHARE AWARD PLAN

Reference is made to the announcement of the Company dated 30 March 2020 in relation to, among other things, the adoption of the Share Award Plan.

The Company proposed to seek approval from the Shareholders for the Proposed Amendments to the Share Award Plan for the purpose of, among other things, reflecting the latest changes and requirements under the Listing Rules in respect of Share Schemes. As the Proposed Amendments to the Share Award Plan are considered to be material in nature, the Proposed Amendments will be subject to approval by the Shareholders at the AGM.

Details of the Proposed Amendments to the Share Award Plan is set out in Appendix IV to this circular. The Board considers that the Proposed Amendments are in compliance with the requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

Eligible Participants of the amended Share Award Plan

The Eligible Participants of the Share Award Plan shall include (i) any Employee Participants; (ii) any non-executive director of any member of the Group; and (iii) a Related Entity Participant.

The Board (including the independent non-executive Directors) is of the view that, apart from the contributions of employees and directors of the Group, the success of the Group may also come from the efforts and co-operation of other parties, including the Related Entity Participants. Accordingly, the Directors consider that the inclusion of the Related Entity Participants as Eligible Participants of the Share Award Plan would allow the Board to have more flexibility to incentivise and/or reward their contribution to the growth and development of the Group in the future.

The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time based on the Board's opinion as to the contribution and/or future contribution of the individual Eligible Participants to the development and growth of the Group. The factors to be considered in the determination of the eligibility of the Eligible Participants would be decided by the Directors on a case-by-case basis taking into account, among other things, the role and position of each Eligible Participant and the circumstances and business needs of the Company at the time of the Award. The Directors consider that such arrangement aligns with the purposes of the Share Award Plan as it would provide more flexibility to the Company in rewarding and/or incentivizing the Eligible Participants.

Vesting period

Under the Share Award Plan, the vesting period of the Awards shall be not less than 12 months, subject to a shorter vesting period at the discretion of the Board (or the Remuneration Committee) under the following specified circumstances:

- (a) grants of Awards to Employee Participants who newly joined the Group to replace the share awards they forfeited when leaving the previous employers;
- (b) grants of Awards with performance-based vesting conditions provided in the Share Award Plan, in lieu of time-based vesting criteria; or
- (c) grants that are made in batches during a year for administrative or compliance reasons, which may include Awards that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Awards would have been granted if not for such administrative or compliance requirements.

It is considered that by having the flexibility of having a shorter vesting period, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the Share Award Plan.

LETTER FROM THE BOARD

Subject to the terms of the Share Award Plan, the vesting period in respect of each Award shall be determined by the Directors (or the Remuneration Committee, as the case maybe) taking in account various factors including, among other things, the position and role of the proposed grantees and the purpose of the relevant grant and there is no fixed vesting period which is applicable to all Awards granted under the Share Award Plan. The Directors consider that such arrangement aligns with the purposes of the Share Award Plan as it would provide more flexibility to the Company in rewarding and/or incentivizing the Eligible Participants.

Purchase price of Awards

No consideration shall be payable by any Selected Participant on acceptance of an Award under the Share Award Plan. The Directors consider that such arrangement align with the purpose of the Share Award Plan where the Awards are intended to be granted to the Eligible Participants to reward their contributions to the Group.

Performance targets and clawback mechanism

The rules of the Share Award Plan will give the Directors (or the Remuneration Committee) the discretion (but not obligation) to impose (i) performance targets against the attainment of which the Awards granted to the Eligible Participant concerned may be vested either in whole or in part; and/or (ii) that the Awards granted may be subject to clawback or a longer vesting period. Please refer to Appendix IV to this circular for details of the performance targets and clawback mechanism in respect of the Awards.

The Directors consider that the provision of the flexibility to include performance targets and/or clawback mechanism to particular grant of Awards would allow the Group to better incentivize and/or reward the Eligible Participants according to the particular circumstances of each grant.

None of the Directors is the Trustee of the Share Award Plan or has any direct or indirect interest in the Trustee.

General

No Director has a material interest and is required to abstain from voting for the resolutions to approve the Proposed Amendments to the Share Award Plan. None of the Shareholders is required to abstain from voting for such resolutions at the AGM pursuant to the Listing Rules and/or the Articles of Association.

As at the Latest Practicable Date, the Company has no present intention to grant any Awards to any Eligible Participants who are connected persons or Independent Third Parties which, upon the adoption of the Proposed Amendments, would be subject to the approval by the Shareholders.

LETTER FROM THE BOARD

7. SCHEME MANDATE LIMIT

As at the Latest Practicable Date, the Company's issued share capital was 744,742,000 Shares. Assuming that there is no change in the number of the issued Shares from the Latest Practicable Date and up to the Adoption Date, the maximum number of Shares which may be issued under all Share Schemes (including the 2023 Share Option Scheme and the amended Share Award Plan) in aggregate will be 74,474,200 Shares, representing 10.0% of the Company's issued share capital as at the Adoption Date.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued and allotted under the Scheme Mandate Limit pursuant to all the Share Schemes of the Company.

8. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the AGM is set out on pages N-1 to N-6 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the AGM. Pursuant to the Articles of Association, for the purpose of holding the AGM, the register of members of the Company will be closed from Thursday, 11 May 2023 to Tuesday, 16 May 2023, (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 May 2023. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

9. DOCUMENTS ON DISPLAY

A copy of (i) the 2023 Share Option Scheme; and (ii) the amended Share Award Plan incorporating the Proposed Amendments will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.activation-gp.com) for display for a period of not less than 14 days before the date of AGM and will be made available for inspection at the AGM.

10. 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.

LETTER FROM THE BOARD

11. RECOMMENDATION

The Directors consider that the re-election of the Retiring Directors, the granting of the Repurchase Mandate, the granting and extension of the Issuance Mandate, the proposed adoption of the 2023 Share Option Scheme and the termination of the Existing Share Option Scheme, the Proposed Amendments to the Share Award Plan and the adoption of the Scheme Mandate Limit are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

12. GENERAL INFORMATION

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

Yours faithfully,
By order of the Board
Activation Group Holdings Limited
LAU Kam Yiu NG Bo Sing
Joint-chairmen

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 744,742,000 Shares.

Subject to the passing of the ordinary resolution set out in item 5 of the notice of the AGM in respect of the granting of the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the AGM, i.e. being 744,742,000 Shares, the Directors would be authorised under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate stays in force, a total of 74,474,200 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

2. REASONS FOR REPURCHASE

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole.

Shares repurchase may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

3. FUNDING OF REPURCHASE

The Company may only apply funds legally available for share repurchase in accordance with the Company's memorandum of association, the Articles of Association, the Companies Act and/or any other applicable laws of the Cayman Islands, as the case may be.

The Company is empowered by the Articles of Association to repurchase Shares. The laws of the Cayman Islands provide that share repurchase may be made (to the extent of the par value of such shares) out of profits or the proceeds of a fresh issue of shares made for such purpose or, out of capital, provided that the Company is able to pay its debts as they fall due in the ordinary course of business and the share repurchase is authorised by the Articles of Association. Any premium payable on share repurchase may be made out of profits, the Company's share premium account or out of capital, provided that the Company is able to pay its debts as they fall due in the ordinary course of business and the share repurchase is authorised by the Articles of Association.

4. IMPACT OF REPURCHASE

Taking into account the current working capital position of the Company, the Directors consider that there might be a material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2022) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest prices	Lowest prices
	<i>HK\$</i>	<i>HK\$</i>
2022		
May	1.25	1.06
June	1.17	1.03
July	1.17	0.98
August	1.01	0.93
September	1.32	0.93
October	1.45	1.20
November	1.29	1.07
December	1.28	0.94
2023		
January	1.02	0.88
February	1.22	0.99
March	1.64	1.10
April (up to the Latest Practicable Date)	1.54	1.32

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors or any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the Company's memorandum of association and the Articles of Association.

7. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

To the best knowledge of the Directors, as at the Latest Practicable Date, Mr. Ng Bo Sing and Mr. Lau Kam Yiu, each an executive Director and a substantial Shareholder (as defined in the Listing Rules), were interested in 128,073,736 Shares and 171,926,810 Shares, respectively, representing approximately 17.20% and 23.09% of the total issued share capital of the Company respectively. In the event that the Directors exercise the proposed Repurchase Mandate in full, the shareholding of Mr. Ng Bo Sing and Mr. Lau Kam Yiu would be increased to approximately 19.11% and 25.65% of the issued share capital of the Company, respectively, based upon their shareholdings as at the Latest Practicable Date.

The Directors are not aware of any consequences which may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public Shareholders falling below the prescribed minimum percentage of 25% as required under the Listing Rules.

8. SHARE REPURCHASE MADE BY THE COMPANY

During the preceding six months up to and including the Latest Practicable Date, the Company has made the following repurchase of Shares on the Stock Exchange:

Trading Month	Number of Shares Repurchased	Highest Price Paid <i>HK\$</i>	Lowest Price Paid <i>HK\$</i>	Total Paid <i>HK\$</i>
October	12,000	1.36	1.26	15,560
December	262,000	1.09	1.00	271,420
Total	<u>274,000</u>			<u>286,980</u>

Save as disclosed above, no other repurchase of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the preceding six months up to and including the Latest Practicable Date.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

The following set out the details of the Directors who will retire and, being eligible, will offer themselves for re-election at the AGM pursuant to the Article 105(A) of the Articles of Association.

Save as disclosed herein, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the following Directors do not (1) hold any other position in the Company or other members of the Group; (2) hold any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (3) have any relationships with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; (4) have any interests in shares and underlying shares of the Company and any associated corporation of the Company (within the meaning of Part XV of the SFO); or (5) have any other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

EXECUTIVE DIRECTORS

Mr. Chan Wai Bun (陳偉彬), aged 51, is responsible for the overall operation of experiential marketing business of the Group. He joined our Group in 2014 as the general manager of Activation Events. He is an executive Director since September 2019 and a vice president of the Group. Mr. Chan obtained a bachelor's degree of social sciences from Lingnan College (currently known as Lingnan University) in 1994. He further obtained a bachelor's degree in laws from Tsinghua University (long distance learning course) in 2010.

He has more than 26 years of experience in the marketing industry. Prior to joining the Group, Mr. Chan was the senior account director of Saatchi & Saatchi Great Wall Advertising Co., Ltd. Guangzhou Branch, which principally engages in provision of advertising and marketing services, from 2001 to 2007; and the associate account director of Asatsu-DK Hong Kong Limited, which principally engages in provision of advertising and marketing services, from 1996 to 2000.

As at the Latest Practicable Date, Mr. Chan is interested in 88,796,566 Shares. Save as disclosed herein, Mr. Chan does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Chan has entered into a service contract with the Company to act as an executive Director for an initial term of three years with effect from 19 December 2019 and renewed and extended thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party on the other at any time. Under the service contract, Mr. Chan shall be entitled to a basic annual salary of HK\$180,000 (subject to an annual increment after 1 January 2021 at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase) for his appointment as an executive Director.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Ms. Low Wei Mun (劉慧文), aged 59, is a general manager of Activation Events (HK) Limited who is responsible for the overall operation of experiential marketing business of the Group. She is an executive Director since September 2019 and a vice president of the Group. She has more than 21 years of experience in the marketing industry. She joined the Group in 2014 as the general manager of Activation Events (HK) Limited. Ms. Low accumulated experiences in marketing through working in marketing companies in Hong Kong and Beijing from 1999 to 2009. She also gained experiences in client management in a media and a retail company from 1993 to 1999.

As at the Latest Practicable Date, Ms. Low is interested in 59,194,643 Shares. Save as disclosed herein, Ms. Low does not have any interest in the Shares within the meaning of Part XV of the SFO.

Ms. Low has entered into a service contract with the Company to act as an executive Director for an initial term of three years with effect from 19 December 2019 and renewed and extended thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party on the other at any time.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Cheung Siu Wan (張少雲), aged 56, is an independent non-executive Director since December 2019. Ms. Cheung obtained a bachelor's degree of arts in business studies from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in 1988. She completed the postgraduate certificate in education course in the University of Hong Kong in 1995. She further obtained a master's degree of science in accounting from The Hong Kong University of Science and Technology in 1996 and a master's degree of arts in practical philosophy from Lingnan University in 2017. Ms. Cheung was admitted as a fellow of the Association of Chartered Certified Accountants in 2014 and a fellow of the Hong Kong Institute of Certified Public Accountants in 2006. She is currently a non-practising member of Hong Kong Institute of Certified Public Accountants.

Ms. Cheung has over 26 years of experience in taxation advisory. She is currently the independent non-executive director of Strong Petrochemical Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 852). She was the independent director of Activation Group from 2017 to 2019. Ms. Cheung has been the member of Customer Liaison Group for small and medium enterprises of the Trade and Industry Department of the Government of HKSAR since 2017.

As at the Latest Practicable Date, Ms. Cheung did not have any interests or short positions in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

**APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE
RE-ELECTED AT THE ANNUAL GENERAL MEETING**

DIRECTORS' REMUNERATION

The total amount of the Directors' remuneration for the year ended 31 December 2022, received by each of the Retiring Directors are set out in the financial statements of the Company's 2022 annual report. The remuneration is determined by the Company with reference to duties and level of responsibilities of each Director, the remuneration policy of the Company and the prevailing market conditions.

The following is a summary of the principal rules of the 2023 Share Option Scheme but does not form part of, nor was it intended to be, part of the 2023 Share Option Scheme nor should it be taken as effecting the interpretation of the 2023 Share Option Scheme:

1. Purposes of the 2023 Share Option Scheme

The purposes of the 2023 Share Option Scheme are (i) to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

2. Eligible Participants and basis of determining the eligibility

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up Options to subscribe for Shares:

- (a) any Employee Participant;
- (b) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (c) any Related Entity Participant.

The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group with reference to, among other things, the role and position of each Eligible Participants and the circumstances and business needs of the Company at the time of the Offer.

3. Maximum number of Shares available for subscription

- (a) The maximum number of Shares which may be allotted and issued in respect of all Options and Awards to be granted under the 2023 Share Option Scheme and any other Share Schemes shall not exceed 74,474,200 Shares, being 10% of the number of Shares in issue as at the Adoption Date. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no Option or Award may be granted under the 2023 Share Option Scheme or any other Share Scheme if the grant of such Option or Award will result in the Scheme Mandate Limit being exceeded.

- (b) Subject to paragraph 3(a) and without prejudice to paragraph 3(c), the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit under the 2023 Share Option Scheme, provided that:
- (i) the total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under the 2023 Share Option Scheme and any other Share Scheme(s) must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, Options or Awards lapsed in accordance with the terms of this Scheme and any other Share Scheme(s) will not be regarded as utilized;
 - (ii) where the refreshment of the Scheme Mandate Limit is sought:
 - (A) within three years from the date of Shareholders approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme), (1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding INEDs) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and (2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing), provided that the requirements under this paragraph 3(b)(ii)(A) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share; and
 - (B) after three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of adoption of this Scheme), the requirements under paragraph 3(b)(ii)(A) shall not be applicable.
- (c) Subject to paragraph 3(a), and without prejudice to paragraph 3(b), the Company may seek separate Shareholders' approval in general meeting to grant Options under the 2023 Share Option Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in paragraph 3(a) to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options or Awards to be granted to such participant must be fixed before Shareholders' approval.

4. Maximum entitlement of each participant

Subject to paragraph 5(b), where any grant of Options to a grantee under the 2023 Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Options or Awards granted and proposed to be granted to such person (excluding any Options and Awards lapsed in accordance with the terms of the 2023 Share Option Scheme or the other Share Scheme) under the 2023 Share Option Scheme and any other Share Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue (being the maximum entitlement of each Eligible Participant under the 2023 Share Option Scheme), such grant must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person of the Company) abstaining from voting. The number and terms of Options or Awards to be granted to such participant must be fixed before Shareholders' approval.

5. Grant of Options to connected persons

- (a) Without prejudice to paragraph 4 above, the making of an Offer to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the Options). The requirements for the grant to a Director or chief executive of the Company set out in this paragraph do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of the Company.
- (b) Where any grant of Options to an independent non-executive Director or a substantial Shareholder or any of their respective associates would result in the Shares issued and to be issued upon exercise of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the 2023 Share Option Scheme or the other Share Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of Options must be approved by the Shareholders in general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, except that they may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. For the purpose of seeking the approval of the Shareholders, the Company must send a circular to its Shareholders containing all such information as may be required under the Listing Rules, including but not limited to, details of the number of and terms of the Options to be granted to each grantee, which must be fixed before the Shareholders' meeting and comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing). In respect of any 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 exercise price of the Options.

- (c) Any change in the terms of Options granted to any grantee who is a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in general meeting (with such grantee, his associates and all core connected person of the Company) abstaining from voting in favour), if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the 2023 Share Option Scheme).
- (d) The requirements for the grant of Option(s) to a Director or chief executive of the Company set out in paragraphs 5(b) and 5(c) above do not apply where the Eligible Participant is only a proposed Director or a proposed chief executive of the Company.

6. Exercise period for Options granted under the 2023 Share Option Scheme

An Option may be exercised by the grantee at any time or times (a) during the period to be determined and notified by the Directors to the grantee (which may not be later than 10 years from the Offer Date of that Option); or (b) in the absence of such determination, from the date of the Offer to the earlier of (i) the date on which such Option lapses under the provisions of the 2023 Share Option Scheme; and (ii) 10 years from the Offer Date of that Option (the “Option Period”).

7. Vesting period of Options

- (a) Subject to paragraph 7(b), the vesting period in respect of any Option shall be determined by the Directors, or the Remuneration Committee (as the case may be), with reference to, among other things, the position and role of the Eligible Participant and the purpose of the relevant grant. For the avoidance of doubts, there is no fixed vesting period which is applicable to all the grants under the 2023 Share Option Scheme.
- (b) The Vesting Period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that, where the Eligible Participant is an Employee Participant, the Remuneration Committee (where an Employee Participant is a Director or a Senior Manager) or the Directors (where an Employee is not a Director nor a Senior Manager) shall have the authority to determine a shorter vesting period, if the Remuneration Committee (or, as the case may be, the Directors) consider that a shorter vesting period is appropriate to align with the purpose of this Scheme, including only where:
 - (i) grants of Options to Employee Participants who newly joined the Group to replace the share options they forfeited when leaving the previous employers;
 - (ii) grants of Options with performance-based vesting conditions provided in the 2023 Share Option Scheme, in lieu of time-based vesting criteria; or

- (iii) grants that are made in batches during a year for administrative or 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 Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements.

8. Performance target and clawback mechanism

- (a) Subject to the terms and conditions of the 2023 Share Option Scheme, the Remuneration Committee (where an Employee Participant who is a Director or a Senior Manager) or the Directors (where an Employee Participant is neither a Director or a Senior Manager) may establish performance targets against the attainment of which the Options granted to the Eligible Participant concerned may be exercised either in whole or in part, and such performance targets (if set) shall be stated in the Offer. The Directors (or, as the case may be, the Remuneration Committee) shall have the authority, after the grant of any Option which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during an Option Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors (or, as the case may be, the Remuneration Committee).
- (b) The term “performance targets” may include targets relating to the business, financials and operations of the Group as well as that for the Eligible Participants based on individual performance indicators relevant to their roles and responsibilities. The Directors (or, as the case may be, the Remuneration Committee) will conduct assessment at the end of the performance period by comparing the performance of the business segments and the individual performance of the Eligible Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.
- (c) the Directors may provide in the notice of Offer that any Option prior to it being exercised may be subject to clawback or a longer vesting period if any of the following events (“**Clawback Event**”) shall occur. If any of the Clawback Events shall occur during an option period:
 - (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement; or
 - (ii) the grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or
 - (iii) if an Offer or the exercise of any Option is linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

the Directors may (but are not obliged to) by notice in writing to the grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Directors may consider appropriate; or (bb) extend the vesting period in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate.

9. Acceptance of Option

Offers shall be made to an Eligible Participant in writing and shall remain open for acceptance by the Eligible Participant for a period of up to 21 days from the date of the Offer. An Offer shall have been accepted by an Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date).

10. Exercise price of Options

The exercise price in respect of any Option will be a price determined by the Directors, but shall not be less than the highest of:—

- (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Offer, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the Offer; and
- (iii) (where applicable) the nominal value of a Share.

11. Life of the 2023 Share Option Scheme

The 2023 Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date.

12. Transferability of Options

An Option shall be personal to the grantees and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do.

13. Rights on Winding up

In the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up.

14. Rights on a general offer or scheme of arrangement

If (a) a general or partial offer to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror has become or is declared unconditional; or (b) a scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent vested and not already exercised) in whole or in part at any time thereafter and up to the close of such offer or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

15. Rights on ceasing employment, death, disability or dismissal

- (a) if a grantee is an Employee Participant and in the event of his ceasing to be an Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full:—
 - (i) in respect of the Options that are vested and not already exercised, the grantee (or his personal representative, as the case may be) may exercise the Option (to the extent vested and not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with the Company or the relevant Subsidiary; and
 - (ii) in respect of the Options that have met the earliest vesting date not been vested because the performance targets stated in the Offer have not been satisfied, the Directors may, by reference to the level of attainment of the prescribed performance targets and other equitable factors, determine that the grantee or, his personal representative, may exercise such number of Options and within such time as the Directors may consider appropriate, subject to any conditions or limitations as they may impose.

- (b) if a grantee is an Employee Participant and in the event of his ceasing to be an Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, the Option (to the extent vested and not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation or termination,

For the avoidance of doubt, all unvested Options shall be forfeited on the date of cessation or termination of employment.

16. Lapse of Options

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;
- (b) the expiry of any of the periods referred to in paragraphs 13, 14 and 15 above;
- (c) in respect of a grantee who is an Employee Participant, the date on which the grantee ceases to be an Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or any subsidiary of the Company into disrepute);
- (d) in respect of a grantee other than an Employee Participant, the date on which the Directors shall at their absolute discretion determine that (i) (aa) the grantee or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and any member of the Group on the other part; or (bb) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 12 by the grantee in respect of that or any other Option.

17. Adjustment to exercise price

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the 2023 Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee,

- (a) to the number or nominal amount of Shares to which the 2023 Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the exercise price of any Option; and/or
- (c) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option.

An adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that (i) any such adjustment shall give the grantee the same proportion of the issued share capital in the Company (rounded to the nearest whole share) as that to which such grantee was entitled immediately prior to such adjustment; (ii) no such adjustment may be made to the extent that a Share would be issued at less than its nominal value; (iii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring any such adjustment; and (iv) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

18. Cancellation of Options granted

- (a) The Company shall be entitled to cancel any Options granted but not exercised in the following circumstances: (i) the occurrence of any Clawback Event under paragraph 8(c); (ii) the transfer or assignment of any interest in relation to any Option by a grantee in breach of paragraph 12; or (iii) the cessation or termination of employment of any Employee Participant other than the circumstances provided under paragraph 15(b).
- (b) Save as provided under paragraph 8 above, Options granted and accepted but not exercised may not be cancelled without the consent of the relevant grantee.
- (c) Subject to paragraph 18(d), Options which are cancelled before vesting shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (d) Notwithstanding the provision under paragraph 18(c), where the Company cancels any unvested Option granted to a grantee or any vested (but not yet exercised) Option and issues new Option(s) to the same grantee, the issue of such new Option(s) may only be made with available Scheme Mandate Limit. The Options cancelled shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

19. Ranking of Shares

Shares allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association and will be identical rank *pari passu* in all respects with the then existing 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 day of the re-opening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions 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. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

20. Termination of the 2023 Share Option Scheme

The Company may by resolution in general meeting at any time terminate the 2023 Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the 2023 Share Option 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 to the termination or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and (subject to vesting in accordance with the terms of the Offer) exercisable in accordance with the 2023 Share Option Scheme.

21. Alteration of the 2023 Share Option Scheme

- (a) The 2023 Share Option Scheme may be altered in any respect by a resolution of the Directors except that any alterations to the terms and conditions of the 2023 Share Option Scheme which are:
- (i) of a material nature, including but not limited to the provisions relating to the definitions of “Eligible Participants”, “grantee”, “Option Period” and “Termination Date”; or
 - (ii) relating to the authority of the Directors or the administrators of the 2023 Share Option Scheme; or
 - (iii) relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of the grantees or prospective grantees;

shall not be altered except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the Articles of the Association for the time being for a variation of the rights attached to the Shares.

- (b) any change to the terms of any Options granted to a grantee must be approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Options was approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be), in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules.

The following is a summary of the Proposed Amendments of the principal terms of the Share Award Scheme proposed to be approved and adopted by an ordinary resolution of the Shareholders at the AGM.

1. DEFINITIONS AND INTERPRETATION

1.1 In this Plan, except where the context otherwise requires, the following expressions have the following meanings:

“ Adoption Date ”	<u>30 March 2020, being the date on which this Plan is adopted by the Board.</u>
“ Amendment Date ”	<u>[•••] 2023, being the date on which this amended and restated Plan is adopted by the Shareholders.</u>
“ Articles ”	the articles of association of the Company as adopted or amended from time to time.
“ associates ”	shall bear the meaning ascribed thereto in the Listing Rules.
“ Award ”	a provisional award of the Awarded Shares made in accordance with paragraph 3.
“ Award Notice ”	the notice to be sent to the Trustee upon the making of an Award containing the particulars referred to in paragraph 3.4.
“ Awarded Share(s) ”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award.
“ Board ”	the board of directors of the Company, such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Plan.
“ Business Day ”	a day on which the Stock Exchange is open for the business of dealing in securities.
“ Company ”	Activation Group Holdings Limited (艾德韋宣集團控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 9919).
“ Connected Person ”	shall have the meaning ascribed thereto under the Listing Rules.

“Directors”	the director(s) of the Company for the time being or the member (s) of a duly authorised committee thereof.
“Earliest Vesting Date”	shall have the meaning ascribed thereto in paragraph 3.4(C) and subject to <u>paragraph 5.2.</u>
“Eligible Participant”	<p>any person belonging to the following classes of participants:</p> <ul style="list-style-type: none"> (a) any <u>Employee Participant</u> employee (whether full-time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity (an “Employee”); (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity or its Subsidiaries; and (c) any <u>Related Entity Participant</u>, any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; <p>and, for the purpose of this Plan, the Award may be made to any company wholly owned by one or more of the above participant.</p>
“<u>Employee</u>”	<u>any employee (whether full time or part time) of the Company, a Subsidiary or a Related Entity.</u>
“<u>Employee Participant</u>”	<u>any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company or any of its Subsidiaries (including persons who are granted awards under this Plan as an inducement to enter into employment contracts with these companies).</u>

“Excluded Participant”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person.
“Further Shares”	Shares purchased or subscribed by the Trustee out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust constituted by the Trust Deed.
“Group”	the Company and the Subsidiaries.
“Group Contribution”	such contribution in the form of money or otherwise made by the Company or any of its Subsidiaries.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China.
“Invested Entity”	any entity in which any member of the Group holds any equity interest.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time.
“Other Distributions”	shall have the meaning ascribed thereto in paragraph 5.32(A).
“Partial Lapse”	shall have the meaning as set out in paragraph 6.3.
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Selected Participant, is or are entitled to the Awarded Shares to be vested in such Selected Participant.
“Plan”	this share award plan constituted by the rules hereof, in its present form or as may be altered from time to time in accordance with paragraph 10.

<u>“Related Entity”</u>	<u>any of the holding companies, fellow subsidiaries or associated companies of the Company.</u>
<u>“Related Entity Participant”</u>	<u>any director or employee of a Related Entity.</u>
<u>“Remuneration Committee”</u>	the remuneration committee of the Board for the time being.
<u>“Residual Cash”</u>	being cash remaining in the trust fund in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and sale proceeds which have not been applied in the acquisition of Further Shares).
<u>“Returned Shares”</u>	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Plan (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Shares.
<u>“Scheme Mandate Limit”</u>	<u>the maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under this Plan and all options and awards to be granted under any other Share Scheme(s) as set out in paragraph 7.</u>
<u>“Selected Participant”</u>	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award or (where the context so permits and as referred to in paragraph 5.43) his Personal Representative.
<u>“Senior Manager”</u>	<u>a senior manager specifically identified by the Company and as disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 of the Listing Rules (as may be amended from time to time).</u>
<u>“Shareholder(s)”</u>	the holder(s) of Share(s).
<u>“Shares”</u>	ordinary shares of HK\$0.001 each in the capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation.

“Share Scheme(s)”	<u>including this Plan and other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time</u>
“Shares Pool”	shall have the meaning ascribed to it in paragraph 4.1.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or, if the context so requires, other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Board) on which the Shares are for the time being and from time to time listed or traded.
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of Division 4 of Part 1 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere.
“Total Lapse”	shall have the meaning as set out in paragraph 6.2.
“Trust Deed”	the trust deed dated 30 March 2020 and entered into by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time.
“Trustee”	Teeroy Limited, or such other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed.
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award as referred to in paragraph 5.1.
“Vesting Period”	in relation to any Selected Participant, the period commencing on the date on which <u>the Selected Participant accepts the Awarded Shares granted to him</u> have been provisionally set aside as referred to in paragraph 4.1 and ending on the Vesting Date (both dates inclusive).

2. PURPOSES, ADMINISTRATION AND DURATION

- 2.1 The purpose of the Plan is, through an award of Shares, to:
- (A) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
 - (B) to attract suitable personnel for further development of the Group.
- 2.2 ~~Subject to the terms of this Plan,~~ This Plan shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Plan or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice (i) the powers of the Trustee as provided under the Trust Deed; and (ii) the powers of the Remuneration Committee on recommending and/or deciding (on and subject to the terms and conditions provided under this Plan) the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under this Plan.
- 2.3 A Selected Participant shall ensure that the acceptance, vesting and the holding of any Awarded Shares under the Plan and the exercise of all rights attaching thereto are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Board may, as a condition precedent of making an Award, require an Eligible Participant to produce such evidence as it may reasonably require for such purpose.
- 2.4 Subject to paragraph 11, the Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term no further Awards may be made but these rules of the Plan shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

3. AWARD OF SHARES

- 3.1 The Board shall, subject to and in accordance with these rules of the Plan, be entitled (but shall not be bound) to, at any time during the continuation of the Plan, make an award (the “**Award**”) out of the Shares Pool to any of the Eligible Participants (excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, as the Board shall, subject to paragraph 7, determine pursuant to these rules of the Plan. For the avoidance of doubt until so selected, no Eligible Participant shall be entitled to participate in the Plan.

- 3.2 Without prejudice to paragraph 4.2, the making of an Award to any Connected Person shall be subject to compliance by the Company of the applicable requirements under the Listing Rules. Without prejudice to paragraphs 7.4 and 7.5, the making of an Award to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of an Award). For the avoidance of doubts, the requirements for the Award to a Director or chief executive of the Company under this paragraph 3.2 do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of the Company.
- 3.3 The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group. The factors to be considered in the determination of the eligibility of the Eligible Participants would be decided by the Directors on a case-by-case basis taking into account, among other things, the role and position of each Eligible Participants and the circumstances and business needs of the Company at the time of the Award.
- 3.4 The Board shall notify the Trustee by a notice in writing (the "Award Notice") upon the making of an Award under the Plan and, in the Award Notice, the Board shall specify the following:
- (A) the name, address, identity card (or, as the case may be, passport) number and position of the relevant Selected Participant;
 - (B) the number of Awarded Shares provisionally awarded to the relevant Selected Participant pursuant to such Award;
 - (C) ~~the earliest date ("Earliest Vesting Date")~~ Earliest Vesting Date and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant under paragraph 5.1;
 - (D) the condition(s) and/or performance target(s); (if any, including without limitation those as mentioned in paragraph 4A of this Plan); that must be attained or paid by the relevant Selected Participant before any of the Awarded Shares may be transferred to and vested in such Selected Participant under such Award;
 - (E) whether the Awarded Shares or any part thereof should be acquired by subscription, purchase of Shares and/or whether the Awarded Shares or any part thereof should be satisfied by applying any Returned Share(s), and in the case of subscription, the subscription price therefor; and

- (F) such other terms and conditions of such Award as may be imposed by the Board Directors (or the Remuneration Committee in respect of any Selected Participant who is a Director or a Senior Manager) as are not inconsistent with these rules of the Plan and the Trust Deed on either the Trustee (with the prior written consent of the Trustee unless the same has already been provided for in the Trust Deed) and the relevant Selected Participant, or any of them before the Awarded Shares may be transferred to and vested in such Selected Participant.
- 3.5 The Board shall notify the Selected Participant in writing after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the Awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Awarded Shares in the Selected Participant in accordance with these rules of the Plan. An Award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such notice from the Board notify the Company in writing that he would decline to accept such Award. No consideration shall be payable by any Selected Participant on acceptance of an Award.
- 3.6 For so long as the Shares are listed on the Stock Exchange:
- (A) an Award or, as the case may be, any instruction of the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool may not be made or given when inside information has come to the Company's knowledge until (and including) the trading day after such inside information has been published in accordance with the Listing Rules and the Securities and Futures Ordinance; and
- (B) ~~the Board may not make grant any Award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the periods commencing one month immediately before the earlier of:- or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Award may be made and no instruction may be given by the Board to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool.~~

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

and ending on the date of the results announcement. For the avoidance of doubt, no Award may be made during any period of delay in publishing a results announcement.

- 3.7 Subject to paragraph 5.3, Fthe Board may from time to time, at its discretion, determine the Earliest Vesting Date and other subsequent date(s), if any, upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant.
- 3.8 Notwithstanding the provisions of paragraph 3.7, but subject to paragraph 6.2, at any time prior to a Vesting Date, unless the Board otherwise determines, in respect of a Selected Participant who:
- (A) died, all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death; or
 - (B) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date, all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date; or
 - (C) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the ~~Invested~~ Related Entity), all the Awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his earlier retirement date.
- 3.9 Subject to paragraph 5.34, in the event of the death of a Selected Participant, the Trustee shall hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust and to transfer the same to the Personal Representative(s) of the Selected Participant, and 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 Participant (or such longer period as the Trustee and the Board shall agree from time to time) or
 - (B) the Trust Period (as defined in the Trust Deed),

(whichever is the shorter) upon trust to transfer the same to the Personal Representative(s) of the Selected Participant (as notified by the Board in writing together with a copy of the death certificate of such Selected Participant or such other documents or evidence of death of such Selected Participant as may be reasonably required by the Trustee, whereupon the Trustee shall be discharged from all duties and liabilities in respect of the Selected Participant) or, if the Benefits would otherwise become *bona vacantia*, the Benefits shall be forfeited and cease to be transferable and such Benefits shall be held as Returned Shares for the purposes of the Plan. Notwithstanding the foregoing, the Benefits held upon the trusts 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 of the trust constituted by the Trust Deed.

- 3.10 An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant.

4. POOL OF AWARDED SHARES

- 4.1 Upon the receipt of an Award Notice, the Trustee shall set aside from the Shares Pool the Awarded Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates in accordance with paragraph 5. The Trustee shall hold the Awarded Shares so set aside during the Vesting Period on the terms of the Trust Deed. The Trustee may, at any time during the continuation of the Plan and the Trust Deed, set aside the appropriate number of Awarded Shares out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee pursuant to the Trust Deed (the “**Shares Pool**”) comprising the following:
- (A) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market in accordance with paragraph 4.2 by utilising the funds allocated by the Board out of the Company’s resources in accordance with paragraph 4.2, but subject to the limitations set out in paragraphs 3.6 and 7;
 - (B) such Shares as may be subscribed for by the Trustee in accordance with paragraph 4.2 by utilising the funds allocated by the Board out of the Company’s resources in accordance with paragraph 4.2, but subject to the limit set out in paragraphs 3.6 and 7;

- (C) such Shares as may be allotted or issued to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise; and
 - (D) such Shares which remain unvested and revert to the Trustee pursuant to paragraph 6.
- 4.2 The following provisions of this paragraph 4.2 shall provide for and govern the purchase of and/or subscription for the Awarded Shares by utilising the Group Contribution:
- (A) At any time during any particular financial year, the Board, after having regard to all relevant circumstances and affairs of the Group (including without limitation the Group's business and operational conditions, its business plans and cashflow requirements currently and in the near future), may from time to time cause to be paid to the Trustee from the Company's resources such amount of moneys which may be utilised by the Trustee to purchase and/or subscribe for Shares which will constitute the Shares Pool.
 - (B) Within 30 Business Days on which the trading of the Shares has not been suspended (or such longer period as the Trustee and the Board may agree from time to time having regard to the circumstances of the purchase concerned) after receiving (a) the Group Contribution; or (b) any Other Distributions referred to in paragraph 5.32(A); or (c) any proceeds arising from such sales as mentioned in paragraph 5.32(B), the Trustee shall apply the same towards the purchase of the maximum number of board lots of Shares or the Further Shares, respectively at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board). In the event that the Trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five (5) preceding trading days on which the Shares were traded on the Stock Exchange.
 - (C) Where any Award is specified to be satisfied by an allotment and issue of new Shares to the Trustee, such allotment and issue should only be made upon fulfillment of the following conditions:
 - (a) the Company having obtained Shareholders' approval in general meeting under general mandate or specific mandate to authorise the Directors to allot and issue new Shares provided that:
 - (i) the total number of Shares to be allotted and issued to the Trustee under this Plan shall not exceed the limit specified in paragraph 7; and

- (ii) ~~where any Award is proposed to be made to a Connected Person and the relevant Award of the Awarded Shares is to be satisfied by an allotment and issue of new Shares, the Award shall be separately approved by the Shareholders in general meeting with such Connected Person and his associates abstaining from voting and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such Award; and~~
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Trustee pursuant to this Plan.
- (D) Where any Award is proposed to be satisfied by an allotment and issue of new Shares to the Trustee, the Board shall notify the Trustee in writing upon the satisfaction of the conditions referred to in paragraphs 4.2(C)(a) and (b) and, subject to paragraph 4.3, the Board shall instruct the Trustee in writing to apply to, and the Trustee shall within ten (10) Business Days after actual receipt of such instruction apply to, the Company for the allotment and issue of the appropriate number of new Shares. If the conditions referred to in paragraphs 4.2(C)(a) and (b), or any of them, cannot be satisfied, the Board shall forthwith notify and instruct the Trustee and pay or procure to be paid the Group Contribution to the Trustee. Upon the receipt of the instruction and Group Contribution from the Board, the Trustee shall, subject to paragraph 4.3, satisfy any shortfall, actual or contingent, in the Awarded Shares by purchasing the relevant number of Shares on the Stock Exchange in accordance with paragraph 4.2(B); ~~provided that if any Award is proposed to be made to a Connected Person, any allocation of funds by the Company to the Trustee for this purpose shall satisfy all applicable requirements of Chapter 14A of the Listing Rules.~~ New Shares allotted and issued pursuant to this Plan shall be subject to all the provisions of the Articles and will rank pari passu in all respects with the then existing fully paid Shares in issue.
- (E) If:
- (i) the Group Contributions received by the Trustee have been applied for purchases of and/or subscriptions for such number of Shares which reaches the maximum number of issued Shares as provided under paragraph 7; or
- (ii) there are any excess Group Contributions after all the said purchases and/or subscription,

the excess Group Contributions shall be returned by the Trustee to the Company as soon as reasonably practicable after completion of all such purchases and/or subscription.

- (F) For the avoidance of doubt, Shares purchased and/or subscribed for under this paragraph 4.2 shall form part of the capital of the trust fund of the trust constituted by the Trust Deed.
- 4.3 If any proposed purchase of or, as the case may be, subscription for Shares under paragraph 4.2 shall fall on any day on which the Directors are restricted from making any Award or giving any instruction as referred to in paragraph 3.6, the Trustee shall not effect the relevant purchase and/or subscription. The Trustee shall notify the Board in writing at least three (3) Business Days in advance of a proposed date of purchase and/or subscription under paragraph 4.2 and the Board shall instruct the Trustee in writing at least two (2) Business Days prior to such proposed date of purchase and/or subscription if such purchase and/or subscription has to be postponed by reason of this paragraph 4.3, whereupon such purchase and/or subscription shall be postponed to such date as notified by the Board in writing (and in case the Shares are not traded on the Stock Exchange on such date, the next Business Day on which the Shares are traded on the Stock Exchange).

4A PERFORMANCE TARGETS

- (a) Subject to the terms and conditions of this Plan, the Directors (or the Remuneration Committee in respect of any Selected Participant who is a Director or a Senior Manager) may establish performance targets against the attainment of which the Awards granted to the Selected Participant concerned. The Directors (or, as the case may be, the Remuneration Committee) shall have the authority, after the grant of any Award which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Directors (or, as the case may be, the Remuneration Committee).
- (b) Performance targets under paragraph 4A(a) may include targets relating to the business, financials and operations of the Group as well as that for the Eligible Participants based on individual performance indicators relevant to their roles and responsibilities. The Directors (or, as the case may be, the Remuneration Committee) will conduct assessment at the end of the performance period by comparing the performance of the business segments and the individual performance of the Eligible Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.

5. VESTING OF THE AWARDED SHARES

- 5.1 Subject to paragraphs 3.8, 5.32(E) and 6, the Trustee shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of:
- (a) the Earliest Vesting Date as specified in the Award Notice to which such Award relates; and
 - (b) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or ~~paid-fulfilled~~ by such Selected Participant as specified in the related Award Notice have been attained or ~~paid-fulfilled~~ and notified to the Trustee by the Board in writing.
- 5.2 (a) Subject to paragraph 5.2(b), the vesting period in respect of any Award shall be determined by the Directors, or the Remuneration Committee (as the case may be), with reference to, among other things, the position and role of the Eligible Participant and the purpose of the relevant grant. For the avoidance of doubts, there is no fixed vesting period which is applicable to all the grants under this Plan.
- (b) The Vesting Period in respect of any Awarded Shares granted to any Selected Participant shall not be shorter than 12 months. Awards granted to the Employee Participants may be subject to a shorter Vesting Period under special circumstances where the Directors (or the Remuneration Committee where the Selected Participant is a Director or a Senior Manager) consider that a shorter Vesting Period is appropriate to align with the purpose of this Plan, including only where:
- (i) grants of Awarded Shares to Selected Participants who newly joined the Group to replace the share awards they forfeited when leaving the previous employers;
 - (ii) grants of Awarded Shares with performance-based vesting conditions provided in this Plan, in lieu of time-based vesting criteria;
 - (iii) grants that are made in batches during a year for administrative or compliance reasons, which may include Awarded Shares that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Awarded Shares would have been granted if not for such administrative or compliance requirements;

- (iv) in the event of the retirement or death of a Selected Participants, the Awarded Shares shall vest in the Selected Participants in accordance with paragraph 3.8;
- (v) in the event of a general offer or partial offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all Shareholders, the unvested Awarded Shares shall vest in the Selected Participants in accordance with paragraph 5.3(E); and
- (vi) in the event of a change in control of the Company or the Company's withdrawal of its listing from the Stock Exchange, the Board shall determine at its discretion whether and the time at which the unvested Awarded Shares shall vest in the Selected Participant(s) in accordance with paragraph 6A(a).

5.23 During the Vesting Period:

- (A) any dividends and other distributions (“**Other Distributions**”) declared and made in respect of any Awarded Shares shall belong to the Trustee and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any Awarded Shares or otherwise unless and until the relevant Awarded Shares are vested in such Selected Participant in accordance with paragraph 5.1. Such Other Distributions shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and, upon termination of the Plan, shall be treated and dealt with as income of the trust fund under the Trust Deed generally;
- (B) if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders for such rights, options or warrants, the Trustee may (at the Trustee's absolute discretion, after consulting and taking into account the views of the Board and the resources which the Trustee has in respect of the Plan) (i) sell any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares held by the Trustee if there is an open market for such rights, options or warrants, or (ii) take steps to exercise such nil-paid rights, options or warrants by applying the Group Contributions in the form of cash then held by the Trustee. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and, upon termination of the Plan, shall be treated and dealt with as income of the trust fund under the Trust Deed generally. For the avoidance of doubt, no Selected Participants shall have any right to, or interest in, any nil-paid rights, options or warrants (or the underlying Shares, or the proceeds of sale of any such nil-paid rights, options or warrants) allocated under such offer, or any Shares arising from the exercise of such nil-paid rights, options or warrants;

- (C) if the Company offers to the Shareholders new shares or other securities for subscription by way of rights, options, warrants or other open or preferential offer and consideration is required to be paid for the taking up and/or the exercise of such rights, options, warrants or open or preferential offer, the Trustee may (at the Trustee's absolute discretion, after consulting and taking into account the views of the Board and the resources which the Trustee has in respect of the Plan) (i) decline to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer, or (ii) take steps to take up, purchase and/or subscribe (in whole or in part) for such rights, options, warrants or open or preferential offer by applying the Group Contributions in the form of cash then held by the Trustee. For the avoidance of doubt, no Selected Participants shall have any right to, or interest in, any such offer;
- (D) without prejudice to sub-paragraph (A) above, with respect to any dividends declared by the Company and in connection with which the Company allows its Shareholders to elect to receive Shares in lieu of cash (as provided for in the relevant announcement and/or circular of the Company), then in respect of the Awarded Shares provisionally set aside for any Selected Participant which have not vested, the Trustee (after consulting the Board) shall have the right (in its absolute discretion) to determine whether it shall elect to receive Shares in lieu of cash or cash in respect of such dividends, and any such scrip dividend or cash dividend so elected and received by the Trustee shall be treated as and constitute Other Distributions referred to in paragraph 5.3(A). For the avoidance of doubt, no Selected Participants shall have any right to give any direction to, or make any claim against, the Trustee in relation to the making of the said election; and
- (E) if a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror), and such offer becomes or is declared unconditional prior to the vesting of the Awarded Shares in the relevant Selected Participants pursuant to paragraph 5.1, the Selected Participant shall be entitled to be vested with all of his Awarded Shares at any time before the expiry of the period of ten (10) Business Days following the date on which the offer becomes or is declared unconditional.

5.34 In the event that a Selected Participant dies prior to the Vesting Date of the Award relating to such Selected Participant, and such Award has not lapsed or been cancelled by reason of paragraphs 3.8 or 6, the Awarded Shares under such Award shall be held by the Trustee on behalf of the Personal Representative(s) of such Selected Participant and the Trustee shall transfer to such Personal Representative(s), as notified by the Board in writing together with a copy of the death certificate of such Selected Participant or such other documents or evidence of death of such Selected Participant as may be reasonably required by the Trustee, such Awarded Shares within a reasonable time after the receipt by the Trustee of the aforesaid documents, whereupon the Trustee shall be discharged from all duties and liabilities in respect of such Selected Participant.

- 5.5 Except in the circumstances as set out in paragraphs 3.8, 5.32(E) and 6A(a) (other as otherwise provided in this Plan),
- (A) subject to sub-paragraph (C) and barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, one (1) month prior to any Vesting Date, the Trustee shall send to the relevant Selected Participant (via the Company) a direction form together with such prescribed transfer documents and checklist of information and/or documents which require the Selected Participant to execute and/or provide to effect the transfer and/or sale of the Awarded Shares on or as soon as practicable after the relevant Vesting Date;
 - (B) subject to the receipt by the Trustee no later than the date falling seven (7) Business Days before the relevant Vesting Date of (i) the completed direction form and prescribed transfer documents and requisite information and/or documents prescribed by the Trustee and duly signed by the Selected Participant within the period stipulated in the direction form referred to in paragraph 6.45.5(A) hereof, and (ii) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall as soon as practicable transfer the relevant Awarded Shares to the relevant Selected Participant and/or sell the relevant Awarded Shares and pay to the relevant Selected Participant; and
 - (C) in the event that the number of Business Days between the date of the Award Notice and the Earliest Vesting Date is less than one month, the Trustee shall (within five (5) Business Days from the date of it being notified by the Board of the making of the Award in accordance with paragraph 3.4) send to the relevant Selected Participant (via the Company) a direction form together with such prescribed transfer documents and checklist of information and/or documents which require the Selected Participant to execute and/or provide to effect the transfer and/or sale of the Awarded Shares on or as soon as practicable after the relevant Vesting Date.

5A CANCELLATION OF AWARDS

- (a) Subject to the terms and conditions of this Plan and Chapter 17 of the Listing Rules, any unvested Award granted may not be cancelled except with the prior written consent of the relevant Selected Participant of the Award and the approval of the Directors.
- (b) The Company shall be entitled to cancel any Awards granted but not vested in the following circumstances: (a) the transfer or assignment of any interest in relation to any Award by a grantee in breach of paragraph 3.10; or (b) lapse of the Awards pursuant to paragraph 6.

- (c) Where the Company cancels any unvested Award and grants new Award(s) to the same Selected Participant, the grant of such new Award(s) may only be made with available Scheme Mandate Limit approved by the Shareholders pursuant to paragraph 7. The Awards cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

6. LAPSE OF AWARDS, CLAWBACK AND RETURNED SHARES

6.1 In the event that any Selected Participant who is an Employee ceases to be an Employee by virtue of a corporate reorganisation of the Group or the ~~Invested Entity~~ Related Entity, then any Award made to such Selected Participant shall forthwith lapse and be cancelled.

6.2 ~~In the event~~ If, prior to or on the Vesting Date,

- (i) a Selected Participant ceases to be an Employee other than for reason as provided in paragraph 3.8; ~~or~~
- (ii) the Subsidiary or ~~Invested Entity~~ a Related Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant under paragraph 3.8, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or ~~Invested Entity~~ a Related Entity of the Company ~~(or of a member of the Group)~~;
- (iii) the Board shall at its absolute discretion determine in respect of an Employee Participant that:—
- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment with any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (b) where such person 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;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; ~~or~~

- (iv) ~~(iii)~~ the Board shall at its absolute discretion determine in respect of a Selected Participant (other than a Selected Participant who is an Employee Participant) that:—
- (a) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on one part and any member of the Group or any ~~Invested-Related~~ Entity on the other part as the Board may in its absolute discretion determine; or
 - (b) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or
 - (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the ~~Invested-Related~~ Entity by reason of the cessation of its relationship with the Group or its ~~Invested-Related~~ Entity or by any other reasons whatsoever; or
- (v) ~~(iv)~~ 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) ~~(each of these, an event of “Total Lapse”)~~,

~~the any Award granted to such Selected Participant shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan. Such Selected Participant shall have no right or claim against the Company, any other member of the Group, the Board or with respect to those or any other Ordinary Shares or any right thereto or interest therein in any way.~~

- 6.3 In the event (i) a Selected Participant is found to be an Excluded Participant or (ii) (subject to paragraph 3.9) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Trustee at its sole and absolute discretion having to all relevant circumstances) for the relevant Awarded Shares within the stipulated period (whether in the ordinary vesting pursuant to the vesting timetable set out in paragraph 3.67 or on such other dates as provided in or determined in accordance with these rules of the Plan) ~~(each of these, an event of “Partial Lapse”)~~, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan.

- 6.54 The Trustee shall hold Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants (excluding any Excluded Participants) as the Board shall in its absolute discretion at any time determine and select in writing as the Selected Participant(s).

6A. ADJUSTMENT EVENTS

- (a) Notwithstanding any other provision provided herein, if there occurs an event of change in control of the Company (whether by way of offer, merger, scheme of arrangement or otherwise) or the Company's withdrawal of its listing from the Stock Exchange pursuant to the Listing Rules prior to the Vesting Date, the Board shall determine at its discretion whether such Awarded Shares shall vest in the Selected Participant and the time at which such Awarded Shares shall vest. 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 Participant accordingly. For the purpose of this Paragraph 6A(a), "control" shall have the meaning as specified in the Codes on Takeovers and Mergers and Share Buy-backs from time to time.
- (b) In the event the Company undertakes a capitalisation issue, rights issue, subdivision or consolidation of the Shares, or reduction of the share capital of the Company (each an "Adjustment Event"), a Selected Participant shall be entitled to the same proportion of those Awarded Shares (rounded to the nearest whole Share) as that to which such Selected Participant was immediately entitled prior to such Adjustment Event, and the Board shall as soon as reasonably practicable after such Adjustment Event has been effected, notify such Selected Participant (with a copy of the notification to the Trustee) the adjustment on the number of Awarded Shares that he has become entitled to on vesting after such Adjustment Event, provided that:
- (i) no such adjustments may be made to the extent that a Share would be issued at less than its nominal value; and
- (ii) in respect of any adjustments other than an adjustment made on a capitalisation issue, the auditors or an independent financial adviser of the Company must confirm to the Directors in writing that the such adjustment(s) satisfies the requirements of the relevant provisions of the Listing Rules.

The issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

- (c) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held directly or indirectly 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 or cause to be sold such amount of the nil-paid rights allotted to it on the market as is appropriate and the net proceeds of sale of such rights shall be held as part of the trust fund of the trust constituted by the Trust Deed.
- (d) In the event the Company issues bonus warrants in respect of any Shares which are held directly or indirectly 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 or cause to be sold the bonus warrants created and granted to it on the market, the net proceeds of sale of such bonus warrants shall be held as part of the trust fund of the trust constituted by the Trust Deed.
- (e) In the event that the Company undertakes an issue of bonus Shares, the bonus Shares allotted with respect to any Shares which are held directly or indirectly by the Trustee shall be held as part of the trust fund of the trust constituted by the Trust Deed.
- (f) In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip Shares and scrip Shares allotted with respect to any Shares which are held directly or indirectly by the Trustee shall be held as part of the trust fund of the trust constituted by the Trust Deed.
- (g) 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 the net sale proceeds thereof shall be deemed as cash income of a Share held as part of the trust fund of the trust constituted by the Trust Deed.

7. SCHEME MANDATE LIMIT

- 7.1 The maximum number of Shares (“~~Max Shares Threshold~~”) to be subscribed for and/or purchased by the Trustee by applying the Group Contribution pursuant to paragraph 4.2 for the purpose of the Plan shall not exceed 15% of the total number of issued Shares as at the Adoption Date. The Board shall not instruct the Trustee to subscribed for and/or purchase any Shares for the purpose of the Plan when such subscription and/or purchase will result in the Max Shares Threshold being exceeded. The Scheme Mandate Limit shall be 74,474,200 Shares, being ten (10) per cent. of the number of Shares in issue as at the Amendment Date. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no option or awards may be granted under this Plan or any other Share Scheme(s), if the grant of such option or award will result in the limit referred to in this paragraph 7.1 being exceeded.

7.2 Subject to Paragraph 7.1 and without prejudice to:

(A) Paragraph 7.2(B), the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit under this Plan, provided that:

- (i) the total number of Shares which may be allotted and issued in respect of all Awards to be granted under this Plan and all options and awards to be granted under any other Share Scheme(s) must not exceed ten (10) per cent. of the Shares in issue as at the date of approval of the refreshed limit (the “Refreshed Limit”), and for the purpose of calculating the Refreshed Limit, Awards lapsed in accordance with the terms of this Plan and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised;
- (ii) where the refreshment of the Scheme Mandate Limit is sought within three years from the date of the Shareholders’ approval for the last refreshment (or, as the case may be, the Amendment Date), the refreshment shall be subject to the followings:
 - (a) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling Shareholders and their associates (or if there is no controlling Shareholder, directors (excluding independent non-executive Directors) and the Chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and
 - (b) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this paragraph 7.2(A)(ii) do not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2) (a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share; and

- (B) paragraph 7.2(A), the Company may seek separate Shareholders' approval in general meeting for granting Awards under this Plan beyond the Scheme Mandate Limit or, if applicable, the Refreshed Limited referred to in Paragraph 7.2(A) to Selected Participants specifically identified by the Company before such approval is sought. The number and terms of Awards to be granted to such Selected Participant must be fixed before the Shareholders' approval is sought.
- 7.3 Subject to paragraph 7.4, where any grant of Awards to a Selected Participant under this Plan would result in Shares issued and to be issued in respect of all options or awards granted to such person (excluding any options and awards lapsed in accordance with the terms of this Plan or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over one (1) per cent. of the issued share capital of the Company (being the maximum entitlement of each Eligible Participant under the Plan) ("**1% Individual Limit**"), such grant of Awards must be separately approved by the Shareholders in general meeting with such Selected Participant and his close associates (or his associates if the Selected Participant is a connected person of the Company) abstaining from voting. The number and terms of Awards to be granted to such Selected Participant must be fixed before the Shareholders' approval is sought.
- 7.4 Without prejudice to paragraph 3.2, where any grant of Awards under this Plan to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all Awards granted under this plan and awards granted under other Share Scheme(s)(excluding any awards lapsed in accordance with the terms of this Plan or any other Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the issued share capital of the Company, such grant of Awards must be approved by the Shareholders in general meeting (with such Selected Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

- 7.5 Without prejudice to paragraph 3.2, where any grant of Awards under this Plan and options and awards to be granted under any other Share Scheme(s) to an independent non-executive Director or a substantial Shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Awards granted under this Plan and all options and awards granted under any other Share Scheme(s) (excluding any options and awards lapsed in accordance with the terms of this Plan or any other Share Scheme(s)) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the issued share capital of the Company, such grant of Awards must be approved by Shareholders in general meeting (with such Selected Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).
- 7.6 Any change in the terms of Awards granted to any Selected Participant who is a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the Shareholders of the Company in general meeting in the manner as set out in paragraphs 7.4 and 7.5, if the initial grant of the Awards requires such approval (except where the changes take effect automatically under the existing terms of this Plan).
- 7.7 The requirements for the grant of Awards to a Director or chief executive of the Company set out in paragraphs 7.4 to 7.6 do not apply where the Selected Participant is only a proposed Director or a proposed chief executive of the Company.
- 7.8 For the purpose of seeking the approval of the Shareholders under paragraphs 7.4 to 7.6, the Company must send a circular to the Shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

8. VOTING RIGHTS RE SHARES IN SHARES POOL AND SELECTED PARTICIPANTS HAVING NO RIGHTS

- 8.1 The Trustee ~~not exercising the voting rights~~ holding unvested Shares of this Plan, whether directly or indirectly, shall abstain from voting in respect of any Shares held under the trust constituted by the Trust Deed (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares) in mattes that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

- 8.2 The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to paragraph 4 unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms hereof. For the avoidance of doubt:
- (A) a Selected Participant shall only have a contingent interest in the Awarded Shares which are referable to him subject to the vesting of such Shares in accordance with paragraph 5.1;
 - (B) a Selected Participant shall have no rights in the Residual Cash or any of the Returned Shares;
 - (C) no instruction may be given by a Selected Participant to the Trustee in respect of the Awarded Shares and/or the Other Distributions and/or such other properties or assets of the trust constituted by the Trust Deed;
 - (D) a Selected Participant shall have no rights in the fractional share arising out of consolidation of Shares (and such Shares shall be deemed as Returned Shares for the purposes of the Plan);
 - (E) subject to paragraph 3.8, where a Selected Participant ceases to be an Employee 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 Participant shall have no claims against the Company or the Trustee; and
 - (F) in the case of the death of a Selected Participant, the Benefits shall be forfeited if no transfer of the Benefits to the Personal Representatives of the Selected Participant is made within the period prescribed in paragraph 3.9 and 5.4, and the Personal Representatives of the Selected Participant shall have no claims against the Company or the Trustee.

10. ALTERATION OF THESE RULES OF THE PLAN

These rules of the Plan may be altered by the prior sanction of a resolution passed by the Board together with the prior written consent of the Trustee, provided that no such alteration shall operate to affect adversely any rights of any Selected Participant in respect of his Awarded Shares which remain unvested except with the consent in writing of the majority of the Selected Participants whose Awarded Shares remained unvested on that date (but, for the avoidance of doubt, excluding for this purpose any such Shares in respect of which that date is a Vesting Date) as would be required of the holders of Shares under the Articles for a variation of the rights attached to such Shares.

10.1 Subject to paragraphs 10.2 and 10.3, this Plan may be altered in any respect by a resolution of the Directors except that:

- (i) any alterations to the terms and conditions of this Plan which are of a material nature;
- (ii) the provisions of this Plan relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants;

shall not be altered except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of any Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Participants as would be required of the holders of the Shares under the Articles for the time being of the Company for a variation of the rights attached to the Shares.

10.2 Subject to paragraph 10.3, any change to the terms of any Award granted to a Selected Participant must be approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Awards was approved by the Directors, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be), in accordance with the terms of this Plan and Chapter 17 of the Listing Rules. The foregoing provisions of this paragraph 10.2 shall not apply where the alterations take effect automatically under the existing terms of this Plan.

10.3 Any change to the authority of the Directors or the administrators of this Plan to alter the terms of this Plan must be approved by the Shareholders in general meeting.

10.4 The terms of this Plan and/or any Awards amended pursuant to this paragraph 10 must comply with the applicable requirements under Chapter 17 of the Listing Rules.

10.5 Where the terms of this Plan are amended, the Company shall, immediately upon such changes taking effect, provide to all Eligible Participants all details relating to changes in the terms of this Plan during the life of this Plan.

11. TERMINATION

11.1 The Plan shall terminate on the earlier of:

- (i) on the 10th anniversary date of the Adoption Date; and
- (ii) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

11.2 If, at the date of the termination of the Plan, the Trustee holds any Share which has not been set aside pursuant to paragraph 3 in favour of any Selected Participant or retains any unutilised funds received as the Group Contribution or otherwise, then the Trustee shall, within twenty-one (21) Business Days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company.

11.3 Upon termination of the Plan:

- (A) Subject to the decision of the Board and paragraph 3.8, all the Awarded Shares shall become vested on the Selected Participant on such date of termination, ~~save in respect of the Total Lapse;~~
- (B) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee, within twenty-one (21) Business Days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Plan (or such longer period as the Board may otherwise determine);
- (C) Residual Cash, net proceeds of sale referred to in paragraph 11.3(B) hereof and such other funds remaining in the trust constituted by the Trust Deed (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale. 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 11.3(B) hereof).

11.4 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 Plan.

NOTICE OF ANNUAL GENERAL MEETING

ACTIVATION GROUP

艾德韦宣

Activation Group Holdings Limited

艾德韋宣集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9919)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “AGM”) of Activation Group Holdings Limited (the “Company”) will be held at 24th Floor, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 16 May 2023 at 10:00 a.m. to consider and, if thought fit, transact the following ordinary businesses:

1. to consider and receive the audited consolidated financial statements of the Company and the reports of the directors and of the auditors for the year ended 31 December 2022;
2. to declare a final dividend of HK1.32 cents per share and a final special dividend of HK9.38 cents per share for the year ended 31 December 2022;
3.
 - (a) to re-elect Mr. Chan Wai Bun Yiu as an executive director of the Company;
 - (b) to re-elect Ms. Low Wei Mun as an executive director of the Company;
 - (c) to re-elect Ms. Cheung Siu Wan as an independent non-executive director of the Company; and
 - (d) to authorise the board of directors of the Company to fix the directors’ remuneration;
4. to re-appoint Ernst & Young as auditors of the Company and to approve their remuneration;
5. “**THAT:**
 - (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally granted to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its shares in accordance with all applicable laws, rules and regulations;

NOTICE OF ANNUAL GENERAL MEETING

(b) the total number of shares of the Company to be repurchased pursuant to the mandate in paragraph (a) above during the Relevant Period (as defined below) shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution, and the said approval 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 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 articles of association of the Company or any applicable laws of the Cayman Islands to be held; and

(iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”;

6. **“THAT:**

(a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally granted to the directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;

(b) the mandate in paragraph (a) above shall authorise the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted by the directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:

(i) a Rights Issue (as defined below); or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the exercise of options under a share option scheme of the Company; or
- (iii) any scrip dividend scheme 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 articles of association of the Company in force from time to time; or,
- (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares,

shall not exceed the aggregate of 20% of the total number of issued shares of the Company as at the date of passing of this resolution and (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the total number of issued Shares purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the total number of issued Shares on the date of the passing of this resolution), and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the approval in paragraph (a) above 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; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is 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 articles of association of the Company or any applicable laws of the Cayman Islands to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting;

“**Rights Issue**” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”; and

NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional upon the passing of the resolutions set out in items 5 and 6 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 6 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of the number of shares of the Company repurchased by the Company pursuant to the mandate referred to in resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”
8. “**THAT**:
- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of, and permission to deal in, the shares of the Company which may be allotted and issued upon the exercise of the options granted from time to time under the new share option scheme of the Company (the “**2023 Share Option Scheme**”), as summarized in Appendix III to the circular of the Company dated on the same day as this notice (the “**Circular**”) (a copy of which has been produced to this meeting and marked “A” for identification purposes), the 2023 Share Option Scheme be and is hereby approved and adopted by the Company;
 - (b) the board of directors of the Company (or its duly authorised committee, officer(s) or delegate(s) pursuant to the terms of the 2023 Share Option Scheme) be and is/are hereby authorised for and on behalf of the Company to do any and all such acts and things and to enter into, execute and deliver (and affix the Company’s common seal to, if necessary) any and all such transactions, arrangements, deeds, agreements and documents as he/they may in his/their absolute discretion consider necessary or expedient in connection with or for the purposes of the 2023 Share Option Scheme and/or any of the matters contemplated thereby; and
 - (c) subject to and conditional upon the matters set out in number (8)(a) and 8(b) above being approved by the Shareholders, the existing share option scheme adopted by the Company on 19 December 2019 (the “**Existing Share Option Scheme**”) be and is hereby terminated upon which the Existing Share Option Scheme shall cease to have any further force with effect from the date on which the 2023 Share Option Scheme becomes unconditional and effective.”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT:**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the shares of the Company which may fall to be allotted and issued pursuant to the awards granted under the share award plan adopted by the Company on 30 March 2020 as amended from time to time (the “**Share Award Plan**”), the proposed amendments (the “**Proposed Amendments**”) to the Share Award Plan as summarized in Appendix IV to the Circular (the terms of the Share Award Plan incorporating the Proposed Amendments (the “**Amended Share Award Plan**”) has been produced to this meeting and marked “B” for identification purpose) be and is hereby approved and adopted by the Company; and
- (b) the board of directors of the Company (or its duly authorised committee, officer(s) or delegate(s) pursuant to the terms of the Amended Share Award Plan) be and is/are hereby authorised for and on behalf of the Company to do any and all such acts and things and to enter into, execute and deliver (and affix the Company’s common seal to, if necessary) any and all such transactions, arrangements, deeds, agreements and documents as he/they may in his/their absolute discretion consider necessary or expedient in connection with or for the purposes of the Amended Share Award Plan and/or any of the matters contemplated thereby.”

Yours faithfully,
By order of the Board
Activation Group Holdings Limited
LAU Kam Yiu NG Bo Sing
Joint-chairmen

Hong Kong, 21 April 2023

Notes:

- (1) All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.activation-gp.com) in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment should specify the number and class of shares in respect of which each such proxy is so appointed.

NOTICE OF ANNUAL GENERAL MEETING

- (3) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 (i.e. not later than 10:00 a.m. on Friday, 12 May 2023). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.
- (4) For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, 11 May 2023 to Tuesday, 16 May 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 May 2023.
- (5) For determining the entitlement to the proposed final dividend (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Monday, 29 May 2023 to Wednesday, 31 May 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 25 May 2023.
- (6) In relation to the ordinary resolutions set out in items 5, 6 and 7 of this notice, the Directors wish to state that they have no immediate plan to repurchase any shares or issue any new shares of the Company.
- (7) References to dates and time in this notice are to Hong Kong dates and time.

As at the date of this notice, the Board comprises four executive Directors, namely, Mr. Lau Kam Yiu, Mr. Ng Bo Sing, Mr. Chan Wai Bun and Ms. Low Wei Mun and three independent non-executive Directors, namely, Ms. Cheung Siu Wan, Mr. Yu Longjun and Dr. Cheung Wah Keung.